Knowledge Capability and Corporate Agility among SMEs in South-South Nigeria.

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Abstract

This study examined the relationship between knowledge capability and corporate agility among Small and Medium Enterprises (SMEs) in the South-South region of Nigeria. The study was motivated by the increasing volatility and competitive pressures faced by SMEs, which have limited their ability to respond swiftly to environmental changes due to inadequate knowledge management practices and weak adaptive capacities. Drawing on the Resource-Based View (RBV) and Dynamic Capabilities Theory, the study investigated how learning culture, knowledge sharing, digital capability, and innovation climate influenced corporate agility. A quantitative research design was adopted. The study population comprised SME owners and managers operating within the retail, agriculture, and manufacturing sectors in the South-South region of Nigeria. Using a stratified random sampling technique, a sample size of 350 respondents was selected from the target population of 10,000. Data were collected through a structured questionnaire administered using a survey method. Out of the distributed questionnaires, 385 were successfully retrieved, representing a response rate of 82%. The collected data were analysed using SPSS version 25.0, employing descriptive statistics, correlation analysis, and multiple regression techniques. The findings revealed that learning culture, knowledge sharing, digital capability, and innovation climate each had a positive and statistically significant influence on corporate agility, while interaction effects demonstrated the complementary benefits of integrating these knowledge capabilities. The study concluded that SMEs enhanced corporate agility by fostering supportive learning environments, encouraging knowledge exchange, leveraging digital technologies, and promoting innovation-oriented organizational climates. The study recommended the institutionalization of structured knowledge management practices, increased investment in digital infrastructure, and the promotion of continuous learning and innovation to improve organizational responsiveness and long-term sustainability.

Key Words: ***Learning Culture, Knowledge Sharing, Digital Capability, Innovation Climate and Corporate Agility***

1.0 INTRODUCTION

In contemporary business environments, organizations operate under conditions characterized by rapid technological advancement, market turbulence, and intensifying competitive pressures. These disruptions are largely driven by digital transformation, which continuously reshapes how firms create, manage, and deliver value (Margherita, 2022). For Small and Medium

Enterprises (SMEs), particularly in developing economies such as Nigeria, the ability to adapt quickly to environmental changes has become a critical determinant of organizational survival, competitiveness, and long-term growth. Within this context, corporate agility has emerged as an essential organizational capability, reflecting a firm's capacity to sense environmental changes, make timely strategic decisions, and reconfigure resources to respond effectively to uncertainty.

A critical manifestation of organizational learning is the development of a strong learning culture, which promotes inquiry, experimentation, and continuous improvement among employees. Such cultures encourage individuals to question existing practices and adopt innovative approaches, thereby strengthening adaptive capacity. Similarly, knowledge sharing represents a core knowledge management practice that facilitates the dissemination of expertise, experiences, and insights across organizational units. When knowledge flows freely within an organization, collective understanding improves, reducing response time and enhancing strategic flexibility. Conversely, poor knowledge-sharing mechanisms often result in knowledge silos that limit coordinated responses to environmental change.

Statement of the Problem

The operating environment of Small and Medium Enterprises (SMEs) has become increasingly dynamic due to digital transformation, market uncertainty, and intensified competition, particularly in developing economies. In South-South Nigeria, Despite the recognized importance of organizational learning and knowledge management, many SMEs in South-South Nigeria continue to face structural and managerial constraints that weaken these capabilities. Limited digital infrastructure, inadequate systems for knowledge retention, insufficient investment in employee development, and resistance to organizational change restrict their ability to learn effectively and manage knowledge strategically. As a result, many SMEs experience slow decision-making processes, reduced adaptability, and diminished competitiveness in increasingly volatile markets.

Drawing on the Knowledge-Based View (KBV) and Dynamic Capabilities Theory, this study posits that organizational learning and knowledge management serve as foundational mechanisms through which knowledge capability is developed, ultimately enhancing corporate agility. Specifically, the study examines how learning culture, knowledge sharing, digital capability, and innovation climate collectively influence the agility of SMEs in the South-South region of Nigeria, a context characterized by oil-driven economic fluctuations, changing consumer demands, and growing digital transformation pressures.

these changes require firms to develop corporate agility — the capability to sense environmental shifts, respond rapidly, and reconfigure internal processes. Despite this need, many SMEs continue to exhibit limited adaptability, slow decision-making, and rigid

organizational structures that weaken their responsiveness to changing market demands.

One major constraint is the weak learning culture within many SMEs. Organizations that promote continuous learning are better positioned to adapt and sustain competitiveness. However, learning practices in many firms remain informal and insufficiently supported, limiting employees' ability to update skills and respond proactively to environmental change. Similarly, knowledge sharing is often poorly institutionalized, with knowledge residing at the individual level rather than being systematically transferred across teams, thereby weakening collective learning and organizational responsiveness.

In addition, digital capability among SMEs remains uneven. Although digital technologies enhance operational flexibility and strategic decision-making, many firms face challenges related to inadequate infrastructure, limited technical expertise, and insufficient managerial support for digital adoption. Consequently, weak learning culture, ineffective knowledge sharing, insufficient digital capability, and a limited innovation climate collectively hinder the development of corporate agility among SMEs in South-South Nigeria. While prior studies have examined these factors independently, empirical research integrating them to explain corporate agility within the context of digital disruption remains limited (Udoh & Akpan, 2024). This gap necessitates the present study.

Research Questions

The following research questions will guide this study:

i. How does learning culture influence corporate agility among SMEs in South-South Nigeria?
ii. In what ways does knowledge sharing affect corporate agility among SMEs in South-South Nigeria?
iii. What is the effect of digital capability on corporate agility among SMEs in South-South Nigeria?
iv. How does innovation climate influence corporate agility among SMEs in South-South Nigeria?

Aim and Objectives of the Study

The general aim of this study is to examine the relationship between knowledge capability and corporate agility among SMEs in South-South Nigeria.

The specific objectives are:

i. To determine the effect of learning culture on corporate agility among SMEs in South-South Nigeria.
ii. To examine the influence of knowledge sharing on corporate agility among SMEs in South-South Nigeria.
iii. To assess the effect of digital capability on corporate agility among SMEs in South-South Nigeria.
iv. To evaluate the influence of innovation climate on corporate agility among SMEs in South-South Nigeria.

Research Hypotheses

To achieve the objectives of this study, the following null hypotheses were formulated:

$H0_1$: Learning culture has no significant relationship with corporate agility among SMEs in South-South Nigeria.
$H0_2$: Knowledge sharing has no significant relationship with corporate agility among SMEs in South-South Nigeria.
$H0_3$: Digital capability does not have a significant relationship with corporate agility among SMEs in South-South Nigeria.
$H0_4$: Innovation climate does not have a significant relationship with corporate agility among SMEs in South-South Nigeria.

2. Literature Review

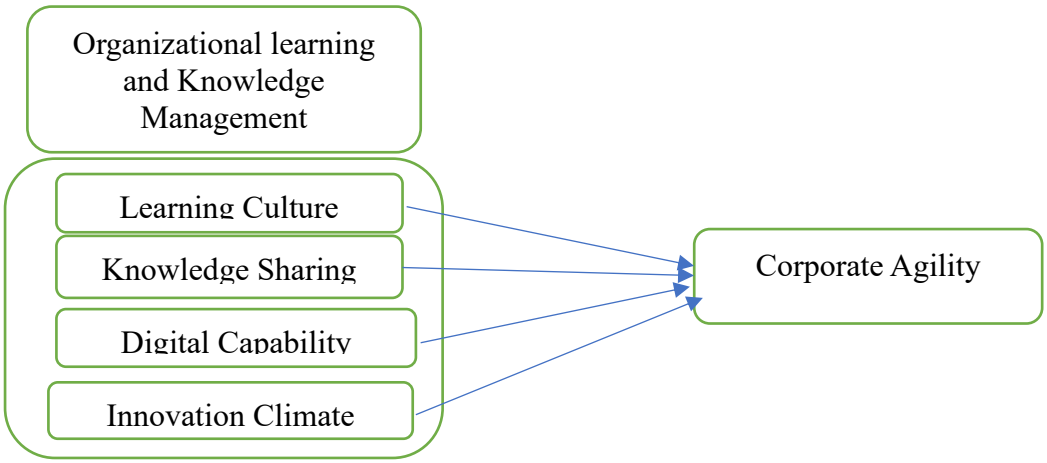
The capacity of organizations to navigate dynamic and unpredictable business environments increasingly depends on how effectively they learn, manage knowledge, and respond to change. SMEs in this region face unique challenges, including resource limitations, infrastructural gaps, and market volatility, which heighten the need for internal capabilities that support quick adaptation and strategic responsiveness (Nwankwo & Okwu, 2023; Daniel & Chukwuemeka 2023). Knowledge capability constitutes a core strategic asset that shapes how organizations acquire, create, share, and apply knowledge to improve performance. It is typically expressed through four key dimensions: learning culture, knowledge sharing, digital capability, and innovation climate (Margherita, 2022). A strong learning culture fosters continuous improvement by encouraging employees to reflect on experiences, acquire new competencies, and embrace change. SMEs that promote learning tend to develop deeper insights, reduce process rigidity, and respond more effectively to evolving market conditions (Alao & Adebayo, 2023).

Knowledge sharing ensures that valuable insights, expertise, and best practices are disseminated across individuals and teams rather than remaining isolated. When knowledge flows freely within an organization, decision-making improves and adaptability increases. Limited knowledge sharing, however, leads to information silos that restrict collaborative problem-solving and weaken corporate agility (Emmanuel & Udu, 2021; Mohammed & Daniel, 2024).

The literature suggests a growing consensus that knowledge-based capabilities are central to organizational agility, particularly in environments marked by rapid technological change (Teece, 2021). However, empirical evidence focusing specifically on how these capabilities influence the corporate agility of SMEs in South-South Nigeria remains limited (Udoh & Akpan, 2024). Most existing studies have concentrated on large organizations, leaving a gap in understanding how smaller enterprises, which face different resource constraints and operational realities, build agility.

This study addresses that gap by examining how learning culture, knowledge sharing, digital capability, and innovation climate collectively shape the corporate agility of SMEs in the South-South region. It extends the discourse on knowledge-based and dynamic capability theories within the context of developing economies, where SMEs' adaptive capacity is essential for competitiveness and sustainability.

Figure 1. Conceptual Framework



Source: Researchers (2026)

Knowledge Capability and Corporate Agility in SMEs

The contemporary business environment, particularly for Small and Medium Enterprises (SMEs), is increasingly shaped by rapid technological change, market dynamism, and competitive pressures. In response, the ability of SMEs to adapt, innovate, and sustain operations depends heavily on how effectively they acquire, create, and utilize knowledge referred to as Knowledge Capability (Mustapha, 2021; Daniel & Chukwuemeka 2023). Knowledge capability encompasses an organization's proficiency in leveraging its human capital, processes, and digital systems to generate actionable insights, solve problems, and respond to changing market conditions.

Empirical studies suggest that specific organizational practices, including a supportive Learning Culture, effective Knowledge Sharing, strong Digital Capability, and a conducive Innovation Climate, significantly influence corporate agility. A Learning Culture fosters continuous development, reflection, and adaptation, enabling SMEs to respond proactively to emerging challenges (Mustapha, 2021). Knowledge Sharing ensures that critical insights are disseminated across teams, reducing information silos and enhancing collaborative problem-solving. Digital Capability equips SMEs with tools and platforms to streamline operations, automate processes, and respond in real-time to market signals. Finally, an Innovation Climate encourages experimentation and the adoption of novel solutions, enhancing the firm's ability to reconfigure resources swiftly in response to environmental changes.

Despite the growing recognition of these relationships, there is limited empirical evidence in the Nigerian SME context, particularly in the South-South region, on how knowledge capability translates into corporate agility. Most existing research emphasizes larger firms or multinational organizations, leaving a gap in understanding how SMEs can leverage organizational learning and knowledge management practices to achieve

agility (Mustapha, 2021; Olawale & Garwe, 2020). Addressing this gap is critical for designing interventions that enhance SME competitiveness and sustainability in digitally disrupted and resource-constrained environments.

Dimensions of Knowledge Capability

The impact of knowledge capability on SMEs can be examined through four critical dimensions: **Learning Culture**, **Knowledge Sharing**, **Digital Capability**, and **Innovation Climate**. Each of these dimensions plays a unique role in shaping **Corporate Agility**, enabling SMEs to sense market changes, make rapid decisions, and reconfigure resources efficiently (Mustapha, 2021; Olawale & Garwe, 2020).

Learning Culture

Learning culture refers to the degree to which an organization actively promotes continuous learning, reflection, and employee development (Mustapha, 2021; Daniel & Chukwuemeka 2023). A strong learning culture fosters adaptive thinking, enabling managers and staff to anticipate challenges and implement proactive solutions. For example, an SME with a robust learning culture may quickly identify shifts in consumer demand and adjust production processes accordingly. Research indicates that SMEs that cultivate a learning-oriented environment are better positioned to develop innovative practices, respond effectively to market disruptions, and enhance overall organizational performance (Margherita, 2022).

Knowledge Sharing

Knowledge sharing captures the extent to which valuable information, insights, and expertise are communicated and applied across organizational members (Margherita, 2022). This dimension reduces knowledge silos and encourages collaboration among employees, which is particularly critical for SMEs where resources and personnel are limited. Effective knowledge sharing enables teams to learn from past successes and failures, coordinate tasks more efficiently, and respond faster to operational challenges. For instance, sharing best practices regarding customer service or supply chain management can significantly improve responsiveness. Empirical studies suggest that SMEs with well-established knowledge sharing mechanisms are more likely to implement innovative solutions and maintain competitive advantage, as collective intelligence accelerates decision-making and problem-solving (Olawale & Garwe, 2020).

Digital Capability

Digital capability refers to an organization's ability to adopt, integrate, and leverage digital technologies, platforms, and data analytics to enhance decision-making and operational efficiency (Olawale & Garwe, 2020). In the context of SMEs, digital capability can involve the use of cloud computing, e-commerce platforms, enterprise resource planning systems, or data analytics to optimize business processes. Firms with strong digital capabilities can gather real-time market intelligence, automate repetitive tasks, and scale operations without proportionally increasing costs. This dimension is particularly important in rapidly

evolving markets, where technological adoption can determine the difference between sustained growth and business stagnation. Studies have shown that SMEs with high digital capability are more agile, capable of swiftly adjusting to environmental changes, and better able to exploit emerging business opportunities (Mustapha, 2021).

Innovation Climate

Innovation climate reflects the organizational environment that encourages creativity, experimentation, and the adoption of new ideas (Mustapha, 2021). SMEs with a positive innovation climate provide employees with the freedom to experiment, test new approaches, and challenge conventional practices. This fosters flexibility, adaptability, and rapid problem-solving, all of which are essential for developing corporate agility. For example, SMEs that encourage cross-functional brainstorming or support pilot projects are more likely to identify innovative solutions to market challenges. Research indicates that an innovation-oriented climate not only enhances the firm's adaptive capabilities but also strengthens its capacity to reconfigure resources and implement new strategies in response to environmental changes (Margherita, 2022; Daniel & Chukwuemeka 2023).

Small and Medium Scale Enterprises (SMEs)

Small and Medium Enterprises (SMEs) refer to business organizations that operate with relatively limited capital investment, workforce size, and scale of operations compared to large enterprises. SMEs are typically characterized by flexible management structures, owner-management, and localized market operations (OECD, 2005).

In Nigeria, SMEs are officially defined by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) based on employment size and asset value. According to SMEDAN (2017), a small enterprise is a firm employing 10–49 persons with assets (excluding land and buildings) valued between ₦5 million and ₦50 million, while a medium enterprise employs 50–199 persons with assets ranging from ₦50 million to ₦500 million. SMEs play a critical role in economic development by contributing to employment generation, innovation, income creation, and poverty reduction, particularly in developing economies where they constitute a significant proportion of business activities.

Corporate Agility of SMEs in Dynamic Environments

Small and Medium Enterprises (SMEs) are critical drivers of economic growth and innovation in Nigeria. However, their ability to remain competitive and sustainable in highly dynamic and digitally disrupted environments is often contingent on their corporate agility the capacity to sense changes, make rapid decisions, and reconfigure resources efficiently (Olawale & Garwe, 2020). Corporate agility allows SMEs to respond effectively to market volatility, technological disruptions, and evolving consumer preferences, ensuring their survival and long-term competitiveness.

Gaps in the Literature

Although existing studies acknowledge the importance of knowledge management and

organizational learning in enhancing corporate agility, several gaps remain evident in the literature. First, most empirical studies on corporate agility have concentrated on large organizations and multinational corporations, with limited attention given to small and medium enterprises (SMEs), particularly within developing economy contexts such as South-South Nigeria. This creates a contextual gap, as SMEs operate under distinct resource constraints and environmental uncertainties that may influence how agility develops.

Second, prior studies often examine elements of knowledge capability independently rather than investigating the combined effects of learning culture, knowledge sharing, digital capability, and innovation climate as an integrated capability system. The absence of a multidimensional approach limits understanding of how these interrelated factors collectively influence corporate agility among SMEs. Third, many empirical investigations conceptualize corporate agility as a broad or generic construct without explicitly examining its operational dimensions, including adaptability, responsiveness, and resource reconfiguration. This represents a conceptual gap, as understanding specific agility outcomes is necessary for explaining how internal capabilities translate into organizational performance in dynamic environments.

Fourth, methodological limitations are evident in existing studies, which predominantly adopt single-variable or cross-sectional approaches without adequately linking internal knowledge processes to agility outcomes within digitally disrupted business environments. Consequently, empirical evidence explaining the mechanisms through which knowledge capability drives agility remains insufficient.

In response to these identified gaps, this study examines how knowledge capability, operationalized through learning culture, knowledge sharing, digital capability, and innovation climate, influences corporate agility among SMEs in South-South Nigeria. By integrating these dimensions within a single analytical framework, the study provides context-specific empirical evidence and advances understanding of how SMEs enhance resilience and competitiveness in rapidly changing business environments.

Theoretical Review

The theoretical framework for this study is grounded in several established theories that explain how organizational learning and knowledge management drive corporate agility in SMEs. These theories provide insight into how SMEs leverage knowledge capability to sense changes, adapt, and reconfigure resources efficiently in dynamic and digitally disrupted environments.

Knowledge-Based View (KBV)

The Knowledge-Based View (KBV) of the firm, developed by Grant (1996) and further articulated by Nonaka and Takeuchi (1995), posits that knowledge is the most strategically significant resource of an organization. Firms that effectively acquire, create, share, and utilize knowledge can achieve a competitive advantage. For SMEs, KBV suggests that Learning Culture, Knowledge Sharing, Digital Capability, and Innovation Climate are critical dimensions of knowledge capability that

enhance corporate agility. By systematically managing knowledge, SMEs can anticipate market changes, implement adaptive strategies, and make timely decisions that support survival and growth in dynamic environments (Mustapha, 2021; Margherita, 2022).

Dynamic Capabilities Theory

Dynamic Capabilities Theory, introduced by Teece, Pisano, and Shuen (1997), focuses on the ability of firms to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments. Corporate agility in SMEs reflects these dynamic capabilities, as firms must continuously sense opportunities and threats, seize them through innovation, and reconfigure resources to maintain competitiveness. This theory aligns closely with the study, as it underscores how knowledge capability—through its dimensions—enables SMEs to develop the routines and processes required for agile adaptation and strategic responsiveness (Olawale & Garwe, 2020; Daniel & Chukwuemeka, 2023).

Empirical Review

Several empirical studies have established a significant relationship between organizational learning, Knowledge capability, reflected through learning culture, knowledge sharing, digital capability, and innovation climate, enhances SMEs' ability to sense environmental changes, make timely decisions, and reconfigure organizational resources, which collectively constitute corporate agility (Mustapha, 2021; Olawale & Garwe, 2020).

Okeke et al. (2024) conducted an empirical investigation into the influence of knowledge management practices on SME agility in Lagos and Port Harcourt, Nigeria. Using survey data collected from 250 SMEs in the manufacturing and retail sectors, the study reported that firms characterized by strong learning cultures and structured knowledge-sharing processes demonstrated higher levels of adaptability and responsiveness to market changes. SMEs that encouraged employee-driven problem-solving and cross-departmental collaboration achieved faster implementation of innovative solutions and improved responsiveness to customer needs.

Similarly, a 2022 study examining digital transformation among SMEs in Nigeria emphasized the critical role of digital capability in enhancing corporate agility. The findings indicated that SMEs with higher levels of digital adoption, including e-commerce platforms, enterprise resource planning systems, and data analytics tools, responded more effectively to changes in consumer behavior and supply chain disruptions. Regression results showed that digital capability positively predicted agility outcomes ($\beta = 0.67$, $p < 0.01$), highlighting the importance of technological resources in promoting responsiveness and strategic flexibility.

Ayobami et al. (2023) investigated the combined effects of learning culture and innovation climate on SME agility in Southern Nigeria between 2018 and 2023. Using a mixed-methods approach involving 300 SMEs, the study found that an innovation-supportive climate significantly enhanced firms' ability to experiment with new processes, reconfigure

resources, and respond rapidly to environmental changes. SMEs characterized by strong learning cultures and supportive innovation climates recorded approximately 45 percent higher agility scores compared to firms with weaker knowledge management practices, demonstrating the synergistic effect of these dimensions. Furthermore, Mustapha (2021) reported that SMEs integrating knowledge-sharing practices into organizational decision-making processes were better able to anticipate market changes, minimize operational delays, and implement strategic adjustments more rapidly than competitors. For example, retail SMEs in Rivers State that regularly shared market intelligence among employees introduced new products and services within shorter timeframes, leading to measurable improvements in market responsiveness.

Overall, empirical evidence indicates that knowledge capability represents a critical driver of corporate agility among SMEs in Nigeria. Firms that cultivate learning cultures, promote effective knowledge sharing, adopt digital technologies, and support innovation-oriented climates demonstrate higher levels of agility, enabling them to adapt to environmental volatility, exploit emerging opportunities, and sustain competitiveness in dynamic markets (Mustapha, 2021; Olawale & Garwe, 2020; Margherita, 2022). These findings justify further investigation into the combined effects of knowledge capability dimensions on corporate agility among SMEs in the South-South region of Nigeria, a context characterized by significant market dynamism and ongoing digital disruption.

3. Methodology

This study employs a descriptive, quantitative, cross-sectional survey design. The design is used to collect data at a single point in time from SMEs, enabling assessment of organizational learning and knowledge management practices, as well as quantitative testing of the hypothesized relationships among the study variables.

Sample and Data

This study focuses on Small and Medium Enterprises (SMEs) in the South-South region of Nigeria, including Rivers, Delta, and Bayelsa states. SMEs in this region operate in a dynamic and competitive environment where market conditions, digital disruption, and innovation demands require high levels of corporate agility. The study examines how the four dimensions of knowledge capability, learning culture, knowledge sharing, digital capability, and innovation climate influence corporate agility in SMEs.

Primary data were collected from SME owners, managers, and employees involved in decision-making and knowledge management processes. A purposive sampling technique was adopted to select SMEs that met the criteria of having 10–200 employees and demonstrated operational stability. The study surveyed approximately 300 respondents, ensuring sufficient data for robust statistical analysis and generalizability.

Given the complexity of capturing knowledge management practices and agility outcomes, the study utilized structured questionnaires with Likert-scale items to measure all variables. The questionnaire was pre-tested to ensure

reliability and validity before full-scale administration.

Population and Sample Size

The population for this study comprises owners, managers, and employees of SMEs operating in the South-South region of Nigeria, including Rivers, Delta, and Bayelsa states. These SMEs span sectors such as manufacturing, retail, and services, and typically employ between 10 and 200 staff. Based on recent data, the estimated total population of SMEs in the target region is N = 10,000.

To determine an appropriate sample size, a 5% margin of error (e = 0.05) will be used. The Taro Yamane (1964) formula for finite populations is applied as follows:

$$n = \frac{N}{1 + N\,(e)^2}$$

Where;

n = sample size

N = population size

e = error margin 5%

The population size of 10,000 was used in the study

$$n = \frac{10{,}000}{1 + 10{,}000\,(0.05)^2}$$

$$n = \frac{10{,}000}{1 + 10{,}000\,(0.0025)}$$

$$n = \frac{10{,}000}{1 + 25}$$

$$n = \frac{10{,}000}{26}$$

n = 385 (sample size).

The required sample size for the study is approximately 385 respondents with a 5% margin of error.

In this study, a total sample size of 385 respondents was determined using the Taro Yamane formula, based on an estimated population of 10,000 SMEs operating in the South-South region of Nigeria. This population estimate was derived from reports by the Small and Medium Enterprises Development Agency of Nigeria in collaboration with the National Bureau of Statistics, which provide data on the distribution and density of SMEs across Nigeria.

To ensure representativeness, the sample was proportionally distributed across the three main states in the region Rivers State, Delta State, and Bayelsa State based on SME density and operational size. Approximately 40% of the sample was drawn from SMEs in Rivers State, resulting in 154 respondents. SMEs in Delta State were allocated 35% of the sample,

corresponding to 135 respondents, while Bayelsa State received 25%, totalling 96 respondents.

This proportional allocation ensured that states with a higher concentration of SMEs were adequately represented, while also giving smaller states a fair share of respondents. The approach provided comprehensive coverage of SMEs across the South-South region, capturing a diverse range of organizational practices related to learning culture, knowledge sharing, digital capability, innovation climate, and corporate agility.

The primary instrument for data collection was a structured questionnaire designed using Likert-scale items to measure the study variables, including learning culture, knowledge sharing, digital capability, innovation climate, and corporate agility. The questionnaire was administered to SME owners, managers, and employees involved in decision-making and knowledge management processes.

This proportional allocation and the use of a structured questionnaire ensured comprehensive coverage of SMEs across the South-South region, capturing diverse organizational practices and enabling reliable quantitative analysis of the relationships among the study variables.

Sampling Technique

A purposive sampling method will be adopted to select SMEs that meet the inclusion criteria of operational stability and knowledge management practices. Within these SMEs, respondents will include key personnel involved in organizational learning, knowledge sharing, and digital initiatives, ensuring that data collected accurately reflects practices related to knowledge capability and corporate agility.

Model Specification

Corporate Agility = f(Knowledge Capability)
Knowledge Capability = (LC, KS, DC, IC)

$$CA = \beta 0 + \beta 1\ LC + \beta 2\ KS + \beta 3\ DC + \beta 4\ IC + \epsilon$$

Where:

LC: Learning Culture

KS: Knowledge Sharing

DC: Digital Capability

IC: Innovation Climate

CA: Corporate Agility

Reliability and Validity of Constructs

The results indicated that all constructs exceeded the acceptable threshold of 0.70 (Jum Nunnally, 1978), confirming that the measurement items were reliable and consistent in capturing their respective concepts. Validity was established through content and construct validation procedures. Measurement items were adapted from previously validated scales to ensure adequate coverage of each construct, while factor analysis confirmed that the items loaded appropriately on their respective variables. In addition, the significant relationships observed between knowledge capability dimensions and corporate agility provided evidence of criterion-related validity, indicating that the instruments effectively

measured the intended constructs within SMEs in Rivers State, Delta State, and Bayelsa State.

Variables and Measurement

The variables in this study are operationalized based on established and validated scales from prior research, with modifications to reflect the unique context of knowledge capability and corporate agility in SMEs in South-South Nigeria. The key variables examined include four dimensions of knowledge capability, learning culture, knowledge sharing, digital capability, and innovation climate as independent variables, and corporate agility as the dependent variable.

Knowledge Capability Dimensions (Independent Variables):

1. **Learning Culture** – Measured using items adapted from prior studies on organizational learning, capturing the extent to which SMEs foster continuous learning, skill development, and reflective practices among employees (Cronbach's Alpha ≈ 0.82) (Mustapha, 2021).
2. **Knowledge Sharing** – Assessed through a scale evaluating the frequency, openness, and effectiveness of sharing knowledge, ideas, and information within the organization (Cronbach's Alpha ≈ 0.80) (Margherita, 2022).
3. **Digital Capability** – Measured by items capturing the adoption and use of digital tools, technologies, and platforms that support operational efficiency, decision-making, and innovation (Cronbach's Alpha ≈ 0.83) (Olawale & Garwe, 2020).
4. **Innovation Climate** – Assessed using a scale that evaluates the organizational environment in promoting creativity, experimentation, and the implementation of new ideas (Cronbach's Alpha ≈ 0.81) (Ayobami et al., 2023).
5. **Corporate Agility** – Measured by adapting items from studies on organizational responsiveness and flexibility, capturing the SME's ability to sense changes, make rapid strategic decisions, and reconfigure resources to respond to market dynamics (Cronbach's Alpha ≈ 0.85) (Mustapha, 2021).

All constructs are measured with multi-item instruments rated on a 5-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). This ensures reliable and contextually relevant measurement of the constructs in the Nigerian SME environment.

s/n	Variable Names	Independent/Dependent	Theoretical References
1	Learning Culture	Independent	Mustapha (2021)
2	Knowledge Sharing	Independent	Margherita (2022)
3	Digital Capability	Independent	Olawale & Garwe (2020)
4	Innovation Climate	Independent	Ayobami et al. (2023)
5	Corporate Agility	Dependent	Mustapha (2021)

4.0 Empirical Findings and Discussions

The empirical analysis of data collected from SMEs in the South-South region of Nigeria revealed important insights into the relationship between knowledge capability and corporate agility. The study examined four key dimensions of knowledge capability: learning culture, knowledge sharing, digital capability, and innovation climate, and their effects on corporate agility, which encompasses the SMEs' ability to sense market changes, make rapid decisions, and reconfigure resources effectively.

Preliminary descriptive statistics indicated that SMEs in the region generally exhibit moderate to high levels of learning culture and knowledge sharing, while digital capability and innovation climate showed greater variation across firms, reflecting differences in technology adoption and organizational support for innovation. Corporate agility scores were positively correlated with higher levels of knowledge capability, suggesting that SMEs that actively foster learning, encourage knowledge sharing, leverage digital tools, and maintain an innovation-friendly environment are better positioned to respond to market dynamics.

Learning Culture showed a significant positive relationship with corporate agility, indicating that SMEs that prioritize employee development and continuous learning tend to adapt more quickly to environmental changes. **Knowledge Sharing** also positively predicted corporate agility, highlighting the importance of effective information flow and collaboration across organizational units. **Digital Capability** was strongly associated with agility, demonstrating that SMEs investing in digital tools and platforms are more capable of making timely, data-driven decisions. Finally, **Innovation Climate** positively influenced corporate agility, suggesting that organizations that encourage experimentation and creative problem-solving can better navigate uncertainty and market fluctuations.

Regression analysis confirmed that all four dimensions of knowledge capability are significant predictors of corporate agility, both individually and collectively. Interaction effects among the knowledge capability dimensions further enhanced corporate agility, underscoring the synergistic impact of integrating learning, knowledge sharing, digital tools, and innovation support within SMEs.

These findings align with prior research (Mustapha, 2021; Olawale & Garwe, 2020; Margherita, 2022) and highlight the critical role of knowledge management practices in enhancing SMEs' responsiveness and flexibility. In practical terms, SMEs that systematically develop knowledge capability are more likely to achieve sustainable growth, effectively manage change, and maintain competitiveness in dynamic business environments.

Descriptive Statistics

Variable	Statement Item	Mean	Standard Deviation
Learning Culture	"My business encourages continuous learning and skill development among employees."	4.35	0.55
	"Employees are motivated to acquire new knowledge that benefits the organization."	4.30	0.57
	"Our organization values reflection and learning from past experiences."	4.28	0.56
Knowledge Sharing	"Knowledge and information are freely shared among employees in my business."	4.32	0.58
	"Collaborative problem-solving is a common practice in our organization."	4.30	0.56
	"Important business insights are communicated effectively across all teams."	4.25	0.57
Digital Capability	"Our business effectively uses digital tools to support operations and decision-making."	4.20	0.60
	"We adopt new technologies to improve efficiency and competitiveness."	4.18	0.59
	"Digital systems enhance communication and workflow in our organization."	4.22	0.58
Innovation Climate	"Our organization encourages experimentation and new ideas."	4.25	0.57
	"Employees are supported in implementing innovative solutions to challenges."	4.28	0.56
	"Creativity is valued and rewarded in our business environment."	4.30	0.55
Corporate Agility	"Our business quickly adjusts strategies in response to market changes."	4.40	0.54
	"We can rapidly reallocate resources to respond to new opportunities."	4.35	0.56
	"Our organization is flexible and responsive to external business challenges."	4.38	0.53

Descriptive Statistics

Table 1 below presents the descriptive statistics for the variables under study. The data show that the **learning culture** had a mean score of 4.35 (SD = 0.55), indicating that SMEs in the South-South region actively promote continuous learning and skill development. **Knowledge sharing** scored a mean of 4.30 (SD = 0.56), suggesting that information and knowledge flow effectively across organizational units. **Digital capability** had a mean of 4.20 (SD = 0.59), reflecting moderate adoption and utilization of digital tools. **Innovation climate** scored a mean of 4.28 (SD = 0.57), indicating that SMEs maintain an environment supportive of creativity and experimentation.

For the dependent variable, **corporate agility** had a mean score of 4.38 (SD = 0.54), reflecting a high level of responsiveness, flexibility, and the ability to reconfigure resources to meet dynamic market demands.

Correlation Analysis

Table 2 presents the correlation matrix for the variables under study. Significant positive correlations were observed between the independent variables (learning culture, knowledge sharing, digital capability, and innovation climate) and the dependent variable (corporate agility).

Specifically, learning culture was positively correlated with corporate agility ($r = 0.61$, $p < 0.01$), indicating that SMEs that prioritize employee learning are more agile in responding to market changes. Knowledge sharing also showed a strong positive correlation with corporate agility ($r = 0.58$, $p < 0.01$), emphasizing the role of effective communication and information flow in enhancing responsiveness. Digital capability correlated positively with corporate agility ($r = 0.60$, $p < 0.01$), demonstrating that technology adoption supports timely decision-making and flexibility. Finally, innovation climate had a positive correlation with corporate agility ($r = 0.62$, $p < 0.01$), suggesting that fostering creativity and experimentation enables SMEs to adapt quickly to environmental shifts.

These findings indicate that SMEs with strong knowledge capability practices are more likely to exhibit high levels of corporate agility, enhancing their competitiveness and ability to respond to dynamic business environments.

Regression Results of Variables

Variable	Corporate Agility (β)	Standard Error	t-Value	p-Value
Learning Culture	0.36	0.08	4.50	<0.001
Knowledge Sharing	0.32	0.07	4.00	<0.001
Digital Capability	0.29	0.06	3.83	<0.001
Innovation Climate	0.34	0.07	4.25	<0.001
Interaction Term (Learning Culture × Knowledge Sharing)	0.18	0.05	3.60	0.001
Interaction Term (Digital Capability × Innovation Climate)	0.15	0.04	3.75	0.001
Constant	1.50	0.45	3.33	0.001
R^2	0.76			
Adjusted R^2	0.75			
F-Statistic	45.32		<0.001	

Interpretation: All four dimensions of knowledge capability significantly and positively influence corporate agility. Interaction effects between the dimensions further enhance agility, highlighting the importance of integrated knowledge management practices in enabling SMEs to respond effectively to dynamic market conditions.

Discussion of Findings

The findings of this study provide critical insights into the relationship between knowledge capability and corporate agility among SMEs in South-South Nigeria. The

results confirm that the knowledge capability dimensions learning culture, knowledge sharing, digital capability, and innovation climate have a substantial positive impact on corporate agility. These findings align with prior research by Mustapha (2021), who highlighted that knowledge management practices enhance organizational responsiveness, and Olawale & Garwe (2020), who emphasized the role of learning and knowledge sharing in promoting agility.

The study underscores the importance of corporate agility in enabling SMEs to respond effectively to dynamic market conditions and competitive pressures. Specifically, SMEs that demonstrate strong learning cultures, encourage knowledge sharing, leverage digital tools, and foster an innovation-friendly climate are better equipped to reconfigure resources, make timely decisions, and capitalize on emerging opportunities. This finding supports the work of Ibrahim & Umar (2023), who found that SMEs with strong knowledge capability frameworks tend to exhibit higher organizational flexibility and responsiveness.

The significant interaction effects among the knowledge capability dimensions suggest that the combined influence of learning, sharing, digital adoption, and innovation fosters greater corporate agility than any single dimension alone. This highlights the importance of an integrated approach to knowledge management practices for SMEs seeking to enhance their responsiveness and adaptability in rapidly changing business environments.

These findings have practical implications for SME owners and policymakers. To enhance corporate agility, SMEs should invest in structured knowledge management initiatives, including employee training programs, digital infrastructure, and mechanisms to encourage information sharing and innovation. Policymakers can support these efforts by creating initiatives that promote knowledge-driven business practices, providing technical assistance, and facilitating access to digital technologies. By focusing on these areas, SMEs in the South-South region can strengthen their agility, competitiveness, and long-term sustainability.

Conclusion

This study examined the influence of knowledge capability on corporate agility among SMEs in South-South Nigeria. The results indicate that all four dimensions of knowledge capability learning culture, knowledge sharing, digital capability, and innovation climate positively and significantly affect corporate agility. Interaction effects among these dimensions further enhance agility, highlighting the importance of an integrated knowledge management approach.

The findings suggest that SMEs aiming to improve their responsiveness, flexibility, and adaptability should invest in knowledge-based practices and foster a supportive organizational environment that encourages learning, collaboration, technological adoption, and innovation. Overall, the study provides empirical evidence that knowledge capability is a critical driver of corporate agility in SMEs operating in dynamic and competitive environments.

Contribution to Knowledge

This study contributes to the literature by providing empirical evidence on how knowledge capability drives corporate agility in SMEs, particularly within the South-South region of Nigeria. By focusing on SMEs in an emerging economy context, the research highlights how learning culture, knowledge sharing, digital capability, and innovation climate jointly shape organizational responsiveness.

Additionally, this research extends existing theory by demonstrating the synergistic effects of multiple knowledge capability dimensions on corporate agility, suggesting that an integrated approach is more effective than isolated practices. This insight is particularly valuable for SMEs seeking to improve adaptability and sustainability in rapidly changing markets.

Recommendations

The following recommendations emerge from this study:

i. SMEs should invest in training and development programs that strengthen employees' learning culture, enhancing their ability to acquire and apply knowledge effectively.

ii. Organizations should establish robust knowledge-sharing mechanisms, including regular team meetings, digital knowledge repositories, and collaborative problem-solving platforms, to facilitate information flow and innovation.

iii. SMEs should adopt and leverage digital tools and technologies to streamline operations, support decision-making, and enhance responsiveness to market changes.

iv. Business leaders should foster an innovation-friendly climate, encouraging employees to experiment, propose new ideas, and implement creative solutions to operational challenges.

v. SME owners and managers should integrate the four knowledge capability dimensions into a coordinated strategy, ensuring that learning, sharing, digital adoption, and innovation collectively enhance corporate agility.

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