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Full Length Research Paper

Market-focused strategic flexibility among Nigerian banks

Olalekan Asikhia

Department of business studies, college of business and social sciences, covenant university, Ota, Ogun State, Nigeria. E-mail: asikola@yahoo.com. Tel.: 0803-3951-474

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The Nigerian banking environment has been tense with the advent of global financial crisis and its attendant impact on service delivery and evolving environmental forces. The aim of this study was to determine the relationship between market-focused strategic flexibility and sales growth and evaluate the effect of environmental factors on this relationship. A research instrument was administered on the executives responsible for strategic direction of the twenty five banks in the country. The findings indicate that a positive relationship exists between market focused strategic flexibility and sales growth; and that competitive intensity and technological turbulence moderate this relationship. The results suggest that market-focused strategic flexibility acts as a driver of organizational positioning in a dynamic business environment and that it should be incorporated into any conceptualization of an organizational success framework since it exists on a continuum characterized by the degree to which a bank acquires, allocates and reconfigures its resource portfolio.

Key words: Market focused strategic flexibility, market orientation, competitive intensity, demand uncertainty, technological uncertainty; banks, sales growth.

INTRODUCTION

Nigeria Banking environment has witnessed tremendous changes before and during the global financial crisis (Okwuosah, 2009), with a gradual transformation from transactional orientation to customer service-orientation in an increasingly aggressive environment. However, customers say the banks of their choice are those with national presence whose network are nationwide such that withdrawal and deposits could be made anywhere in the country, as most Nigerians are gradually losing the desire to carry cash around. This also explains the reason why most customers prefer banks with efficient online banking facilities, most of the banks that have these facilities would attract quite a sizable number of customers, which means if customers all come at the same time queuing is inevitable yet customers say they do not like to queue. They desire strong banks that would reply their e-mails promptly with great public relations, prompt issuance of bank statements, less charge on online services, prompt attention to opening online account, quick activation of accounts, friendly approach, and efficient customer service (Asikhia, 2007).

Akpan (2009) asserts that maximizing returns and optimizing profitability became the challenge for banks immediately after the consolidation exercise where Banks were required to significantly increase their level of returns and at the same time manage costs, to realize this; banks will have to offer innovative products and services to the marketplace including new ways of delivering them. Experts presently predict a change from the usual banking method to retail banking by most banks. In the past, banks have not found this segment of the market profitable and one doubts if things would change significantly, unless banks are able to deliver retail banking services in a very efficient manner, with technology playing a major role, they may not be able to keep their customers.

The impact of this technology is now being felt with the new channels as opposed to the traditional brick-and-mortar. These channels include Automated Teller Machines (ATM), Internet, Point of Sale Terminal (POS), mobile, etc. Using these channels effectively to deliver additional products and services and managing their assets of service delivery to their retail customers may be a challenge. Achieving economies of scale, responding to customers emerging banking patterns and information needs in this dispensation cannot be overemphasized. Hence the need for banks to deploy assets or capabilities to match the prevailing needs of technology and other vital variables of the marketplace becomes inevitable. Corroborating this, Soludo (2008) affirms that the competitive terrain of the Nigerian banking environment calls for filling crucial gaps in the resources and capabilities stock and allocations for the banks to develop effective banking services, structure transactions and drive down costs in the unveiling technology and regulations.

Kolawole (2009) asserts that in the event of forensic auditing of banking activities by the Central bank of Nigeria (CBN), it was discovered that a percentage of the Nigerian banks have been operating on toxic loans, most of which were contracted under imprudent and suspicious terms, borne out of fierce competition in the banking industry, so the need to maintain discipline, professionalism, profitable and ethical strategic orientation have come to fore.

In order for banks to survive therefore, there is need to adapt to the environment to achieve the set goals and objectives using the marketing resources and capabilities available to them to formulate and implement strategies that are capable of arresting and absorbing the impact of such changes to facilitate consistent and continuous performance , market-focused strategic flexibility is suggested as a contemporary marketing strategy in both developed and developing economies such as Nigeria to weather the storms of controllable and uncontrollable factors in the banking environment.

Market-focused strategic flexibility, one of the important marketing paradigms in recent times, is the firms' reactive and proactive abilities to satisfy the customers by consistent and continuous configuring and reconfiguring of its capabilities and resources so as to get adapted to changes in the environment (Johnson, Lee, Saini and Gromann, 2003).

In the literature there is evidence of omission of the market-focused construct from the flexibility literature, and of the flexibility construct from the market-oriented literature. This further reveals that the current body of knowledge does not discuss the role of market-focused strategic flexibility in a relationship with the firm's performance and the impact of environmental variables on this relationship. These gaps in the literature indicate the relevance of the present research. This research therefore, sought to evaluate Market-focused strategic flexibility among Nigerian banks and the relevant empirical relationships with sales growth as well as the intervening effect of environmental factors. And because of the recent indulgence of banks in unethical practices that is not only eroding the confidence of the public but also putting the nation at risk of not being able to attract foreign investors into this sector, it becomes imperative to establish other ways of coping with the competitive and technological terrain of the banking environment and help banks to remain relevant by meeting their customers' needs and wants without breaking the rules.

This paper addressed the following questions:

- What is the relationship between market-focused strategic flexibility and sales growth among banks?
- What are the effects of environmental variables like competitive intensity, demand uncertainty, and technological turbulence on the relationship between market-focused strategic flexibility and sales growth?

NIGERIAN BANKING ENVIRONMENT

The banking system reform as an integral part of the Federal Government economic reforms took the operators unawares. The reform christened "bank consolidation" has as its core feature, the raising of banks capital base of N2 billion to a minimum shareholders fund of N25 billion. This was followed by a regulation that banks must meet these new capital base requirements by December, 2005 (Anameje, 2004).

This new policy has the intention of repositioning the Nigerian banking industry for the development challenges of the 21st century. It hopes to place the industry in a better stead to compete at the global level, more so that national barriers have been dismantled by Information and Communication Technology (ICT). It also hopes to equip the Nigeria banking industry to finance the key sectors that will foster growth in the economy, reduce unbridled competition among banks and over dependence on government and interbank funds.

The primary objective of the reforms is to guarantee an efficient and sound financial system. The regulations are designed to enable the banking system develop the required resilience to support the economic development of the nation by efficiently performing its functions as the fulcrum of financial intermediation (Lemo, 2005; Imala, 2005; Kolo, 2007; Oyewole, 2008). The key elements of the 13-point reform programme include; minimum capital base of N25 billion with a deadline of 31st December, 2005; consolidation of banking institutions through merger and acquisitions; phased withdrawal of public sector funds from banks, beginning from July, 2004, adoption of risk-focused and rule-based regulatory framework, zero tolerance of weak corporate governance, misconduct and lack of transparency; accelerated completion of the Electronic Financial Analysis Surveillance System (e-FASS); the establishment of an asset management company; promotion of the enforcement of dormant laws; revision and updating of relevant laws; closer collaboration with the EFFC and the establishment of the financial intelligence unit.

Lemo (2005) and Imala (2005) note that before capitalization, unhealthy competition existed in the market caused by the relative ease of entry into the market as a result of the low capital base and this necessitated some banks to go into rent-seeking and non-banking businesses, which are not related to core banking functions. Akhavin et al. (1997) reports that the banks consolidation in US led to bank mergers and merged banks experienced higher profit efficiency from increased revenues than did a group of individual banks due to the fact that they provide customers with high value-added products and services. Kwan (2004) and Oyewole (2008) further report that bank recapitalization allow for emergence of mega banks who enjoy hidden subsidy referred to as 'too-big-to-fail" subsidy due to the market's perception of an illusion of government backing of a mega bank in times of crisis. Kwan (2004) further reports that the lesson from bank recapitalization is that it often results in fewer banking institutions and more branches, which are likely to thrive if the loyalty of the customers to their respective banks is assured given different options that are likely to be available in different localities.

Many Nigerian banks have embarked on the development of technology-driven strategies, which they hope will help in enhancing customer preferences, and consequently, higher returns and market penetrations. ATMs have been playing a pioneering and essential role in facilitating technological transformation of the banking scene in Nigeria.

Banks are suddenly investing heavily in relationship marketing as a strategy for winning and keeping their customers. In spite of the availability of new technology driven channels, the customer expects a humane relationship with his/her banker in addition to low pricing, flexible terms etc; (Asikhia, 2007), there still seems to be no substitute for a face-face meeting, either on advice on loan, a house purchase or insurance services.

First generation banks in Nigeria, that is; First Bank, Union Bank, United Bank for Africa (UBA) and Afribank seem not to be pushing technology-driven strategies as much as the second generation banks like GT bank, Oceanic bank, Zenith bank, Intercontinental bank etc. because a large part of their profits and growth are from older customers who prefer personal services. Bank management thus need to continuously access the customer's decision-making process as well as the formation of attitudes, preferences and satisfaction in order to be relevant in the industry.

LITERATURE BACKGROUND

Very little literature exists on market-focused strategic flexibility. In fact, only Johnson, Lee and Saini (2003) have tried to fathom the definition and conceptual propositions. However, in this study, some definitional approaches to strategic flexibility that are market-oriented are examined.

Harrigan (2005) defines this as the ability of firms to reposition themselves in a market, change their game plans, or dismantle their current strategies. The focus of this definition is on the customers, and the change in strategies is pinned to organizational profitability through satisfaction of the customers. For Knorr and Mahoney (2005), it is the capability to switch gears from one strategy to another; for example rapid product development to low cost related strategy with minimal resources. The focus here may not be fulfilling customers' desires and aspirations. The low-cost strategy is production-oriented to enhance organizational return on capital investment; the definition is not particularly customer-centred. A more articulated definition is by Jones, Jimmeson and Griffiths (2005), that firm' abilities to respond to various demands from dynamic competitive environments impact on new product creation technologies which offer resources for developing, producing, distributing and marketing products. The deficiency in this definition is that it dwells on the functional activities of marketing without an actual focus on the customers.

Lei, Hitt and Goldhar (1996) also paid more attention to competitors than customers. They define strategic flexibility as the ability of the firm to become more adept at responding to competitor moves while engaging in opportunistic searches for under-served or unlocated market segments and niches. However, if the obvious implication of "unlocated market segments and niches" is the "unmet desires" of the customers, then this definition can be said to be nearer to the concept generated and explained by Johnson, Lee, Saini and Gronhmann's (2003) study where they define it as the firm's intent and capabilities to generate firm-specific real options for the configuration and reconfiguration of appreciably superior customer value propositions.

Using their definition for this paper may be to concentrate on measuring the intention and not the actual application of these options to generate superior customer value. And intentions have been proven not to be equivalent to behaviour at all times (Chandon, Morwitz and Reincertz, 2005). So in this paper, market-focused strategic flexibility would be defined as the firm's reactive and proactive abilities to satisfy the customers' needs and aspirations by consistent and continuous configuring and reconfiguring of its capabilities and resources.

Best (2005) suggests that strategic flexibility could be measured by two proxy objectives: external flexibility achieved through a diversified pattern of product market investments and internal flexibility through liquidity of resources, not putting all of one's eggs in a single basket. According to Johnson, Lee and Saini (2003), the sole study of market-focused strategic flexibility in the literature, propose three major measures of market-focused strategic flexibility:

- The measure of the market-linking resource portfolio, involving resource identification, resource acquisition, and resource deployment.
- Measuring the organizational market-linking capabilities.
- And the assessment of managers' intention and behaviour to generate option bundles, which includes: Managers' impressions of the extent to which product-market options exist in various projects; the actual extent of the various forms of product-market options; the extent of their preference for projects that generate options; managers' views of the focus on option generation and identification (for example selection of new product projects); the extent to which holding options are valued in the firm.

Very few works exist in the area of the impact of strategic flexibility on firm performance. Singh (2003) presents empirical evidence to support the argument regarding the positive correlation between manufacturing proactiveness and good business performance. Gatignon and Xuereb (1997), Mckee, Varadarafan and Pride (1989), and Schmizu and Hitt (2004) established a positive relationship between strategic flexibility and firm performance by correlating the items of the variables after determining that between sixty-five to seventy percent of the variations in the performance of the organizations under study are explained by strategic flexibility. Hitt, Keats and Demarie (1998) found that developing strategic flexibility and competitive advantage require exercising strategic leadership-building core competences, focusing and developing human capital, effectively using new manufacturing and information technologies, employing valuable strategies (exploiting global markets and cooperative strategies and implementing new organizational structures and culture (such as horizontal organizational learning and innovative culture and managing firms as bundles of assets).

RESEARCH MODEL AND HYPOTHESES DEVELOPMENT

Sales growth refers to a continuous growth in the sales of the product stemming from the continuous meeting of the customers' desires and aspirations. In other words, sales growth will ensue when the firm possesses a strong bundle of strategic options; for example, where its resource portfolio has sufficient market-linking resources to generate these option bundles so as to capture changes in customers' tastes and desires. Thus, it is to be expected that market-focused strategic flexibility plays a crucial role in the firm's success and ability to increase sales over time with a concomitant notable improvement in its market share. The following hypothesis is formulated:

Hypothesis one

H_0: There is no relationship between banks' market-focused strategic flexibility, and sales growth.

The components of the environment under study encompass competitive intensity, technological turbulence and demand uncertainty. It has been suggested that they have varying impacts on a firm's performance (Okoroafor, 1993; Russo and Fouts, 1997; Sharma and Vedenburg, 1998; Hitt, Keats and Demarie, 1998; Kumar and Subramanian, 2000; Grewal and Tansuj, 2001; Kangis and O Reilly, 2003; Waldersee, Griffiths and Lai, 2003; Andersen, 2004; Yadong, 2004; Ozcelik and Taymaz, 2004; Pfeffer and Salancik, 2004; Dreyer and Gronlaug, 2004; Russo and Harrison, 2005; Brown and Blackmon, 2005; Wan, 2005; Judge and Elekov, 2005; Menguc and Ozanne, 2005).

Competitive intensity: Competitive intensity refers to the degree of competition that a firm faces and has generally been supposed to moderate the influence of market orientation on a firm's performance (Slater and Narver, 1994; Hitt, Keats and Demarie, 1998; Grewal and Tansuj, 2001; Brown and Blackmon, 2005; Russo and Harrison, 2005; Rusinko, 2005; Zuniga-Vicente and Vincente-Lorente, 2006).

As competitive intensity increases, so does a firm's need to be market-oriented (Houston, 1986). Therefore, in highly competitive environments, a greater emphasis on market orientations is required for better performance (Kohli and Jaworski, 1990; Grewal and Tansuj, 2001; Russo and Harrison, 2005; Judge and Elekov, 2005; Canina, Enz and Harrison, 2005). Firms in highly competitive environments focus considerable attention on their competitors. In those markets, firms often assume that competitors' actions are optimal and mimic them (Day and Nedungadi, 1994; Day and Wensley, 1998; Pfeffer and Salancik, 2004; Canina, Enz, and Harrison, 2005).

Organizations that are market-oriented are more likely to be locked into institutionalized thinking about competitive behaviours (Smith, Collins, and Clark 2005; Russo and Harrison 2005). This type of thinking becomes a greater burden as competitive intensity increases, as the need for an appropriate response to competitors is greater in highly competitive environments (Jaworski and Kohli 1993; Ozcelik and Taymaz 2004; Russo and Harrison 2005; Canina, Enz, and Harrison 2005). A highly competitive environment places a requirement on firms to take a flexible approach so that they can adapt and improvise to put their best foot forward (McKee, Varadarajan and Pride, 1989; Johnson, Lee, Saini and Gronhmann, 2003; Russo and Harrison, 2005; Zuniga-Vicente and Vincente-Lorente, 2006). The above studies suggest that firms that possess the flexibility to respond to new competitive behaviours are at a definite advantage; they can easily deploy critical resources and use the diversity of strategic options available to them to compete effectively. The following hypothesis is therefore formulated:

Hypothesis two

H_0: Competitive intensity does not have an impact on the relationship between market-focused strategic flexibility and sales growth.

Demand uncertainty: Demand uncertainty captures the variability in customer population and preferences that have direct effects on sales growth; and what makes organizations adapt their product offerings, plans, and strategies to the changing demand conditions. A market orientation helps firms track these changes in the consumer environment and should assist in managing this uncertainty. As the demand uncertainty increases, so does a firm's need to be market-oriented (Grewal and Tansuhaj, 2001). Therefore, researchers posit that the positive relationship between market orientation and a firm's performance should become stronger as such uncertainty increases (Jaworski and Kohli, 1993; Slater and Narver, 1994; Pelham, 1997; Grewal and Tansuhaj, 2001; Kangis and O Reilly, 2003; Pfeffer and Salancik, 2004; Russo and Harrison, 2005).

Market-oriented firms in high-demand and uncertain environments are more accustomed to monitoring consumers and therefore, with their focus on the consumer, should be in a better position to make the adjustments necessary to tap into the new demand curves (Slater and Narver, 1995). The nature of demand is inherently complex in high-demand uncertainty markets. The market orientation skills of a firm are critical and are subjected to Herculean examination in such a situation. Demand uncertainty in fact creates difficulty in assimilating information and devising strategic plans. Managing uncertain environments requires the concerted deployment of resources devoted to the product-market operations and to responses to idiosyncrasies of demand. Strategic flexibility emphasizes answers to the unique needs of consumers, business partners and institutional constituents. Because firms are more likely to face challenging and unique situations in uncertain markets than in stable markets, market-focused strategic flexibility should be more useful in these uncertain markets. In view of this, the following hypothesis is formulated:

Hypothesis three

H_0: Demand uncertainty does not have an impact on the relationship between market-focused strategic flexibility and sales growth.

Technological uncertainty: Technological change or uncertainty can be defined as an exogenous technical innovation that modifies the components, systems, techniques, or methods required for producing organizational outputs. Considering technological change as an exogenous event is a conventional assumption found in many studies into technological discontinuities and in some capability-centred researches. Technological change can potentially affect a firm's capabilities because it introduces new scientific knowledge and generates new alternatives for configuring capabilities; it alters the intensity of competition; the level of environmental uncertainty; structural conditions such as barriers to entry and mobility; economies of scale and scope; demand conditions and customer preferences (Grewal and Tansuj, 2001; Judge and Elekov, 2005; Smith, Collins and Clark, 2005). In total, the nature of technological change (for example its pace, locus, and associated level of uncertainty) may influence the capability gap between the actual configuration of each capability and the corresponding value-maximizing configuration, which refers to the most valuable capability configuration potentially available in the post-change environment.

Both the pace and the degree of innovations and changes in technology induce technological uncertainty. Often, organizations use technological orientation as a means to meet the desires of their customers continuously (Kohli and Jarworski 1995; Russo and Harrison, 2005). Organizations have been found to allocate greater resources to technology in order to manage the uncertainty created by technological changes (Glazer 1991; Slater and Narver 1994; Zuniga-Vicente and Vicente-Lorente 2006). Strategic flexibility involves capability-building to respond quickly to changing market conditions, and such capability-building usually involves investing in diverse resources and possessing a wide array of strategic options (Evans 1991; Klassen and Whybark, 1999; Levies, 2006).

Moreover, because technologically uncertain markets are likely to offer a greater number and range of threats and opportunities for firms to adapt and improvise, it is expected that market-focused strategic flexibility will be of greater importance to create sales growth in markets characterized by high levels of technological uncertainty. The following hypothesis is thus formulated:

Hypothesis four

H_0: Technological uncertainty does not have an impact on the relationship between market-focused strategic flexibility and sales growth.

RESEARCH METHODOLOGY

The research design utilized for this study was motivated by the exploratory nature of the research, so all the twenty five banks in the Nigerian economy were studied and the population of study is equal to the sample size.

Data were collected from the chief executive officers/managing directors and the general managers of the banks using judgmental sampling method because being top management, they are responsible for the strategic direction of the banks and so they are in a better position to know the Market focused strategic flexibility of their banks and the concomitant effect on the sales growth. All the banks agreed that management staff to fill the questionnaire from the managing directors to the different general managers responsible for different operational areas. A total of fifty copies of the questionnaires were given to each bank, making a total of 1,250 distributed to the twenty five banks, out of which 725 were returned giving a 58% response rate. It turned out that most banks have more than five general and senior managers as the case may be between the managing director and the senior managers. Some assistant and deputy general managers responded on behave of the general managers and in some banks all the managers in the senior cadre them filled amounting to the high response rate such that each bank returned an average of twenty nine copies of questionnaire and these were grouped into five functional areas of the banks' operations thus averaging the response to five per each bank.

The questionnaire used consisted of six sections, the first section describes bank names and number of top management responsible for strategic direction of the bank that could fill the questionnaire based on their positions. The second section measures the market-focused strategic flexibility of the firms. While the third, fourth and fifth sections measured the environmental impacts on the firms (that is the environmental impact of demand uncertainty, competitive intensity and technological turbulence), while the last section measured the banks' growth in sales.

Market-focused strategic flexibility

According to Johnson, Lee, Siani and Grohmann (2003) the market-focused strategic flexibility is operationalized as follows

Resource portfolio: That is, what is the composition of the portfolio of the firm? It must be such that possess enough product/market resource capability of containing any change in the environment that could affect the organizational objectives and causes of actions. This is a function of:

- Organizational objectives of building resources in relation to their product/market option.
- The extent to which holding product-market options are valued in the firm.

Option identification capabilities: This entails the significant extent of the firm's market-sensing abilities. It is the development of sense-making skills that will anticipate developments in the market. This is a function of:-

- Focus on option generation and identification (for example selection of new product projects).
- Organizational building of capabilities to respond to desperate situations.
- Emphasis on managing macro-environmental risks (that is political, economic, and financial risks).

Resource deployment: This involves the actual deployment of the resource to arrest the effect of the environmental factors. This is a function of:-

- Extent of allocation of resources or options to enhance the speed and extent of maneuvering capabilities.
- The extent of preference for projects that generate product-market options.

Competitive intensity

According the works of Grewal and Tansuhaj (2001); Zuniga-Vicente and Vicente-Lorente (2006); Competitive intensity was measured by the following statements: Competition in our industry is cut-throat; there are many promotion wars in our industry; competitive moves evolve everyday and price competition is prevalent.

Demand uncertainty

Grewal and Tansuhaj (2001), Zuniga-Vicente and Vicente-Lorente (2006) measured Demand uncertainty by the following items: Extent of uncertainty created by variability in consumer demand; extent of variability in product/brand features; extent of variability in price demanded; extent of variability in quality demanded; extent of competitive moves in the industry.

Technological turbulence

Finally, technological turbulence was measured by the following items as used by Grewal and Tansuhaj (2001); Zuniga-Vicente and Vicente-Lorente (2006); extent of changes in technology (that is product design and product offering); opportunities created by technology (that is in product design and product offering); formulation of a new product as a result of technology.

Sales growth

Sales growth was measured by Dess and Robinson (1984); Buzzel and Gale (1997), the following items were advanced; comparing recent and previous sales values; noting the sales growth over a period of five years; identifying the growth in sales in comparative terms with the market leader; comparing sales growth of the firm with the competitors; and noting the impact of the firm's sales growth on its market share in the industry. Subjective measures of business performance have been used in prior research and these studies have shown a close correlation between subjective and objective measures of business performance (Dees and Robinson, 1984).

A 7-point Narver and Slater scale was used to measure all the variables of this study (environmental variables, market-focused strategic flexibility, market orientation and sales growth), as follows: 1 = Not at all; 2 = To a very slight extent; 3 = To a small extent; 4 = To a moderate extent; 5 = To a considerate extent; 6 = To a great extent; 7 = To an extreme extent. A limited pilot study was undertaken to ensure that no problem emerged in completing the survey instrument. The entire questionnaire was subjected to expert opinion validity, senior university academics in different institutions with special interest in marketing and strategic management validated the research instrument, in addition to expert opinion from some top level organizational marketing executives. Also, content validity was established by conducting a comprehensive review of relevant literature, in addition to the opinions of experienced researchers, academics and organizational managers. Before the administration of the research instrument, a pre-test of the instrument with a small group of respondents who were not part of the final group of respondents was undertaken to improve the quality of the research instrument. Following the pre-test, a few changes were made, the revised research instrument /questionnaire was then used for the main study.

The analysis of the data gathered from completed copies of the research instrument utilized AMOS 5.0 .Data on dimension of market-focused strategic flexibility and sales growth were analyzed using descriptive statistics, factor analysis, correlation analysis and structural equation modeling.

The suitability of the data on Market-focused strategic flexibility, Market orientation, Competitor orientation, Demand uncertainty, Technological turbulence and Sales growth measures for factor analysis was assessed using Bartlett test of sphericity (p = 0.000) and the Kaiser-Meyer-Olkin measure of sampling adequacy (0.960). This means that the data set for this measure was adequate enough for the application of factor analysis (Kaiser, 1970; Kaiser and Rice 1974; Baumol, 2006). The common factor analysis result for Market focused strategic flexibility, Competitive intensity, Demand uncertainty, Technological turbulence, and Sales growth was used to ascertain the degree of reliability and validity of the research instruments since some of the research items were newly introduced for this study. Four criteria for satisfactory results in construct identification and theory testing were employed as follows: (i) Reliability (Cronbach's & 0.7), (ii) Validity (Factor loading >0.4, with a simple structure amongst the factors) (iii) Overall model fit (CIF, TLI, GFI >0.9, RMSEA, SRMR < 0.08), and (iv) Support for hypotheses (P < 0.05).

During preliminary analysis to evaluate construct reliability, the MFSF and SG dimensions needed item purification to attain satisfactory levels. Four of the Competitive intensity (CI), five items of the Demand uncertainty (DU) and the three items of Technological turbulence (TT) met Steenkamp's criteria for reliability. The items that were eliminated from the analysis addressed aspects of the MFSF and SG that were developed by this study (for example "Organizational objectives of allocating resources in view of unstable business environment"- MFSF item was eliminated), "Our sales growth has affected our share earnings in the last three years"-(SG item was eliminated).

The final model which included Market focused strategic flexibility (MFSF), Competitive intensity (CI) Demand uncertainty (DU), Technological turbulence (TT) and Sales growth (SG)constructs were subjected to convergent, discriminant and nomological validity of the study's constructs (Hair, Anderson, and Tatham, 1991). The twenty four items identifying these constructs are listed in Table 1. A table of correlations among these items is included in Table 5.

Covariance analysis using AMOS 5.0 was then used to evaluate the factor structure of the seven MFSF items and to estimate the CI, DU, TT, and SG constructs in a confirmatory factor analysis model. AMOS 5.0 minimizes a fit function between the actual covariance matrix and a covariance matrix implied by the estimated parameters from a series of structural equations for the confirmatory factor analysis model. These incremental fit indices compare the proposed model to a baseline or null model. The comparative fit index (CFI) (Bentler, 1990) and the Tucker - Lewis Index (Hair, Anderson, and Tatham 1991) suggested that the comparative model fit is excellent with a CFI of 0.95 and a Tucker-Lewis Index of 0.98, following Steenkamp's protocol, the GFI statistics (0.96) and the RMSEA (.047) and the SRMR (.084) were evaluated. Each of these indicators suggested that a good model had been identified. The loadings of manifest indicators on their respective latent constructs are shown in Figure 1 and all exceeded Steenkamp's criteria of 0.4 for factor loadings. All coefficients in the confirmatory factor analysis model were statistically significant at P= 0.05. Figure 1 shows the results of the modeling along with the correlation of MFSF, CI, DU, TT with SG. All

Table 1. Reliabilities for the constructs in the final model.

Market-focused strategic flexibility/Cronbach's α = 0.80
Organizational objectives of handling excess resources in relation to their product/market option.
Organizational attempt to build capabilities to respond to desperate situations.
Emphasis on managing macro-environmental risks (that is, political, economic, and financial risks).
Excess liquidity resources or options to enhance speed and maneuvering capabilities.
Preference for projects that generate product-market options.
Focus on option generation and identification (e.g. selection of new product projects).
Belief in holding of product-market options.
Competitive intensity/Cronbach's α= 0.81
Competition in our industry is cut throat.
Many promotion wars in our industry.
Frequent and daily competitive moves.
Prevalent price competition.
Demand uncertainty/Cronbach's α = 0.79
Uncertainty created by variability in consumer demand.
Variability in product/brand features.
Variability in price demanded.
Competitive moves in the industry.
Variability in quality demanded.
Technological turbulence/Cronbach's α = 0.78
Changes in technology i.e. product design, production methods, process and product delivery.
Opportunities created by technology that is, product design, production methods, process and product delivery.
Manifestation of a new product as a result of technology.
Sales growth scale/ Cronbach's α = 0.79
Our sales surpass last year's sales significantly.
Our sales have witnessed unstable growth in the last five years.
We have not made significant growth in sales relative to the market leader in our industry.
Our sales growth is better than our competitors generally.
Our sales growth has changed our market share of the industry in the last three years.

revealed path coefficients are statistically significant at P = 0.05.

RESULTS

The descriptive statistics for each of the variables were determined to show the minimum, maximum, mean and standard deviation values. So Table 2 shows that the minimum response to market focused strategic flexibility is 12.00 while competitive intensity, demand uncertainty, and technological turbulence has 6.00, 9.00 and 7.00 respectively. The mean value for market focused strategic flexibility is highest with 28.71 followed by competitive intensity of 19.405 this implies that the executives of the bank believe that market focused strategic flexibility apart from being relevant to them, is influenced by competitive intensity in the industry.

The relationship between market focused strategic flexibility and sales growth in the banks is found to be 0.582; that is a moderate relationship that is statistically significant, so the null hypothesis is rejected, this is shown in Table 3.

Table 4 shows the competitive intensity and technological turbulence moderations of the market focused strategic flexibility-sales growth relationship are statistically significant while it is not significant for demand uncertainty (CI = 0.501, TT = 0.374, DU = 0.353). The impact of competitive intensity is greater than technological turbulence.

DISCUSSION

The positive and statistically significant relationships between market-focused strategic flexibility and sales growth for the banks in Nigeria suggest that these banks strive to adapt or

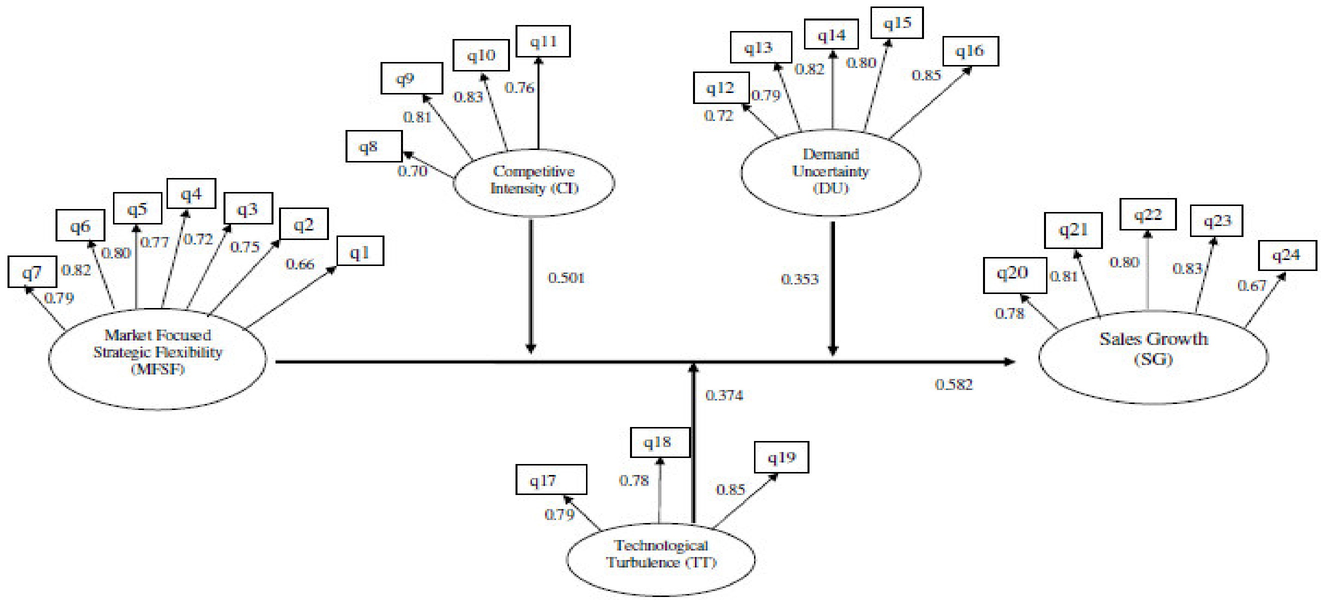

Figure 1. Confirmatory Factor Analysis Model for Market focused strategic flexibility, Competitive intensity, Demand uncertainty, Technological turbulence and sales growth.
NOTE: Comparative fit index = 0.95, Tucker – Lewis index = 0.98, Root mean square residual = 0.047, All coefficients statistically significant at P < 0.05.

Table 2. Score range, means and standard deviation.

Measure	N	Min	Max	Mean	S
MFSF	25	12.00	47.00	28.71	9.498
CI	25	6.00	26.00	19.405	5.118
DU	25	9.00	24.00	16.619	4.696
TT	25	7.00	21.00	15.381	5.372

Table 3. The relationship between MFSF and sales growth.

R	Adjusted R^2	F	Ho
0.582*	0.339*	9.742	Reject

react to the prevailing variables in their business environment when these variables alter, to ensure adequate performance. This means the banks would constantly make efforts to satisfy their customers, remain competitive by constant scanning of the environment to reconfigure their capabilities through knowledge acquisition by training and manpower development, employment of new hands to re-configure their human capital as well as keep abreast of notable changes in the regulation framework. This result further shows that regulators could continue to do their work by introducing desired changes that would make Nigerian banks be of world standards without fear of failure or collapse because the result showed that the banks are fortified for such changes which showed in the spontaneity of reconfiguration

Table 4. The moderating effect of competitive intensity, demand uncertainty and technological turbulence on MFSF – SG relationship in banks.

Measure	R	Adjusted R^2	F	Ho
Competitive Intensity	0.501*	0.424*	6.772	reject
Demand uncertainty	0.353	0.578	4.748	Do not reject
Technological turbulence	0.374*	0.492*	6.783	Reject

of their capabilities and resources.

Generally, superior performances in the Nigerian banks are mostly achieved as the banks reduce the gaps between their capabilities and the effects of the varying environmental factors (Lavie, 2006). Also, Hitt, Keats, and Demarie (1998), Grewal and Tansuhaj (2001); Finney, Campbell and Powell (2005) have studied the effect of strategic flexibility on firms' performance. The results of the present study are consistent with their findings as this also reveals the extent of strategically-flexible capabilities as regards environmental dynamism prevalent in the banking industry. It equally shows that the banks possess the capability for substitution, transformation and evolution in order to alter their overall capability configuration, thus facilitating easy adaptation to the dynamism of their business environment and ensuring better performance by satisfying the customers better and adapting their resources to mop up changes that may be introduced

Table 5. Intercorrelation between variable items.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
1	1.00																							
2	0.67	1.00																						
3	0.70	0.66	1.00																					
4	0.69	0.68	0.69	1.00																				
5	0.71	0.69	0.74	0.72	1.00																			
6	0.80	0.70	0.77	0.73	0.76	1.00																		
7	0.82	0.81	0.78	0.75	0.79	0.82	1.00																	
8	0.53	0.42	0.35	0.62	0.56	0.42	0.66	1.00																
9	0.61	0.65	0.55	0.61	0.62	0.54	0.39	0.50	1.00															
10	0.42	0.32	0.21	0.34	0.42	0.18	0.29	0.30	0.61	1.00														
11	0.33	0.43	0.34	0.25	0.26	0.42	0.67	0.70	0.80	0.82	1.00													
12	0.25	0.28	0.35	0.38	0.61	0.66	0.72	0.77	0.81	0.52	0.45	1.00												
13	0.41	0.24	0.26	0.37	0.41	0.52	0.43	0.56	0.59	0.62	0.71	0.76	1.00											
14	0.33	0.45	0.62	0.11	0.19	0.81	0.42	0.55	0.58	0.64	0.73	0.71	0.85	1.00										
15	0.26	0.29	0.65	0.54	0.67	0.69	0.71	0.73	0.79	0.78	0.77	0.79	0.83	0.81	1.00									
16	0.30	0.38	0.42	0.45	0.51	0.52	0.61	0.21	0.14	0.19	0.35	0.77	0.78	0.81	0.79	1.00								
17	0.33	0.44	0.31	0.51	0.72	0.76	0.78	0.50	0.16	0.67	0.68	0.15	0.34	0.37	0.42	0.51	1.00							
18	0.75	0.62	0.18	0.32	0.48	0.51	0.62	0.69	0.35	0.41	0.44	0.59	0.51	0.44	0.16	0.79	0.83	1.00						
19	0.78	0.21	0.43	0.52	0.59	0.64	0.42	0.49	0.66	0.69	0.50	0.59	0.51	0.55	0.31	0.51	0.78	0.85	1.00					
20	0.74	0.33	0.45	0.47	0.60	0.65	0.52	0.54	0.51	0.24	0.31	0.57	0.42	0.49	0.32	0.35	0.71	0.82	0.67	1.00				
21	0.31	0.48	0.71	0.67	0.50	0.19	0.53	0.41	0.49	0.55	0.38	0.59	0.77	0.78	0.71	0.52	0.51	0.76	0.83	0.69	1.00			
22	0.52	0.61	0.78	0.62	0.16	0.31	0.56	0.71	0.66	0.68	0.45	0.55	0.62	0.66	0.31	0.40	0.53	0.54	0.70	0.78	0.83	1.00		
23	0.43	0.49	0.52	0.61	0.38	0.49	0.59	0.46	0.58	0.59	0.66	0.72	0.67	0.68	0.72	0.42	0.50	0.58	0.79	0.67	0.68	0.79	1.00	
24	0.77	0.70	0.38	0.40	0.53	0.51	0.68	0.69	0.66	0.61	0.55	0.28	0.21	0.33	0.41	0.49	0.53	0.71	0.66	0.72	0.83	0.77	0.80	1.00

by regulators. A successful match between customer value opportunities and the organization's capabilities is considered to be one of the most important marketing activities (Zeithmal, 2000; Rindfleisch and Moorman, 2003; Roehrich, 2004; Best, 2005). Such a matching is necessary to create superior products and services through the identification, development, and deployment of key resources (brands, sales forces, customer trust) (for example, Day, 1994; King and Tucci, 2002; Johnson, Lee, Saini and Gronhmann, 2003; Knorr and Mahoney, 2005; Lazonick and Prencipe, 2005; Certo et al., 2006). Presently in Nigeria, the most dynamic industries are the Banking and Insurance industries, necessitated by the government's recapitalization policies (Bamidele, 2005). This is consistent with the findings of this research. Competitive intensity and technological turbulence moderate the relationship between markets focused strategic flexibility and performance significantly; this implies that changes in strategies for the banks are affected primarily by the competitors' moves and actions, apart from evolving technological trends which is fast in determining the trend of service delivery in the industry. To the customers, this is a good development as it means that the banks are positioned to satisfy their needs and wants better, in a field that competition and technology thrive the customers are the better for it. Already, technology has re-engineered banking service delivery with products like Automated teller machines, phone banking/ cell banking, debit cards; credit cards etc, more of this will be emerging until virtual banks are formed in Nigeria.

Although, demand uncertainty moderates the relationship between market focused strategic flexibility and sales growth, it is not significant. This is so because an average Nigerian has cultivated the habit of saving in the bank, and considering the ratio of the Nigerian population to the number of the banks, attracting customers would not be a problem but rather the categories of customers the different banks intend to attract will be the challenge and this ultimately determines the level of income.

LIMITATION OF THE STUDY

The conditions of the method and the dynamic environment would in no way have impacted on the result obtained. The researcher also believes that the result of this study may be limited in terms of generalization because it refers only to a single country and this extinguishes the opportunity of making comparison and generalizing to the other parts of the world.

Conclusion

Customers today are highly informed and more demanding. Responsiveness to customers' needs and changing market conditions have become important for banks to succeed and these call for the introduction of product-market options and capabilities that can enhance banks' market-focused strategic flexibility status.

Given the consistent interaction between the dimensions of market-focused strategic flexibility, market orientation and firm performance, it is important that the efforts of banks to enhance the assemblage of resources and options as regards market-focused strategic flexibility is especially important if they wish to gain competitive advantage. The findings suggested that market-focused strategic flexibility could aid banks in continually satisfying its customers in the face of changing market conditions and thus increase banks' performance.

Therefore, the results suggest that market-focused strategic flexibility acts as a driver of organizational positioning in a dynamic business environment and that it should be incorporated into any conceptualization of an organizational success framework since it exists on a continuum characterized by the degree to which a bank acquires, allocates and reconfigures its resource portfolio. Reacting to market feedback may allow banks to adapt successfully to an external environment which may be characterized as being dynamic. Market-focused strategic flexibility is a means of responding to the environment and thus promotes better performance in a bank.

Because of its external focus, market-focused strategic flexibility is well positioned to appreciate the prevalent culture in a bank. Cultivating a market-focused strategic flexibility strategy may indeed become one of the primary means for maintaining competitive advantage. Environmental dynamism is a force in an emerging economy that could cause a bank to be strategically flexible with respect to product-market options.

The study's results suggest that banks will increase their performance by developing and accumulating resources and resource based capabilities that help in effective configuration and deployment to changes in the business environment. The result specifically suggests that a bank with market-focused strategic flexibility is likely to improve its performance in a dynamic environment. The environmental factors like competitive intensity and technological turbulence are pure moderators of the market-focused strategic flexibility relationship for most banks in Nigeria.

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