



Strategic Risk Agility on the Performance of Edible Oil Manufacturing Company at Pwani Oil Products Limited, Kenya

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Authors' contributions

This work was carried out in collaboration between both authors. Both authors read and approved the final manuscript.

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ABSTRACT

An organization's capacity to foresee and address strategic risks pro-actively and flexibly is strategic risk agility. It entails seeing possible dangers and opportunities, evaluating how they could affect the organization, and swiftly adjusting and reacting to shifting conditions. Disruptive technologies, economic downturns, supply chain disruptions, and regulatory changes are a few examples of strategic risks that demand agility and flexibility to manage. This study primarily focused on the impact of strategic risk agility on the performance of edible oil manufacturing enterprises in Kenya. The study sought to establish the effect of strategic risk adaptability on the performance of edible oil manufacturing companies in Kenya, at Pwani Oil Products Limited. The research was guided by the Theory of Dynamic Capability. A descriptive research design was adopted for this study. The

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primary instrument for data collection in this study was a Questionnaire. The target population was 380 employees from the edible oil manufacturing company, Pwani Oil Products Limited for the period between August to November 2023. The sample consisted of 30% of the target population (70 men, 45 women and work experience of 0-11 years). The reliability of the questionnaire was assessed by measuring its internal consistency using Cronbach's Alpha. Conclusion are that the ability to swiftly adjust production processes, adapt to changing market demands, and respond to unexpected disruptions can translate into improved financial performance. The study's outcomes underscore the importance of strategic risk innovation and collaboration in enhancing financial performance. It is evident that these factors are pivotal for success. The recommendations are that Pwani Oil Products Limited should invest in improving its strategic risk adaptability. This can be achieved through regular risk assessments, scenario planning, and flexible business strategies. The company should develop a culture that encourages employees to quickly adapt to changing market conditions and mitigate risks effectively.

Keywords: Strategic risk adaptability; strategic risk agility; strategic risk innovation; strategic risk collaboration; organizational performance; the dynamic capability theory.

1. INTRODUCTION

Strategic Risk Agility is the organizational capability to proactively and flexibly anticipate and address strategic risks. It involves identifying potential threats and opportunities, assessing their potential impact on the organization, and rapidly adapting and responding to changing circumstances [1]. Strategic risk agility is essential to effectively manage risks arising from disruptive technologies, economic fluctuations, supply chain disruptions, and regulatory shifts [2]. The core elements critical for successful strategic risk execution include clear vision, core competencies, targeted decision-making, shared responsibility, and action-oriented business units [2].

Globally, the development of strategic risk agility has gained traction in various regions, including the USA, UK, Asia, and Africa. Organizations in these regions acknowledge the necessity of proactive risk management and adaptability in today's intricate and uncertain business environment. Strategic risk management is integrated into corporate governance frameworks and regulatory requirements, particularly in the financial sector in the USA [3]. Technological advancements enable real-time risk identification, monitoring, and response [4].

UK heightened its focus on strategic risk management after the 2008 financial crisis, leading to regulatory reforms [5]. Organizations incorporated strategic risk considerations into risk management frameworks, fostering a risk-aware culture [6]. In Asia, the recognition of strategic risk agility's significance grew due to rapid economic and technological changes and

emerging risks [7]. Investment in risk management systems, processes, and talent development has become common. Although Africa is in the early stages of adopting strategic risk management practices, some organizations are recognizing the need for proactive risk management to enhance competitiveness and resilience (KPMG, 2018). Efforts often focus on building risk awareness and management capabilities (PwC, 2020).

From a global standpoint, edible oil manufacturers encounter strategic risks such as volatile commodity prices, supply chain disruptions, regulatory changes, and geopolitical tensions. These risks necessitate agility to ensure sustained performance [3]. Companies use financial derivatives like futures, options, and swaps to hedge against volatile commodity prices. Furthermore, diversifying suppliers can mitigate the risk of supply chain disruptions [8].

On a continental scale, the edible oil manufacturing industry faces risks such as trade barriers, political instability, and currency fluctuations. Companies operating across continents require agility to navigate these risks and uphold their performance. Negotiating trade agreements can reduce trade barriers, diversification of operations mitigates political instability, and financial instruments assist in hedging currency fluctuations [9].

Regionally edible oil manufacturing industry grapples with challenges like competition, shifting consumer preferences, and environmental regulations. Companies focused on specific regions must exhibit agility to adapt to these risks

and maintain their performance [10]. Strategies include investing in R&D to innovate products, adhering to environmental regulations through sustainable practices, and fostering collaboration for enhanced competitiveness [1].

From a Kenyan view point, the edible oil manufacturing sector contends with risks such as labor shortages, supply chain disruptions, and regulatory compliance. Companies operating locally need to showcase agility to manage these risks and ensure performance. Tactics include training and development programs to address labor shortages, just-in-time inventory systems to mitigate supply chain disruptions, and strict adherence to local regulations [3].

Pwani Oil Products Limited in Kenya exemplifies strategic risk agility implementation [1]. The company employs various risk management practices, including a comprehensive framework, technology-enhanced supply chain flexibility, and a risk-aware culture (Mwaura, 2021).

Organizational performance refers to an entity's achieved results measured against its intended objectives. It encompasses program or project fulfillment and can be evaluated through financial metrics, market penetration, and shareholder returns. Turnover on equity, also known as ROE, alongside return on assets (ROA) are examples of performance metrics provide insights into financial performance [3]. Organizational performance is assessed against set goals, reflecting proper management, effective

1.1 Strategic Risk Agility

Strategic flexibility is the capacity of an organization to rapidly adjust by rearranging its capital, procedures, and methods according to alterations in the business climate as observed via potential and potential dangers [8]. Businesses can change, adjust, reinvent themselves, and ultimately prosper through strategic agility. For a company to generate value, it must be capable of consistently modifying and adjusting its core business in alignment with the strategic direction [10].

Strategic agility, according to Teece and Leih [11], is the ability of the organization to successfully reroute and concentrate its assets towards profitable and value-preserving

endeavours. Strategic agility, according to Khaddam [10], is essential for responding to the outside world. It involves polling a population to ascertain how trends in a particular industry are likely to affect it. Scientists that use a resource-based approach contend that a business's edge is built on a variety of unique characteristics. Accurately understanding the factors causing differences in business profitability is crucial in the fields of manufacturing organization and business strategy [1].

1.2 Statement of the Problem

In an ideal scenario, Kenya's edible oil manufacturing sector operates in a stable business environment, characterized by robust economic growth, well-defined supply chains, and predictable market dynamics (Mairura, Ngetich, 2021). Edible oil processing companies are key players in this sector, boasting substantial investments that drive economic expansion. These companies exhibit a high degree of strategic risk agility, effectively navigating challenges to ensure uninterrupted operations and sustained financial performance [7].

However, the reality is that Kenya's edible oil manufacturing sector faces a complex and volatile business landscape. This industry, while holding substantial promise, contends with intensifying competition, market ambiguities, and disruptions within supply chains [9]. In 2021, the manufacturing sector managed to bounce back from a contraction in the previous year, witnessing a commendable growth of 6.9%, contributing significantly to the national GDP at 7.2% (KEBS, 2022). Despite these positive indicators, the sector continues to grapple with uncertainties, posing hurdles to its sustained growth.

Edible oil manufacturing companies in Kenya confront an array of challenges that undermine their operational efficiency and financial health. These challenges encompass disruptions within the supply chain, evolving consumer preferences, regulatory shifts, and the persistently fluctuating economic landscape. As a result, the strategic risk agility of these companies becomes crucial in ensuring their resilience against these multifaceted challenges. Risk-taking adaptability requires an unambiguous goal, strong core competencies, careful objective choosing, dispersed responsibilities, and an engaged, aggressive strategy [1].

Existing research, such as that by Arokodare and Makinde (2019), Nyutu (2022), Oyerinde et al. (2018), and Kitonga (2017), underscores the vital link between strategic agility and firm performance. However, limited attention has been given to the context of Kenyan edible oil manufacturing companies and their strategic risk agility. This deficiency in understanding is particularly pronounced within the edible oil manufacturing sector, as exemplified by the case of Pwani Oil Products Limited.

Despite the significance of strategic risk agility, its state and implications within this specific industry remain largely unexplored. This idea hasn't been thoroughly studied in the Kenyan context, and nothing is understood about the level of strategic risk agility in businesses that produce edible oil, like Pwani Oil Products Limited. Therefore, this research sought to address this conceptual gap by assessing how manufacturing companies can enhance their strategic risk agility to mitigate the impact of strategic risks. It contributes to the literature on the missing strategic risk management and provide practical insights and recommendations for manufacturing companies in Kenya to enhance their strategic risk agility and improve their resilience in the face of strategic risks.

1.3 Purpose of the Study

This study aimed to analyze strategic risk agility on the performance of edible oil manufacturing companies in Kenya at Pwani Oil Products Limited, Kenya

1.4 Objective of the Study

The specific objective of this study was to establish the effect of strategic risk adaptability on the performance of edible oil manufacturing companies in Kenya, at Pwani Oil Products Limited.

1.5 Scope of the Study

The study assessed the impact of strategic risk agility on the organizational performance of Pwani Oil Products Limited in Kenya. Conducted at its Kikambala offices located in Kilifi County, the target population included the 380 employees as per the HR records of August 2023. The study examined independent variable (strategic risk adaptability) and the dependent variable (performance), utilizing The Theory of Dynamic Capability. The study was conducted from September to November 2023.

1.6 Research Questions

This study sought to answer how the strategic risk adaptability affect the performance of edible oil manufacturing companies in Kenya at Pwani Oil Products Limited, Kenya.

2. LITERATURE REVIEW

2.1 Theoretical Framework

2.1.1 The theory of dynamic capability

Dynamic capability theory (DCT) defines an affiliation's ability to incorporate, generate, and rearrange both inside and outside capabilities to manage constantly evolving challenges, as defined by Teece, Pisano, and Shuen (1997). According to the theory, businesses may develop new talents to replace their current firm-specific ones in an effort to adjust to or modify their challenging workplaces. The concept makes clear how markets for goods, edge over rivals, resources at hand, and the performance of the company over time are related to one another. It also discusses how companies might gain a sustainable competitive advantage and prosper in a challenging and unpredictable business environment [12].

Three key ideas form the foundation of the DCT. The ability to spot and seize chances comes first. Seizing opportunities is the second. Third, to reorganize the company's resources in order to maintain its competitiveness [11]. This strategy does not address all problems associated with long-term competitive advantage, while being generally recognized and having a strong theoretical base. The DCT literature, according to Ullah, & Khan [13] has several contradictions and ambiguities. Another criticism of the theory is that empirical measurement is difficult.

Ambrosini, et al. [14] assert that evaluations of the firm's internal and external environments, together with management perspectives regarding the necessity of shifts, are essential for an agile capability. Due to the inaccurate evaluation of the necessity for change, managers could apply DCT in an inappropriate way. The fundamentals of long-term corporate performance while aiding managers in identifying critical tactical variables and goals that must be adopted to improve revenue and prevent the financial decline caused on by working internationally [11].

The Dynamic Capacity Theory is related to the sturdy goal, which examined the impact of strategic risk adaptation on the profitability of Kenyan edible oil manufacturing companies at Pwani Oil Products Limited. This is because the structure incorporates research on planning and inventiveness, which focuses on the key abilities that top leadership needs to have to achieve better long-term company performance. DCT is a higher-level the ability which enables one to collect understanding, act quickly, share it, constantly update operations procedures, as well as engage in communications with other individuals and assessments, in the words of Easterby-Smith, Lyles, and Peteraf (2009). This can be done to improve company productivity and boost competitiveness.

2.2 Empirical literature

2.2.1 Strategic risk adaptability and performance

Masood and Sonntag [15] examined the advantages and drawbacks of implementation for SMEs. The study's objective was to examine how threat flexibility affects performance in UK businesses. The study employed a quantitative research approach and gathered information from 200 UK businesses operating in a range of industries. Survey questions that rated strategic risk adaptation and financial performance were used to get the data. Additionally, data on industry rivalry and other control factors were gathered through the survey. The data was analyzed using descriptive stats, correlation analysis, and regression modelling. Researchers found that strategic threat adjustment has a substantial and beneficial effect on revenue growth in UK firms.

Benischke, Martin, and Glaser [16] explored the moderating effect of CEO personality on strategic risk adaptability and performance. Their theory suggests that the behavioral agency's predicted negative relationship between equity risk bearing and strategic risk taking is contingent upon four personality traits. Their empirical analyses, based on personality profiles of 158 Chief Executive Officers (CEOs) from S&P 1,500 firms in the manufacturing industries, indicate that the relationship between executive risk bearing and strategic risk-taking shifts from negative to positive for CEOs with high extraversion, greater openness, and low conscientiousness. These findings demonstrate that agency-based predictions of

CEO risk taking in response to compensation, and board attempts at creating incentive alignment through compensation, are enhanced by integrating insights from personality trait literature.

In highly competitive sectors, the moderating influence of industry rivalry is more pronounced, according to Masood's [15] research. Strategic risk adaptability and financial performance are related, although not directly, to industry competition. According to the survey, risk management is a crucial task for any company organization. But managing risks successfully necessitates a strategic strategy due to their unexpected nature. The capacity of a corporation to modify its strategy in response to changes in the business environment is referred to as strategic risk adaptability. This recommended that in order to improve their financial performance, businesses operating in highly competitive sectors should give strategic risk adaptability top priority.

Studies by Monsson (2017) SMEs in Denmark's post-crisis resilience: fragility and flexibility. The studies contend that it is important to draw a line among SMEs' capacity to withstand external forces and their capacity to bounce back from such shocks. A sample of Danish SMEs during the time after the financial crisis in 2009 were examined as part of the study's methodology. The data shows that while SMEs may be susceptible, many of them are also capable of recovering from a significant blow to their economies. The idea is that governments ought not to view SMEs' susceptibility to shocks as a sign of their inevitable demise. Later on, there might be a recovery and a resurgence of growth Monsson (2017).

Eshima and Anderson (2017) looked at the effects of company expansion, adaptability, and entrepreneurial orientation on US enterprises' profitability. The study's goal aimed to look at the connection between US business achievement and risk management resilience. The study employed a quantitative research approach and gathered information from 300 US companies from a variety of sectors. Survey questions that rated strategic risk adaptation and financial performance were used to get the data. Conclusions of this investigation showed that, in US organizations, the capacity to adjust to strategic risk has a beneficial and noteworthy effect on financial success.

Petrov, & Borisov [17] examined the prospects for Strategic Development of Viticultural Enterprises in Bulgaria in their study from 2021. The purpose of this research was to compare the competitiveness of the wine industry across industries and identify areas for development. The research employed a fundamental methodology, the SWOT-analysis, to assess the competitiveness of industry sectors and evaluate the factors, circumstances, and business strategies. Diversifying production is a fundamental strategy for enhancing the competitiveness of our wine industry in the future. According to the study, the six measures in the suggested model, which are aimed at boosting the sector's and the firms' efficiency, enable the attainment of the business objectives. Chipfupa, Wale, and associates (2021) employed actual data from South African small-scale agricultural producers to examine the correlation between social capital and responses to environmental change.

Thinda and Ojo [18] investigated the adoption of climate change adaptation strategies among smallholder farmers, focusing on land reform beneficiaries in South Africa. They employed a combined methods research approach, utilizing both quantitative and qualitative techniques. A survey questionnaire was distributed to 50 microfinance institutions (MFIs) in South Africa to collect numerical data. This survey examined financial performance and strategic risk adaptation. Additionally, qualitative data were gathered through conversations with the leadership of the selected MFIs.

The Chipfupa, & Wale, (2021) study also discovered that MFIs in South Africa had a comparatively low degree of strategic threat adaptation. The next suggestions are given to MFIs in South Africa considering the findings of the research. MFIs in South Africa have to make investments in strong methods for managing risk that let them recognize, evaluate, and control risks. This will improve their capacity to adjust to strategic risk. MFIs in South Africa ought to provide an environment that values creativity and ingenuity. They will be better equipped to adapt to strategic risk and react rapidly to changes in the business ecosystem as a result. FIs in South Africa should work with other organizations and stakeholders to exchange best practices and information (Chipfupa, and Wale 2021).

Ivanov (2021) examined the relationship between strategic risk adaptability and manufacturing performance during the COVID-19 pandemic.

The study developed a framework to assess the establishment and impact of modifications, identifying four adaptive strategies: intertwining, adaptability, substitution, and repurposing. These strategies aimed to preserve supply chain longevity amid the global crisis. The investigation included analytical techniques for evaluating performance under unforeseen circumstances, employing case study methodology and research evaluation. By analyzing recent literature, the study identified common elements of adaptation strategies used during the COVID-19 pandemic.

In order to clarify the real world and enhance the literature analysis used to establish pertinent factors for developing a theoretical structure and formalized hypothesis, the study included case studies. The study demonstrated in the theoretical basis how the SC viability and adaption techniques may be coordinated at the levels of the ecosystem, network, and resources. By formalizing the consequences and efforts in implementing and measuring adaptability techniques as both a process and a result, this work fills insufficient knowledge in the generalized model. The study outlined many potential future research trajectories as well as some unresolved research issues.

In the central highlands of Kenya, Mairura and Ngetich (2021) investigated the strategic risk adaptability factors that influence farmers' perceptions of climatic variability, and their mitigation and adaptation measures. Using a cross-sectional survey approach, they selected 300 farmers from this region. The study employed binary logistic regression models to identify variables influencing perceptions of climate fluctuations, and adaptation and mitigation efforts, based on three sets of variables: socioeconomic, institutional, and environmental aspects. The regression models were applied to three types of farmer-adopted strategies for adapting to and mitigating climate change: crop integration, nutrient management, and water and soil regulation practices. The majority of farmers reported that all environmental indicators had gotten worse in the ten years before the poll, including higher temperatures (80%), fewer drops of rain (78%), and shorter season lengths (76%).

Ongoro and Muiya [19] examined strategic risk adaptability to fire disasters through community participation in Gikomba Market, Nairobi City County, Kenya. The study used preliminary profiles of four neighborhood programs for addressing global warming and adaptation in

Kenya's unauthorized areas, including Korogocho. Data were collected from 30 stratified sampled residents and 10 specifically chosen reliable sources from nine villages within the unrecognized areas. The results demonstrated the effectiveness of locally led efforts in raising awareness and enhancing community capacities to absorb, adapt to, and transform in response to a changing climate. The study's findings provide detailed insights into the remarkable outcomes of community-based programs while emphasizing the importance of active dialogue and collaboration between citizens, decision-makers, and experts.

3. METHODOLOGY

3.1 Research Methodology

This study adopted a positivist approach, based on the belief that observable phenomena can be measured and statistically analyzed. Positivism, as noted by Crossan (2003), requires scientific claims to be backed by data, and researchers aim to remain impartial (Alghamdi and Li, 2013). This approach was suitable for analyzing the correlation between the performance of Kenyan edible oil manufacturing enterprises and their strategic risk agility. The study employed rigorous quantitative and qualitative methods to ensure valid, reliable, and credible results.

3.2 Research Design

For the inquiry, an exploratory question was employed. Both qualitative and quantitative methods are included into cross-sectional survey designs. This design gave the researcher access to numeric information that will be examined using the two types of statistics (Saunders, 2013). Excellent use of this research approach was made by researchers like Waweru [20] in his study on Strategic Agility and the achievement of medium-sized businesses in Kenya.

3.3 Target Population

This study targeted a specific population which had the desired information for the study as they are part of the daily operations and decision

making of the company. According to the Human Resource Records dated 20th August 2023, Pwani Oil Products Limited has 380 officers on staff comprising of 15 at top management, 65 at operational level and 300 at supervisory level. Therefore, the 380 corporate workers that operate in Kilifi County offices was the target group.

3.4 Samples and Sampling Procedure

The sample was chosen via random stratification. According to Mugenda & Mugenda (2003), a sample size of 10 – 30% is suitable for descriptive research. In this instance, choosing the sample was best done with a 30% sample. A total of 115 staffs were picked 5, 20 and 90 from top management, operations level and supervisory level staffs respectively as shown in Table 1.

3.5 Data Collection Instrument

A questionnaire was the main tool used in this study to gather data. To determine the respondents' opinions and perceptions of these regions, a Likert scale was employed. All respondents systematically got the questions in each segment in the same language and in the same sequence to ensure consistency and minimise bias. Through employing a standardised approach, the validity and reliability of the data collected was increased.

3.6 Data Analysis and Presentation Techniques

This study made use of statistical package for social service (SPSS) to analyse the gathered data. Means, a descriptive statistic, frequencies, together with their proportions and standard errors of measurement, were used to analyse numerical information.

The findings were presented in graphical format. The results of the theoretical foundation analysis performed on the acquired qualitative data were provided in narrative format.

Table 1. Sample size

Variable	Gender		Age Group (Years)			Management Level		Years of Experience		
	M	F	20-39	40-59	Above 60	Supervisory	Top	0-5	6-10	Above 11
Category	70	45	48	62	5	65	50	20	60	35
Frequency	70	45	48	62	5	65	50	20	60	35
%	61	39	42	54	4	57	43	17	52	30

Source: HR Records - Pwani Oil Products Limited (August 2023)

4. RESULTS AND DISCUSSION

4.1 Reliability and Validity Test

Using item loading in factor analysis, this study evaluated the categories' validity for convergence and uniformity. To guarantee convergent validity, only elements loading significantly to one factor (loading > 0.7) were kept. Each item that was kept showed a significant loading into a single create, indicating that it was single-dimensional. Furthermore, the average variance extracted (AVE) and composite reliability (CR) values were higher than the cutoff points of 0.70 and 0.50, respectively (Fornell & Larcker 1981, Chin 1998). Every discriminating validity test revealed the correctness of every concept. Furthermore, there was a substantial Bartlett's test and the KMO was 0.850.

4.2 Descriptive Statistics for Strategic Risk Adaptability and Performance

The effect of strategic risk adaptability on performance was reported here in. The result in Table 3 shows the mean and standard deviation of each item.

The results from the questionnaire on strategic risk adaptability and performance of edible oil manufacturing companies in Kenya, as presented in Table 2, reveal key insights. The respondents, assessed the company's allocation of financial resources to mitigate strategic risks, with a mean score of 3.17 and a standard deviation of 1.292. Additionally, the financial planning and budgeting alignment with strategic objectives received a mean score of 3.22, accompanied by a standard deviation of 1.294. The respondents indicated a mean score of 3.35, with a standard deviation of 1.144, for the presence of well-defined risk response plans for potential strategic risks. Moreover, the effectiveness of the company's response planning in minimizing the impact of strategic risks received a mean score of 3.16, with a standard deviation of 1.348. The average mean score across all statements on strategic risk adaptability was calculated as 3.225 and average mean standard deviation was 1.2695. These findings suggest that, on average, the surveyed edible oil manufacturing company in Kenya demonstrates a moderate level of strategic risk adaptability. The results from this study contribute valuable insights into the first research objective, exploring the effect of strategic risk

adaptability on the performance of these companies.

4.3 Performance

The results from the questionnaire, as presented in Table 4, offer insights into the performance of edible oil manufacturing companies in Kenya, with a focus on key performance indicators. These indicators directly link to the independent variable of performance of the company.

The statement that higher Return on Capital reflects a better utilization of resources received a mean score of 3.38 and a standard deviation of 1.236, indicating a consensus among respondents that efficient resource utilization contributes to enhanced performance of the company. Participants acknowledged the impact of Return on Capital on the company's ability to attract investors and secure more funding for growth, as evidenced by a mean score of 3.12 and a standard deviation of 1.357. The belief that improving Return on Capital is essential for sustaining long-term profitability received a mean score of 3.14, with a standard deviation of 1.305. Moreover, respondents recognized the significance of profitability ratios, such as gross profit margin and net profit margin, in influencing the company's financial performance, as indicated by a mean score of 3.19 and a standard deviation of 1.318.

The performance of edible oil manufacturing companies in Kenya, as indicated by the average mean score, was calculated to be 3.21 and average mean standard deviation of 1.304. The results contribute to the understanding of the independent variable, performance, shedding light on the multifaceted aspects that impact the financial well-being and sustainability of these companies.

4.4 Normality Test

The results of the normality tests Strategic Risk Adaptability, conducted using Kolmogorov-Smirnova test, is presented in descending order of significance levels. Table 5 and Fig. 1 shows the results.

The results of the normality test for strategic risk adaptability, as presented in Table 3, indicate significant findings. The Kolmogorov-Smirnova test yielded a statistic of 0.324 with 77 degrees of freedom, resulting in a p-value of 0, suggesting a departure from normality for strategic agility.

Table 2. Reliability and validity test for strategic risk adaptability

Construct	Code	Indicator	Loading
Strategic Risk Adaptability	SRAO1	The company's financial planning and budgeting align with its strategic objectives.	0.821
	SRAO2	The company has well-defined risk response plans in place for potential strategic risks	0.831
	SRAO3	The company's response planning is effective in minimizing the impact of strategic risks	0.841
	SRA4	The company's response planning is effective in minimizing the impact of strategic risks	0.689

Source: Survey Data (2023)

Table 3. Descriptive statistics on strategic risk adaptability and performance

Statements on Strategic Risk Adaptability	N	Minimum	Maximum	Mean	Std. Deviation
The company's allocation of financial resources is well-balanced to mitigate strategic risks	77	1	5	3.17	1.292
The company's financial planning and budgeting align with its strategic objectives	77	1	5	3.22	1.294
The company has well-defined risk response plans in place for potential strategic risks	77	1	5	3.35	1.144
The company's response planning is effective in minimizing the impact of strategic risks	77	1	5	3.16	1.348
Average				3.225	1.2695

Source: Survey Data (2023)

Table 4. Descriptive statistics on performance

	N	Minimum	Maximum	Mean	Std. Deviation
Higher Return on Capital reflects better utilization of resources	77	1	5	3.38	1.236
Return on Capital directly affects the company's ability to attract investors and secure funding for growth	77	1	5	3.12	1.357
Improving Return on Capital is essential for sustaining long-term profitability	77	1	5	3.14	1.305
Profitability ratios, such as gross profit margin and net profit margin, significantly impact the company's financial performance	77	1	5	3.19	1.318
Average	77			3.21	1.304

Source: Survey Data (2023)

Table 5. Normality test for strategic risk adaptability

		Kolmogorov-Smirnov^a	
	Statistic	df	Sig.
Strategic Agility	0.324	77	0.000
<i>Lilliefors Significance Correction</i>			

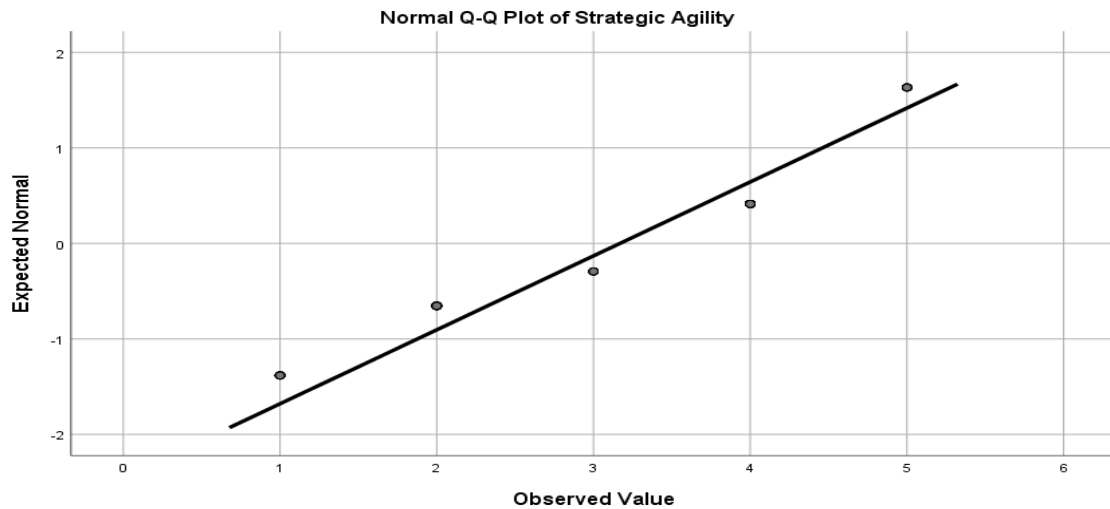


Fig. 1. Normality test for strategic risk adaptability

Specifically, the Kolmogorov-Smirnov statistic yielded a value of 0.324 with a corresponding p-value of 0.000. These findings indicate a departure from normality in the distribution of Strategic Risk Adaptability scores. Moreover, the application of the Lilliefors Significance Correction reaffirms the statistical significance of these deviations.

5. DISCUSSION

The research revealed that strategic risk adaptability significantly impacts the performance of edible oil manufacturing companies in Kenya, as exemplified by the survey responses at Pwani Oil Products Limited. A substantial 49.4% of the respondents strongly agreed with this relationship, indicating a strong consensus among participants. Additionally, 9.1% of the respondents expressed their agreement with the proposition, further reinforcing the idea that strategic risk adaptability plays a vital role in enhancing the performance of such companies. This finding is consistent with the well-established theory of strategic management, particularly in the field of corporate strategy. According to this theory, companies that are agile and adaptive in responding to strategic risks are better equipped to navigate dynamic business environments, capitalize on opportunities, and mitigate potential threats. Such adaptability allows organizations to stay competitive, innovate, and ultimately achieve improved financial and operational performance. In the context of edible oil manufacturing companies, where market conditions and consumer preferences may change rapidly, the ability to adapt to strategic risks is paramount for

long-term success. This research underscores the relevance of strategic risk adaptability as a key driver of performance and aligns with the principles of strategic management theory.

The discovery supports the Theory of Dynamic Capability and is consistent with Masood's [15] findings in literature, demonstrating a correlation between strategic risk adaptability and financial performance, albeit indirectly associated with industry competition. The survey underscores the significance of risk management for every organization. According to Eshima et al. (2017), the relationship between risk-taking flexibility and profitability is moderated by business competitiveness, with the advantage being more pronounced in highly competitive sectors. Chipfupa and Wale (2021) also found that MFIs in South Africa exhibited a relatively low level of strategic threat adaptation. Ivanov (2021) examined the sustainability of manufacturing networks during the COVID-19 pandemic by analyzing recent literature, revealing similar adaptation strategies employed throughout the pandemic.

6. CONCLUSIONS

The findings of this study have revealed the pivotal role of strategic risk adaptability in influencing the financial performance of edible oil manufacturing companies in Kenya, exemplified by the strong consensus among respondents at Pwani Oil Products Limited. The ability to swiftly adjust production processes, adapt to changing market demands, and respond to unexpected disruptions can translate into improved financial performance. This aligns with the well-

established theory of strategic management, where adaptability is acknowledged as a key driver of success.

7. RECOMMENDATIONS

Pwani Oil Products Limited should invest in improving its strategic risk adaptability. This can be achieved through regular risk assessments, scenario planning, and flexible business strategies. The company should develop a culture that encourages employees to quickly adapt to changing market conditions and mitigate risks effectively. Collaborative relationships with suppliers, distributors, and other industry stakeholders can lead to better risk management and mutual benefits. It should also regularly review and update its risk management practices and policies to ensure they remain current and effective. Building upon the current study, future research could explore the broader food industry in Kenya, investigating how strategic risk management practices influence the performance of various subsectors, such as dairy, poultry, or grain processing. Examine how companies in this sector adapt their risk management strategies and assess the performance implications of global supply chain disruptions.

DISCLAIMER (ARTIFICIAL INTELLIGENCE)

Author(s) hereby declare that NO generative AI technologies such as Large Language Models (ChatGPT, COPILOT, etc) and text-to-image generators have been used during writing or editing of manuscripts.

ETHICAL APPROVAL AND CONSENT

The information gathered was done so legally. Participants provided their information voluntarily, without any form of coercion or compensation. The investigator obtained permission from Pwani Oil Products Limited to conduct the study. Respondents were assured of confidentiality and anonymity, and the data collected was used exclusively for this research, ensuring the interviewees' safety was never compromised.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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