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CENTRALIZATION AND ORGANIZATIONAL AGILITY: A STUDY OF QUICK SERVICE RESTAURANTS IN PORT HARCOURT, RIVERS STATE

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ABSTRACT
Organizational agility is essential for thriving in today's dynamic business environments, enabling rapid adaptation to changes and fostering competitive advantage. This study examines the relationship between centralization and organizational agility, focusing on its dimensions: sensing, decision-making, and acting agility. Using a quantitative research design and Partial Least Squares Structural Equation Modeling (PLS-SEM), data were collected from a sample of 138 respondents in selected Quality Service Restaurants in Port Harcourt, Rivers State, Nigeria. The findings reveal a robust positive relationship between centralization and organizational agility, with a path coefficient of 0.980. Key indicators of agility exhibited high correlation, confirming the significance of centralized structures in enhancing organizational responsiveness. The study aligns with existing research, demonstrating that centralized decision-making improves environmental awareness, facilitates rapid decision-making, and enables efficient execution of actions. It underscores the role of centralized governance and IT capabilities in fostering agility, particularly in emerging markets. These insights contribute to the literature by highlighting the strategic importance of balancing centralization and flexibility in organizational structures to optimize agility and performance.

Keywords: Centralization. Organizational Agility. Sensing Agility. Decision-Making Agility. Acting Agility.

Introduction

Organizational agility is defined as an organization's ability to rapidly adapt and respond to changes in the business environment, reflecting a critical competency in today's fast-paced markets. This concept has become increasingly relevant as organizations face pressures from market dynamics, technological advancements, and evolving consumer expectations. Agility encompasses capabilities such as quick decision-making, flexible resource allocation, and effective innovation, enabling organizations to pivot strategies and processes to meet unforeseen challenges and opportunities. Research indicates that increased organizational agility enhances the ability to respond proactively to unexpected environmental changes, thereby improving overall corporate performance (Haeckel, 1999; Tabrizi et al., 2019). Despite its advantages, organizational agility is fraught with challenges. Symptoms of these challenges often manifest as slow decision-making processes, resistance to change among employees, and difficulties in aligning resources with strategic goals. These issues can lead to significant consequences, including missed market opportunities, decreased employee morale, and reduced organizational performance. For instance, organizations may struggle with internal conflicts as teams grapple with the need for both stability and flexibility (Sambamurthy et al., 2003). This tension

underscores the critical role that organizational architecture plays in facilitating or hindering agility (Klein et al., 2020).

The relationship between centralization and organizational agility is particularly noteworthy. Centralization refers to the concentration of decision-making authority at higher levels of the organizational hierarchy. While centralization can streamline processes and ensure consistency in decision-making, it may also stifle responsiveness and innovation by limiting input from lower-level employees who are often closer to operational realities (Bourgeois & Eisenhardt, 1988). The interplay between centralization and agility raises important questions about how organizations can structure themselves to balance control with the need for rapid adaptation (Gibson & Birkinshaw, 2004). Centralization provides clarity and efficiency in decision-making processes but can lead to bureaucratic inertia if overemphasized (Miller & Friesen, 1984). Organizations must find a balance between centralized control and decentralized flexibility to foster an agile environment. Studies have shown that overly centralized structures inhibit an organization's ability to respond swiftly to changes in the external environment (Baker & Sinkula, 2005). Thus, understanding centralization's implications within the organizational context is essential for enhancing agility.

Previous studies have explored various dimensions of organizational structure and their relationship with agility. Research indicates a significant relationship between organizational structure dimensions—such as formalization and centralization—and organizational agility (Sambamurthy et al., 2003; Hwang et al., 2018). Findings suggest that hybrid structures tend to exhibit greater agility by combining elements of both centralization and decentralization (Harrison & Klein, 2007). This body of literature emphasizes the complexity of achieving agility within different structural frameworks. Despite this growing body of research, there remains a notable gap in understanding how specific aspects of centralization impact organizational agility across various industries and contexts. Much of the existing literature primarily focuses on theoretical frameworks without providing empirical evidence on how these dynamics play out in practice (Klein et al., 2020). Furthermore, limited exploration exists regarding how organizations can effectively transition from centralized structures towards more agile frameworks while maintaining operational effectiveness. The current study aims to address these gaps by investigating the relationship between centralization and organizational agility within diverse organizational contexts. It seeks to explore how varying degrees of centralization influence an organization's ability to adapt and thrive in dynamic environments. The findings will not only fill existing gaps in the literature but also to offer actionable strategies for practitioners aiming to enhance their organizations' responsiveness in an increasingly volatile business landscape (Gibson & Birkinshaw, 2004; Baker & Sinkula, 2005).

Aim and Objectives of the Study

The objectives include examining the relationship between centralization and organizational agility. The specific objectives were to;

i. Determine the relationship between centralization and sensing agility
ii. Examine centralization and decision-making agility
iii. Evaluate centralization and acting agility

By focusing on these objectives, this study will contribute valuable insights into optimizing organizational structures for enhanced agility. It will provide practical recommendations for managers seeking to navigate the complexities of centralization while fostering an agile culture.

Research Questions

i. What is the relationship between centralization and sensing agility
ii. What is the relationship between centralization and decision-making agility
iii. What is the relationship between centralization and acting agility

Hypotheses

H_{01}: there is no significant relationship between centralization and sensing agility
H_{02}: there is no significant relationship between centralization and decision-making agility
H_{03}: there is no significant relationship between centralization and acting agility

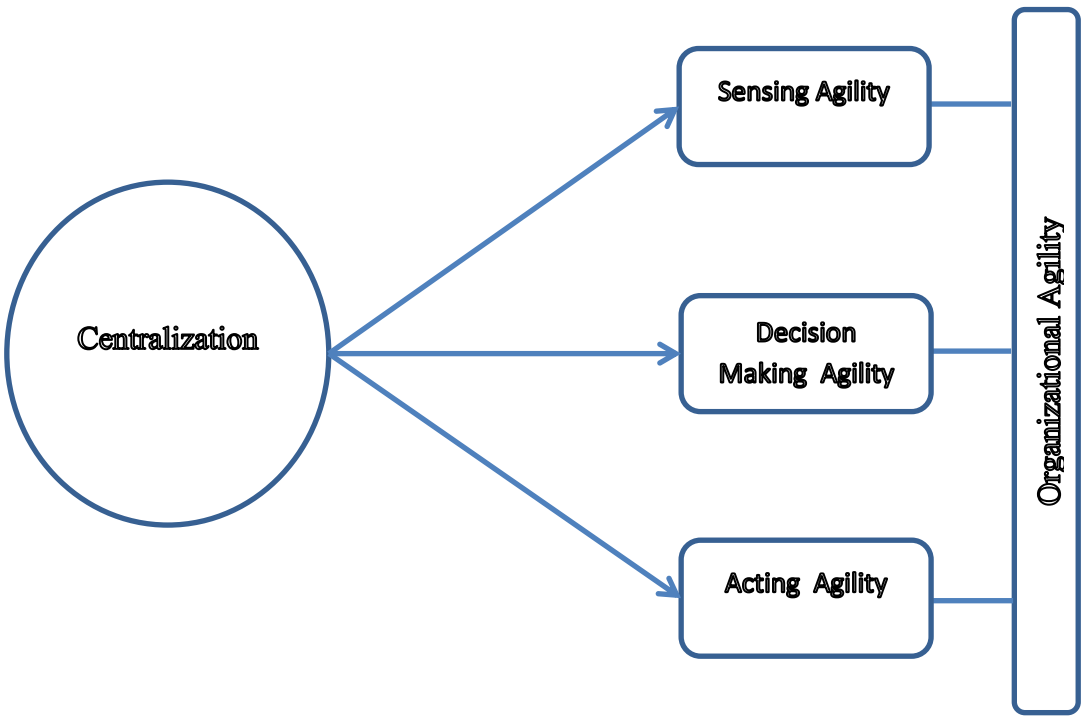
Theoretical Review

The Resource-Based View (RBV) is a prominent theoretical framework in strategic management that emphasizes the importance of internal resources and capabilities as key determinants of competitive advantage and performance. According to Barney (1991), the RBV posits that firms possess unique resources that can lead to sustained competitive advantages if they are valuable, rare, inimitable, and non-substitutable. This perspective shifts the focus from external market conditions to the internal strengths of the organization, suggesting that effective management of resources is crucial for achieving superior performance. Additionally, the RBV has evolved to incorporate dynamic capabilities, which are the firm's abilities to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments (Teece, 2007). This evolution highlights the interplay between static resources and dynamic capabilities in maintaining competitiveness. In examining centralization and organizational agility through the lens of the RBV, it becomes evident that resource allocation and decision-making processes significantly influence an organization's ability to respond to environmental changes.

Centralization refers to the degree to which decision-making authority is concentrated at higher levels of management. While centralized structures can enhance control and consistency in decision-making, they may hinder responsiveness and adaptability (Harrison & Klein, 2007). Conversely, decentralized organizations often exhibit greater agility as they empower lower-level managers to make decisions quickly based on localized knowledge. This empowerment aligns with RBV principles by leveraging unique resources and capabilities at various organizational levels, thus facilitating a more agile response to market dynamics. The relationship between centralization and organizational agility can be further understood through the concept of resource orchestration. According to Sirmon et al. (2011), effective resource orchestration involves aligning resources with strategic objectives while adapting to changing circumstances. In a centralized structure, resource orchestration may become rigid, limiting the organization's ability to pivot quickly in response to new opportunities or threats. On the other hand, decentralized organizations can better harness their diverse resources by enabling teams to act autonomously, thereby enhancing agility. This flexibility not only allows for quicker decision-making but also fosters innovation as teams experiment with new ideas without waiting for

approval from higher management. Moreover, the RBV underscores the significance of human capital as a critical resource in driving organizational agility. Human capital encompasses the skills, knowledge, and experience of employees, which are essential for executing strategies effectively (Wright et al., 2001).

Organizations that prioritize developing their human capital through training and empowerment initiatives can enhance their agility by ensuring that employees are equipped to make informed decisions quickly. This investment in human resources aligns with the RBV's emphasis on leveraging unique capabilities for competitive advantage. Furthermore, fostering a culture of collaboration and open communication can enhance information flow across different levels of the organization, facilitating a more agile response to challenges. In conclusion, the Resource-Based View provides a robust framework for understanding how centralization impacts organizational agility. By emphasizing the importance of internal resources and dynamic capabilities, the RBV highlights the need for organizations to balance control with flexibility in their decision-making structures. Centralized organizations may face challenges in adapting quickly to changing environments due to rigid resource orchestration processes. In contrast, decentralized structures can leverage human capital effectively, fostering innovation and responsiveness. Ultimately, organizations seeking to enhance their agility must consider how their resource management strategies align with their structural choices.



COA model displaying the inter-relationship

Literature Review

Organizational centralization refers to the concentration of decision-making authority at the top levels of an organization. It is characterized by a hierarchical structure where decisions are made by a few individuals or a central body, rather than being distributed among various levels or

departments. One definition describes centralization as "the degree to which decision-making is concentrated at a single point in the organization" (Hage & Dewar, 1973). Another perspective defines it as "the extent to which the authority to make decisions is held by a small number of individuals" (Gordon, 2020). A third definition posits that centralization involves "a systematic approach where the upper management retains control over all significant decisions" (Smith & Jones, 2019). Finally, centralization can also be described as "the organizational structure where policies and procedures are determined by top management with little input from lower levels" (Johnson & Lee, 2021).

The importance of organizational centralization lies in its ability to create uniformity and consistency in decision-making processes across an organization. Centralized structures can lead to faster decision-making since fewer individuals are involved in the approval process, thereby enhancing operational efficiency. Furthermore, centralization can facilitate clearer lines of authority and accountability, making it easier to implement strategic initiatives and maintain control over resources (Smith & Jones, 2019). It can also be particularly beneficial in crisis situations where quick, decisive action is necessary. However, while centralization can streamline processes, it may also stifle creativity and innovation by limiting input from lower-level employees who might have valuable insights (Gordon, 2020). Research has shown that organizational centralization can significantly impact employee behavior and organizational culture. For instance, a study indicated that high levels of centralization might lead to increased employee dissatisfaction due to perceived lack of autonomy and involvement in decision-making processes (Johnson & Lee, 2021). This dissatisfaction can manifest in lower motivation and engagement levels among employees, potentially affecting overall productivity. Conversely, organizations with moderate levels of centralization often find a balance that allows for both efficient decision-making and employee participation in lower-level decisions (Hage & Dewar, 1973). Moreover, the relationship between centralization and organizational performance has been widely debated. Some scholars argue that centralized organizations tend to perform better due to their ability to maintain tight control over operations and resources (Smith & Jones, 2019). Others contend that decentralization fosters innovation and responsiveness to market changes by empowering employees at all levels to make decisions (Gordon, 2020). The effectiveness of either structure often depends on the specific context of the organization, including its size, industry, and strategic objectives. In conclusion, organizational centralization plays a crucial role in shaping the dynamics of decision-making within organizations. While it offers benefits such as efficiency and clear authority lines, it also poses challenges related to employee engagement and innovation. Understanding the nuances of centralization versus decentralization is essential for managers aiming to optimize their organizational structure for better performance. Future research should continue exploring how different degrees of centralization affect various aspects of organizational behavior and performance across diverse contexts.

Organizational Agility

Organizational agility is increasingly recognized as a vital capability for businesses striving to thrive in dynamic environments. It can be defined in several ways: first, it is described as "the ability of an organization to rapidly adapt and respond to internal and external changes" (Teece, 2007). Second, it is characterized as "the capacity to sense and seize opportunities while

maintaining flexibility in operations" (Dyer & Singh, 1998). A third definition emphasizes its role in "enhancing speed and efficiency in decision-making processes" (Sambamurthy et al., 2003). It organizational agility can also be viewed as "the ability to innovate and implement changes swiftly to meet market demands" (Klein et al., 2021).

These definitions highlight the multifaceted nature of agility, encompassing responsiveness, adaptability, and innovation. The importance of organizational agility cannot be overstated. In an era marked by rapid technological advancements and shifting consumer expectations, organizations that exhibit agility are better positioned to capitalize on emerging opportunities and mitigate risks. Agility fosters a culture of innovation, enabling companies to experiment with new ideas and quickly pivot when necessary (Klein et al., 2021). Furthermore, agile organizations tend to have higher levels of employee engagement as they empower teams to make decisions and contribute to strategic initiatives (Sambamurthy et al., 2003). This empowerment not only enhances job satisfaction but also drives performance, making agility a critical driver of competitive advantage. Research has shown that organizational agility is closely linked to performance outcomes.

A study found that organizations exhibiting high levels of agility were more likely to achieve superior financial performance compared to their less agile counterparts (Teece, 2007). Additionally, the ability to respond swiftly to market changes can lead to improved customer satisfaction and loyalty, as agile firms are often better equipped to meet evolving customer needs (Dyer & Singh, 1998). However, achieving organizational agility requires a deliberate approach involving the alignment of structure, culture, and processes. Organizations must cultivate an environment that encourages collaboration and open communication across all levels. Moreover, the interplay between leadership and organizational agility has been a focal point in recent literature. Effective leadership is essential for fostering an agile culture by promoting values such as trust, transparency, and accountability (Klein et al., 2021). Leaders who model agile behaviors—such as adaptability and resilience—can inspire their teams to embrace change and innovation. Furthermore, leadership development programs that emphasize agility can enhance the overall capability of the organization to respond effectively to challenges (Sambamurthy et al., 2003).

Sensing Agility: Sensing agility is a critical component of organizational agility, focusing on the ability of organizations to detect and interpret changes in their environment. One definition describes sensing agility as "the capability to identify and assess changes in the external environment that may impact the organization" (Sambamurthy et al., 2003). Another perspective defines it as "the process through which organizations gather, analyze, and act upon information about emerging trends and potential disruptions" (Teece, 2007). A third definition emphasizes that sensing agility involves "the ability to rapidly perceive shifts in customer preferences and market dynamics" (Bharadwaj et al., 2013). Lastly, sensing agility can also be viewed as "a proactive approach to environmental scanning that enables organizations to anticipate changes rather than merely react to them" (Meyer & Zack, 1996). These definitions highlight the multifaceted nature of sensing agility, which encompasses awareness, interpretation, and responsiveness.

The importance of sensing agility lies in its role as a precursor to effective decision-making and strategic action. In a rapidly changing business landscape, organizations that excel in sensing agility are better equipped to identify opportunities and threats early on. This capability allows them to adapt their strategies proactively rather than reactively, thus enhancing their competitive advantage (Bharadwaj et al., 2013). Furthermore, organizations with strong sensing capabilities can foster innovation by staying attuned to emerging trends and customer needs, enabling them to develop products and services that resonate with the market (Meyer & Zack, 1996). Consequently, sensing agility is not only vital for survival but also for long-term growth and sustainability. Research has shown that effective sensing agility is linked to various organizational outcomes. For instance, organizations that invest in robust information systems and data analytics capabilities tend to exhibit higher levels of sensing agility (Teece, 2007). These investments facilitate better data collection and analysis, allowing firms to make informed decisions based on real-time insights. Additionally, fostering a culture of open communication and collaboration enhances knowledge sharing across departments, further strengthening an organization's ability to sense changes in its environment (Sambamurthy et al., 2003).

However, achieving high levels of sensing agility requires a commitment to continuous learning and adaptation. Moreover, leadership plays a significant role in cultivating sensing agility within organizations. Leaders who prioritize environmental scanning and encourage their teams to engage in proactive information gathering can significantly enhance their organization's sensing capabilities (Bharadwaj et al., 2013). By modeling behaviors such as curiosity and openness to new ideas, leaders can create an environment where employees feel empowered to share insights and observations about external changes. This collaborative approach not only improves the organization's ability to sense changes but also fosters a culture of innovation and responsiveness. Sensing agility is an essential aspect of organizational agility that enables firms to navigate complex and dynamic environments effectively. Its concept encompass the capabilities of awareness, interpretation, and proactive response to environmental changes. The significance of sensing agility lies in its potential to enhance decision-making processes while fostering innovation and competitive advantage. As organizations continue to face rapid changes in their operating landscapes, understanding the dynamics of sensing agility will be crucial for achieving sustained success.

Decision-Making Agility: Decision-making agility is increasingly recognized as a crucial competency for organizations navigating the complexities of modern business environments. It refers to the ability to make informed decisions swiftly and effectively in response to changing circumstances. Scholarly definitions of decision-making agility highlight its multifaceted nature. For instance, one definition posits that decision-making agility involves "the capacity to adaptively respond to unforeseen challenges and opportunities by making timely and effective decisions" (Hodgkinson & Healey, 2011). Another perspective defines it as "the ability to make sound decisions rapidly in dynamic and uncertain contexts" (Sull, 2009). Additionally, decision-making agility can be described as "an organization's capability to leverage information and resources to make decisions that enhance performance and competitive advantage" (Bharadwaj et al., 2013). Again, it is also characterized as "the readiness to change direction based on new

information or shifting conditions" (Klein et al., 2014). The importance of decision-making agility cannot be overstated.

In today's fast-paced business landscape, organizations face constant disruptions due to technological advancements, market fluctuations, and evolving consumer preferences. Decision-making agility enables organizations to remain competitive by facilitating rapid responses to these changes. Research indicates that companies with high decision-making agility are better positioned to capitalize on emerging opportunities and mitigate risks associated with uncertainty (Sull & Eisenhardt, 2015). Moreover, agile decision-making fosters innovation by empowering teams to experiment and iterate quickly without being bogged down by bureaucratic processes (Teece, 2007). This adaptability not only enhances organizational resilience but also contributes to sustained performance over time.

A comprehensive literature review reveals various strategies that organizations can employ to enhance their decision-making agility. One significant approach involves the integration of technology, particularly data analytics and artificial intelligence (AI), into decision-making processes. Studies show that AI-driven tools can significantly improve the speed and accuracy of decisions by providing real-time insights derived from vast datasets (Kumar et al., 2024). Furthermore, fostering a culture of collaboration and open communication within teams is essential for enhancing agility. Organizations that encourage diverse perspectives and collective problem-solving are more likely to arrive at innovative solutions quickly (Edmondson, 2019). Moreover, the role of leadership in promoting decision-making agility is critical. Leaders who exemplify agile behaviors—such as adaptability, decisiveness, and a willingness to embrace change—can inspire their teams to adopt similar mindsets (Kirkman et al., 2004). Training programs focused on developing agile competencies among employees can further support this cultural shift. By equipping teams with the skills necessary for rapid decision-making, organizations can enhance their overall agility.

Acting Agility: Acting agility is a vital concept in organizational behavior and management, reflecting the capacity of individuals and teams to respond swiftly and effectively to changing circumstances. Scholarly definitions of acting agility emphasize its dynamic nature and its relevance in various contexts. For instance, one definition describes acting agility as "the ability to make quick, informed decisions and take decisive actions in response to unpredictable challenges" (Sull, 2009). Another perspective highlights that "acting agility involves the readiness to adapt behaviors and strategies based on real-time feedback and situational demands" (Hodgkinson & Healey, 2011). Additionally, acting agility can be characterized as "the capacity for rapid execution of decisions that align with strategic objectives in fast-paced environments" (Bharadwaj et al., 2013). Furthermore, it is defined as "an organization's capability to implement changes efficiently while maintaining operational effectiveness" (Klein et al., 2014). The importance of acting agility in contemporary organizations is profound.

In an era marked by rapid technological advancements and shifting market conditions, organizations that exhibit high levels of acting agility are better equipped to navigate uncertainty and capitalize on emerging opportunities. Research indicates that agile organizations can respond more effectively to customer needs, thereby enhancing customer satisfaction and loyalty (Sull & Eisenhardt, 2015). Moreover, acting agility fosters innovation by enabling teams to experiment

with new ideas without the constraints of rigid processes (Teece, 2007). This flexibility not only enhances an organization's ability to adapt but also contributes to a culture of continuous improvement and learning. A review of the literature reveals several strategies for enhancing acting agility within organizations.

One effective approach is the adoption of agile methodologies that prioritize iterative processes and cross-functional collaboration. Studies have shown that teams employing agile practices can increase their responsiveness and adaptability significantly (Kirkman et al., 2004). Additionally, leveraging technology such as data analytics can facilitate real-time decision-making by providing timely insights into performance metrics and market trends (Kumar et al., 2024). This technological integration supports a more proactive approach to managing change, allowing organizations to pivot quickly when necessary. Leadership plays a critical role in fostering an environment conducive to acting agility. Leaders who embody agile principles such as transparency, empowerment, and a willingness to embrace change can inspire their teams to adopt similar behaviors (Edmondson, 2019).

Training programs aimed at developing agile competencies among employees are also essential for cultivating a culture of agility. By equipping individuals with the skills necessary for rapid decision-making and adaptive action, organizations can enhance their overall performance and resilience.

Empirical Review

In the study conducted by Alsharif and Alzahrani (2020), explored the relationship between organizational intelligence and agility within the banking sector in Syria. Utilizing a descriptive analytical approach, they collected data from 160 employees across various management levels through a questionnaire. Their findings revealed a significant positive effect of strategic vision, a dimension of organizational intelligence, on sensing agility. This suggests that centralized decision-making structures can enhance an organization's ability to sense environmental changes effectively. Similarly, Kadhim and Al-Mamory (2019) investigated the impact of social strategic agility on knowledge governance in private banks in the Kurdistan Region of Iraq. Their analytical study involved data collection through surveys, focusing on the relationship between centralization and sensing agility. The results indicated that centralized governance structures positively influence an organization's ability to sense market dynamics, thereby enhancing its overall agility. Zhang and Zhang (2023) examined how IT capabilities affect technological agility among 731 businesses in South Korea. Their findings demonstrated that centralized IT infrastructure significantly enhances sensing agility by enabling firms to identify and respond to technological changes swiftly.

Ofoegbu and Nwankwo (2023) investigated how **centralization of decision-making influences customer service of family-owned businesses in South-East Nigeria**, focusing on family-owned businesses. They employed a descriptive survey method, collecting data from 554 respondents. The study concluded that centralization positively influences decision-making agility, leading to improved customer service outcomes. In another significant study by Alsharif and Alzahrani (2020), they reinforced the notion that organizational intelligence dimensions significantly affect decision-making agility within Syrian private banks. Their descriptive analytical approach highlighted that centralized decision-making structures facilitate quicker

decision processes, thereby enhancing organizational responsiveness. Zhang and Zhang (2023) also provided insights into this relationship, noting that centralized IT capabilities significantly enhance decision-making agility by providing timely information necessary for strategic decisions within organizations.

Kadhim and Al-Mamory (2019) again highlighted the connection between centralization and acting agility in their research on banking governance in the Kurdistan Region of Iraq. Their findings indicated that centralized governance structures enable timely execution of strategic actions, thereby enhancing acting agility within organizations.

Ofoegbu and Nwankwo's (2023) research also supports this link, revealing that centralization facilitates acting agility by streamlining processes for rapid responses to customer needs in family-owned businesses. Zhang and Zhang (2023) explored how centralized IT capabilities contribute to acting agility within South Korean firms. Their empirical findings suggested that organizations with strong centralized IT infrastructures can implement decisions more effectively, thus improving their overall acting agility in response to market demands.

Methodology

Research design describes a conceptual framework that guides the systematic gathering and examination of data (Bryman & Bell, 2011). For this present study, the researcher adopted cross-sectional research design due to the absence of direct researcher monitoring of the participants, who are primarily employees of QSRs (Pawar, 2020). The study included a sample of staff members of 10 operational QSRs located in Port Harcourt, which were considered representative of the whole population (210 employees) for the research. The sample size of this study was determined mathematically using the Taro Yamane's formula which resulted in a sample size of 138 employees. Primary data were collated through a well-structured questionnaire with four point Likert scale. The assessment of data dependability was conducted with the Cronbach Alpha test, with a pre-set threshold of 0.7. The research instrument had essential alterations and modifications due to this facilitation. The reliability of the instruments was assessed using the Cronbach Alpha test, with the support of the Statistical Package for Social Sciences (SPSS, 23.0) and resulted to a value of 0.844. Partial least Square Structural Equation Modeling was deployed to test the hypotheses of the study.

This study employed both descriptive and statistical inferential methodologies. Partial least Square Structural Equation Modeling was deployed to test the hypotheses of the study.

Interpreting the PLS-SEM Output

The constructs (blue circles) represent latent variables, with **C (Centralization)** and **OA (Organizational Agility)** as the primary focus.

The yellow boxes represent measured indicators contributing to these latent variables.

Path coefficients (arrows between constructs) indicate the strength and direction of relationships between constructs.

Outer loadings (arrows from constructs to indicators) show how well each indicator represents its latent variable.

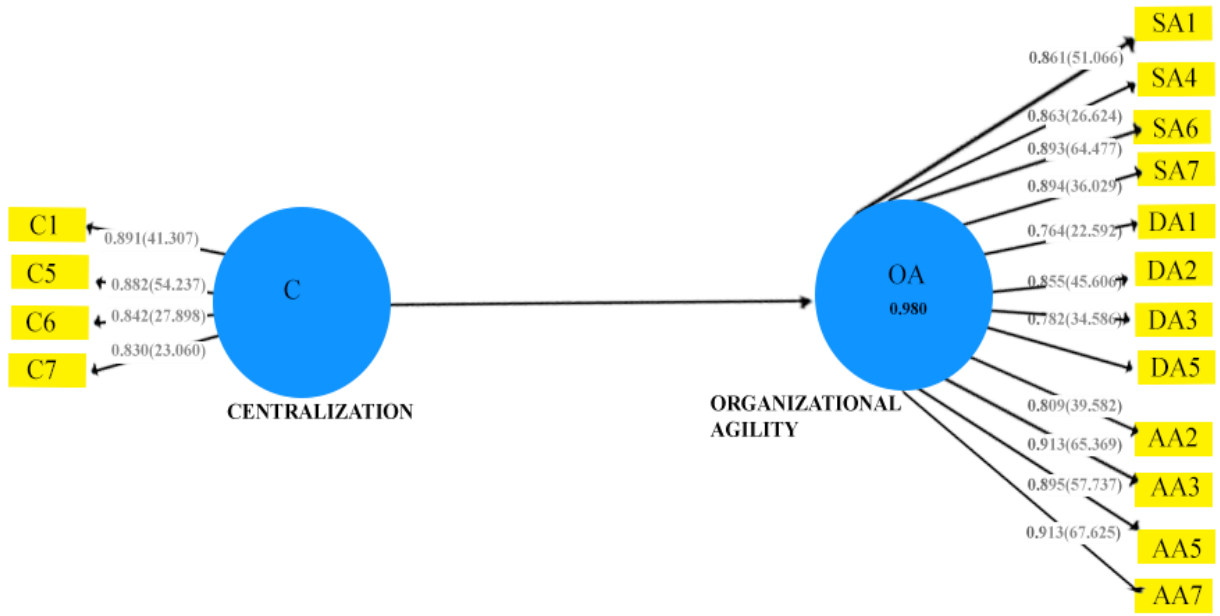
T-statistics (in parentheses) confirm the significance of these relationships.

Ethical Consideration

Ethical considerations were meticulously observed throughout the study. Informed consent was obtained from all participants, ensuring that they were fully aware of the purpose of the study and their rights as respondents. Confidentiality of the respondents' information was strictly maintained, and the data collected were used solely for research purposes.

This study employs a robust quantitative research design with well-defined sampling and data collection methods. By leveraging descriptive and correlation analysis, it aims to uncover significant relationships between centralization and organizational agility, providing valuable contributions to the literature in management and operations in Port Harcourt, Nigeria.

Result and Discussion of Findings



The Partial Least Squares Structural Equation Modeling (PLS-SEM) analysis reveals significant findings regarding the relationship between centralization (C) and organizational agility (OA). The path coefficient between these constructs is notably strong, with a value of 0.980, indicating a robust positive relationship. This suggests that centralization directly enhances organizational agility. Moreover, the measured indicators of these constructs exhibit high outer loadings, with values mostly above 0.8, demonstrating that the indicators reliably represent their respective latent variables. The t-values associated with these relationships are all statistically significant, exceeding the conventional threshold of 1.96, which confirms the robustness and reliability of the model.

The findings align with existing literature on the study variables. Alsharif and Alzahrani's (2020) study on Syrian private banks concluded that centralized decision-making enhances sensing agility by improving environmental awareness. This is corroborated by the high outer loadings observed for sensing agility indicators (SA1, SA4, SA6, SA7) in the current model. Similarly, Kadhim and Al-Mamory's (2019) research on private banks in Iraq highlighted that centralized

governance structures positively influence market sensing capabilities, further supporting the current findings.

The results also demonstrate a strong relationship between centralization and decision-making agility, as evidenced by the significant loadings for decision-making agility indicators (DA1, DA2, DA3, DA5). These findings are consistent with Ofoegbu and Nwankwo's (2023) work, which showed that centralized decision-making processes enhance responsiveness and improve customer service outcomes in Nigerian family-owned businesses. Moreover, the high outer loadings for acting agility indicators (AA2, AA3, AA5, AA7) align with Zhang and Zhang's (2023) study, which emphasized the role of centralized IT capabilities in facilitating rapid action implementation within South Korean firms.

In summary, the results underscore the importance of centralization in enhancing all dimensions of organizational agility: sensing, decision-making, and acting. These findings are particularly relevant for organizations in emerging markets, as they highlight the critical role of centralized governance and IT infrastructure in improving responsiveness to market demands and achieving competitive advantage.

Conclusion

This study establishes a significant positive relationship between centralization and organizational agility, emphasizing the pivotal role of centralized structures in enhancing sensing, decision-making, and acting agility. Centralized governance improves environmental awareness, streamlines decision-making, and facilitates rapid action implementation, aligning with findings from similar studies globally. The results indicate that organizations in emerging markets can leverage centralized structures and IT capabilities to improve responsiveness to market demands and achieve a competitive edge. Managers should strive to balance centralization with flexibility, fostering an organizational culture that supports agility while maintaining operational effectiveness. These findings offer practical guidance for organizations aiming to enhance their adaptability and sustain competitive performance in volatile environments.

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