

## The Impact of Strategic Agility in Reducing Credit Risks in Iraqi Commercial Banks

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### Abstract

This study aims to find the effect of strategic agility in reducing credit risks in Iraqi commercial banks. This study used a quantitative research design. It used two types of data: Primary data are used to measure strategic agility through a questionnaire that was distributed to 400 employees, including managers, assistants, and workers at the relevant administrative levels. The secondary data were adopted from the financial statements of the banks between the years 1995-2023 to measure credit risk. The results of this study revealed an impact of resource fluidity and collective commitment on credit risk. This indicates that banks can reduce credit risks if they adopt the correct strategy. At the same time the results of the study did not show any significant effect of strategic sensitivity on credit risk. The limitations include the use of commercial banks only. Future research can include non-financial companies and different sectors in other countries. The practical implications indicate that banks must be rational and justified when making decisions regarding choosing a strategy that suits rapid and sudden changes, to avoid credit risks. In addition, commercial banks should implement strategic agility to achieve comprehensive results. The originality of this study lies in giving insight into strategic agility and credit risk. Therefore, the results of this study have important implications for shareholders, investors, and managers.

**Keywords:** Strategic Agility(SA), Strategic Sensitivity (SS), Resource Fluidity (RF), Collective commitment (CC), Credit Risks (CR).

### Introduction

Commercial banks play an important role in promoting economic growth and development in various countries of the world. Credit facilities help expand the productive investments of individuals, investors, and institutions. Despite the challenges facing Iraqi commercial banks, they are continuing in a market that suffers from instability and continuous dynamic change. To address the credit risks that Iraqi commercial banks suffer

from, the Central Bank of Iraq has instituted many major structural reforms, but it still suffers from this problem that threatens the safety of Iraqi commercial banks.

Credit risk has been a contradictory and confusing phenomenon since its inception. Many researchers in different economic regions have been interested in the effect of some factors on reducing credit risks. But it is still one of the controversial issues (Wang & Yang, 2023; Naifar, 2023; Ruan & Jiang, 2024; Martin-Oliver et al., 2020; Lassoued, 2017; Jalilian et al., 2020; Shah et al., 2023). Hamdi & Hassen, 2022). Accordingly, the results of these studies concluded that there is a relationship and a significant effect of a group of variables on credit risk. Understanding how to reduce credit risk is crucial for managements and investors. In addition, understanding the strategy that the bank should follow in unstable markets is one of the important points that helps banks avoid sudden risks (John, et al., 2022).

Strategic agility is the contemporary cornerstone of strategic management, and it has gained prominence at a time when organizations are grappling with the necessity of quickly adapting to dynamic changes in the market (Nkoda, 2017; Khoshnoud and Nematizadeh, 2017). Strategically agile banks can adapt and change quickly by constantly increasing sensitivity to strategic developments, making bold and rapid decisions, and rapidly reconfiguring their resources ( Doz and Kosonen, 2008, 2010 ). The concept of strategic agility also encompasses many aspects, including anticipating market shifts, skillful management of disruptions, proactive response, and alignment with market demands (Pot, Dewulf, and Termeer, 2022; Angraini & Sudhartion, 2019; Narasimhan et al., 2006). Moreover, it involves optimizing costs, simplifying processes, and eliminating inefficiencies (Dehaghi & Navabakhsh, 2014). More importantly, it enables banks to maintain a strategic path that adapts smoothly to changing environment (Kurniawan et al., 2020). Thus, taking advantage of its strengths, seizing opportunities, and mitigating risks (Cotter, 2014).

Moreover, strategic agility provides organizations with the ability to quickly respond and adapt to the ever-changing landscape of their operating environment. It places a strong emphasis on adopting proactive measures, which allows organizations not only to react to changes but also to anticipate transformations and address them before they are fully realized (Khochand and Zadeh, 2017). Therefore, implementing strategic agility in a turbulent environment contributes to tangible benefits in risk reduction, Especially in the areas of credit risk. A proactive approach is essential to thrive in an environment characterized by constant change and uncertainty.

The remainder of this paper is organized as follows: reviewing the literature related to financial risks and strategic agility, the methodology adopted in this study, which includes the process of collecting data and methods for verifying its validity, then discussing the results and conclusions reached by this study, implications, limitations, and future studies.

## **Literature Review**

Credit risk is a complex phenomenon that is affected by many determinants. Extensive studies have investigated the risks that affect the continuity of banks under dynamic and rapidly changing conditions, as a study (Ali & Dhiman, 2019; Abbas, et al., 2019; Dai, et al., 2023; Sudarsono, et al., 2024; Canh et al., 2021; Al-Eitan & Bani-Khalid, 2019). These studies aimed to maintain financial stability by reducing these risks, because credit risks threaten the stability of banking institutions, and making the right decisions requires an understanding of the factors that affect those decisions and flexibility and speed in dealing. Some studies have also shown that improvement in institutional quality contributes to the stability of economic systems (Larson, 2006; Driffield et al., 2013; Ghosh, 2013). Other studies have found that

banks with high liquidity have more risky activities, such as (Nguyen and Boateng, 2013; Nguyen and Boateng, 2015). Since the majority of banks are looking to improve their financial performance to stabilize their internal and external systems and try to reduce risks, many other studies have investigated the impact and relationship between credit risks on performance, such as a study (Mushafiq et al., 2023; Ko et al., 2019; Hamdi & Hassen, 2022). These studies have concluded that there is a relationship and impact between these variables despite the differences in their environments and the fluctuations in these markets.

On the other hand, strategic agility has been considered one of the important and fundamental points in the field of strategic management, and it has gained an important and prominent position in times when banks struggle to quickly adapt to sudden dynamic changes in the markets (Nkoda, 2017). Agile organizations have the ability to adapt, react quickly, and make bold decisions (Doz and Kosonen, 2008, 2010). Therefore, many studies have focused on the issue of strategic agility with its dimensions (strategic sensitivity, resource fluidity, collective commitment) and linked them to various variables such as (financial performance, organizational performance, quality, competitive advantage) as a study (Orojloo, et al., 2016; Sampath & Krishnamoorthy, 2017; Owusu-Tucker, 2018; Omar, 2021). These studies have found relationships and influence between these variables, and have also demonstrated the important role of strategic agility in dealing with sudden and rapid changes in the market.

In addition, other studies have investigated the relationship between strategic agility and performance, as these studies were tried in markets that suffer from rapid changes, such as a study (Lyn & Muthuveloo, 2021; Suradi et al., 2020; Nurjaman et al., 2021; Arokodare, 2021). The researchers reported that there is a correlation between the two variables, and stressed the importance of following strategic agility in unstable markets. From the above, it can be concluded that there is an important impact relationship between strategic agility and credit risk. However, according to the best knowledge of the researchers, the results of the impact between strategic agility with its dimensions (strategic sensitivity, resource fluidity, collective commitment) and credit risk were not paid attention to in previous studies, so the current study recognizes the necessity of considering the importance of using strategic agility in solving the problem of credit risk in Iraqi commercial banks in the best possible ways. Hence, this study is an effective contribution to the existing body of literature.

### **Risk Management Theory**

This theory was developed by David (1997), and it focused on the importance of risk management. The risk management model consists of assessing the risks to which organizations are exposed and then reducing those risks or exploiting opportunities. Risk management can contribute to improving the organizational scope of institutions. However, the biggest problem facing financial institutions is the rapid changes that make it more difficult to manage risks, as increased volatility plays a major role in increasing financial risks. It also requires the administration to deal quickly in assessing the ability of borrowers to repay their debts and to update standards in a manner commensurate with environmental changes. Adjustments in credit limits must be consistent with the borrower's actual performance and prevailing economic conditions, to achieve the desired objectives. The agile management aspect plays its role in unstable times in the markets. Therefore, financial institutions aim to find a mechanism that can fit these changes to reduce risks, by implementing strategies that suit the environment of those institutions.

## Hypothesis Development

### 1- The Effects of (SS) on (CR)

Strategic sensitivity is the cognitive ability and understanding of external factors. Strategic sensitivity requires an environment that accepts internal dialogue (Dawes and Kosonen, 2008). It also requires good knowledge of the environment in which the organization operates to access the necessary information (Brueller et al., 2014). Since strategic sensitivity helps in understanding the market and sensing fluctuations early, this contributes to making correct and quick decisions that limit risks (Kownatzki, 2013). The study by Aquier and Dalmaso (2013) found that strategic sensitivity is an important means of managing changes. The possibility of predicting the mechanism by which institutions adapt to their environment is very difficult. However, this can be achieved through appropriate strategic and knowledge exchange between actors (Vecchiato, 2012). Hussein (2016) pointed out that companies need to the work environment in order to avoid sudden shocks.

In addition, Tice (2007) concluded that dynamic capabilities are the ability to control and reshape feelings. Strategic sensitivity plays an important role in improving learning and adapting to environmental changes, and this helps in developing the ability of organizations to sense opportunities and risks and address them proactively. The sensing capabilities that organizations possess help in identifying changes occurring in the environment, and it is difficult to accept the uncertainty and clarity that accompany making decisions related to the future in a dynamic environment of change (Ince & Hahn, 2020). Since strategic sensitivity plays an important role in proactively identifying opportunities and risks, this contributes to addressing risks before they escalate. Strategic sensitivity also helps in moving from a forward-looking strategy to a sensitive strategy (Doz, 2020). Overby's study (2006) also found that strategic sensitivity may contribute to disseminating knowledge to exploit opportunities and avoid risks.

Regarding Iraq, the study Faleh et al (2022) and the study Radi and Hassan (2022) summarized that the proactive actions of the institution protect it from sudden losses. Likewise, the study of Abbas et al (2019) found that Iraqi banks that suffer from a lack of use of strategic sensitivity are unable to face fluctuations and sudden changes. Moreover, the study by Hlehel and Shalaka (2022) concluded that there is a relationship between environmental sensing operations and strategic agility. In addition, Al-Yasiri's study (2022) found a positive relationship between strategic sensitivity and crisis management. Based on what was clarified from previous studies, the following hypothesis was built:

***1-There is a significant impact of strategic sensitivity (SS ) on Credit risk (CR ) in Iraqi commercial banks***

### 2- The Effects of (RF) on (CR)

Resource fluidity is defined as the quality and speed that organizations adopt in facing changes that occur in the market, regardless of whether they are opportunities or risks (Sampath and Krishnamoorthy, 2017). Resource fluidity is considered the second important factor that helps withdraw resources from investment to achieve flexibility Breevaart et al (2014), and liquidity contributes to increasing the ability of institutions to face changes and risks in the market (Junni et al., 2015). If there are businesses that do not have chances of success, this mechanism can be used to avoid losses (Ogola, 2020).

Birkinshaw and Hamill (2008) indicated in their study that business concepts developed in times when markets were more stable, but in unstable markets they were not taken into account. Therefore, the study by Redwell et al. (2021) confirmed that resource fluidity must

be done flexibly to take place in real times. The stagnation occurring in many businesses has an impact on the allocation of resources Gilbert (2005), so Dawes and Kosonen (2008) emphasized that resources must be allocated in a flexibly to be available when needed, and this is one of the ways that risks can be avoided is not to put control of resources is in the hands of one person or department (Dawes and Kosonen, 2008).

Moreover, low resource fluidity is costly and it is difficult to provide complementary resources Wei et al (2014), while the availability of flexibility in resources contributes to increasing the speed of work and reducing costs (Matthesen et al., 2005). The study by Kitur & Kinyua (2020) found a relationship between resource fluidity and corporate performance. This leads to the conclusion that there is an effect of resource fluidity on credit risks. Amin et al (2014) concluded that there is a relationship between financial risks and performance. In addition, Asadollahi et al (2021) concluded that an increase in resources reduces financial risks if they are used in a good way.

Regarding Iraq, Jedi et al.'s (2022) study indicates that strategic flexibility has an impact relationship with sustainable competitive advantage. While Omar's study (2022) confirmed a relationship between financial risks and financial performance. As for Al-Yasiri's study (2022), it showed that the liquidity of resources is related to crisis management. In addition, the study by Al-Taha (2021) found that resource fluidity has a statistically significant relationship with competitive intelligence. Based on what was discussed above, it can be concluded that there is a positive impact relationship between resource fluidity and credit risk. Therefore, the following hypothesis was built:

***There is a significant impact of resource fluidity (RF ) on credit risk (CR ) in Iraqi commercial banks***

**The Effects of (CC) on (CR)**

Strategic agility depends on organizing collective commitment to reach goals quickly and effectively (Fabohonda, 2013). As the unity of command refers to the management's ability to make quick and bold decisions Debellis et al (2021), this makes commercial bank departments capable of making quick and bold decisions relying on an organized management team (Stamevsk & Stamevski, 2020). Through this, financial institutions will be able to respond quickly to changes in the market, which contributes to the institutions' ability to reduce risks and work to motivate senior management accurately (Rose & Norwich, 2014).

Collective commitment is considered crucial in implementing effective strategy because it has a positive or negative effect in promoting adaptation and change (Waldman et al. 2001). The rapid changes require quick decisions to be able to continue (Campello et al. 2011). The study of Kamasak et al.(2017) found that it is possible to give some directives based on logic and realism within institutions to create decisive results, and strategic decisions can also be made quickly (Kamasak et al., 2017). Communication between leaders and subordinates in making decisions may contribute to reducing the risks to which organizations are exposed (Lichtenstein et al., 2006).

Regarding Iraq, Muhammad's study (2021) concluded that strategic agility is related to crisis management. While the study of Al-Murshidi and Al-Shammari (2022) concluded that there is a statistically significant correlation between collective commitment and entrepreneurial alertness. The study of Radi and Hassan (2022) concluded that there is a correlation between collective commitment and performance. Based on what was clarified from previous studies, the following hypothesis was built:



### **3-There is a significant impact of Collective commitment (CC ) on Credit risk (CR ) in Iraqi commercial banks**

#### **Conceptual Framework**

The purpose of this model is to determine the effect of strategic agility in its three dimensions (strategic sensitivity, resource fluidity, Collective commitment) in reducing credit risks in Iraqi commercial banks. After deeply researching the literature related to the study, we relied on the three dimensions of strategic agility from the study (Kosonen & Doz, 2008; Otsupius & Akintaro, 2020), to measure the assumed impact on credit risk, which was based on the study (Driga, 2012; Al-Tamimi & Al-Masooei, 2007). Figure 1 displays the three dimensions of strategic agility that are supposed to affect credit risk reduction in Iraqi commercial banks.

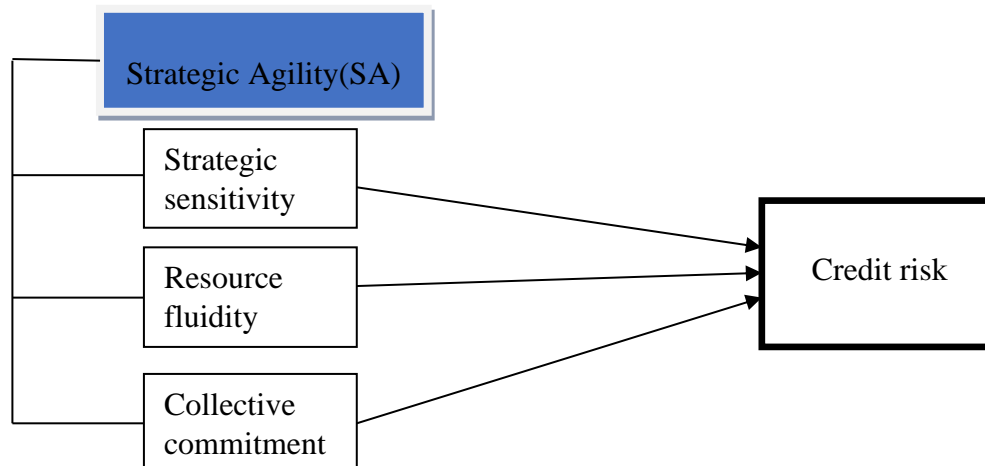


Figure (1): Conceptual Framework

Source: Prepared by Researchers Regarding The Previous study

#### **Risk Management in Iraqi Commercial Banks**

The banking sector is an important focus of global economic growth, serving as a major source of financing (Mahmoud et al., 2015). State-owned and private Iraqi banks are modernising their risk management systems. Despite the efforts made by Iraqi commercial banks, they suffer from not using their resources properly due to a lack of experience (Sam & Khudhair, 2019). Creating strategies that adapt to constant changes is essential for Iraqi commercial banks to reach set goals. Lopez (2003) stressed that an organisation's ability to ensure risk tolerance is one of the critical components of risk management. For smooth operation and business continuity, banks must refrain from taking any unnecessary risks. There are many aspects that must be taken into consideration to determine a risk management approach (Hussain and Al-Ajami, 2010). The Central Bank of Iraq indicated that Iraqi banks need a systematic strategy to implement risk management effectively. The economic system in Iraq is not strong because the banks have been affected by many changes since its founding until the present time, as a sound economy requires a strong banking system. As a result of the continuous changes in the environment in which these institutions operate, they suffer from many administrative problems, which makes them face difficulties in achieving an excellent level of risk management. Mahmoud et al (2015) emphasized that the reason for the increase in financial risks in Iraq, especially credit risks, is due to the

continuous changes in the Iraqi economic environment. The volatile economic conditions in Iraq constitute a major obstacle to achieving the desired goals.

### **Research Design and Data Samples**

The study relied on the descriptive analytical approach, as this approach includes both theoretical and field aspects. The theoretical components used analysis and logical description, while the field aspect included reliance on the questionnaire, secondary data, and statistical analysis. This study used primary data (questionnaire) to measure strategic agility and secondary data to measure credit risk. This study included primary data from employees working in Iraqi commercial banks within the administrative and financial departments. The sample also included the largest number of workers in the administrative and financial fields, which numbered 400 participants. The questionnaire was designed and distributed in paper form, and the researchers obtained 304 questionnaires suitable for statistical analysis. As for secondary data, 16 banks were selected out of 25 banks based on the availability of data for the period from 2005 to 2023.

### **The Study Tool**

After reviewing the comprehensive literature related to the subject of the study, the researcher formulated the questionnaire tool for the current study. The sections of the questionnaire include the following:

- 1- Section One: Demographic Variables Information related to the first section was collected through closed questions based on (4) factors (age, gender, qualifications, and experience).
- 2- Section Two: (S A), which includes three dimensions of strategic agility (strategic sensitivity, resource fluidity, and collective commitment); There are (19) items. All (19) items were measured on a Likert-type (5) scale.

**For measuring credit risk**, the following formula was adopted: Total loans /total deposit ratio. The higher the percentage, the greater the risk. This formula has been adopted by many studies, such as the study of (Steven and Toni, 2020; Manyaji, 2018; Mohammed and Onyego, 2018; Taiwo et al., 2017).

### **Statistical Tests**

The statistical data collected from questionnaire responses and secondary data through the Statistical Package for the Social Sciences (SPSS version 26) were used for analysis and conclusion. Finally, appropriate statistical methods were used, which are (Cronbach's alpha, reliability, average variance extracted (AVE) test, percentage and frequency of distribution, skewness test, arithmetic mean and standard deviation, and regression model).

### **Validity and Reliability**

In order to verify the validity of the scale, the researchers relied on the method of comprehensiveness of the content of the questionnaire list. This was done by presenting the draft of the measurement tool to a group of arbitrators, and they were asked to review the criteria included in the approved measurement tool to verify its content. This amendment contributed to reformulating some of the paragraphs so that the questionnaire list took its final form (Sekaran, 1992).

Testing the reliability of the questionnaire: According to the study of Bagozzi & Yi (1988), reliability expresses the extent to which the tool can give similar results if the measurement

is repeated on the same person several times in the same circumstances. In evaluating the reliability of the measurement tool, the researchers relied on composite reliability (CR), Cronbach's alpha indicators, and Average Variance Extracted. The results which are shown in the following data in Table No (1):

Table (1)  
*Reliability for Study Variables*

Variable	Dimension	Cronbach's alpha value	(CR)	(AVE)
Strategic Agility	Strategic Sensitivity	0.910	0.921	0.596
	Collective Commitment	0.923	0.912	0.822
	Resource fluidity	0.915	0.914	0.799

Source: Prepared by the researchers from Field study.

By reviewing the results in Table (1), Cronbach's alpha value ranges between 0.910 and 0.923, which agrees with the results of the categorical value specified by Hu & Bentler (1999), which is equal to or greater than 0.60. In addition, the CR values range between 0.912 and 0.921, and these values are identical to what was determined by Fornell & Larcker (1981), which is equal to or greater than 0.70. The values of (AVE) ranged between 0.596 and 0.822, it exceeds the values suggested by (Malhotra & Dash, 2011), which are equal to or greater than 0.5. These results show that good standards of reliability have been obtained, in addition to the accuracy of existing measures to determine the relationship between the uses of the normal distribution of questionnaire data.

Before verifying the study hypotheses, the researcher intended to check the skewness and kurtosis test to verify the normal distribution or not. This can be clarified in Table (2), which shows that all values of the study variables are less than the significance level (0.05). The results of kurtosis and skewness are limited to the range between (.435 and -.905), and this shows that the distribution results for the study variables are subject to a normal distribution. On this basis, tests were adopted to verify the validity of the study hypotheses (Sekaran & Bougie, 2016:186).

Table (2)  
*Normal Distribution Test*

Variable	Dimension	Skewness	Kurtosis
(SA)	Strategic Sensitivity	.435	-.905
	Resource fluidity	.370	-.833
	Collective Commitment	.416	-.728

Source: Prepared by the researchers from Field study.



**The Results of Analysis & Hypotheses Testing****Characteristics of the study sample**

Table (3)

*The Descriptive of the Demographic Variables of the Study Sample*

Variables	Categorization	Frequency	Percent
Age	From 21-25 years	99	32.5%
	From 26-35 years	80	26.3%
	From 36- 45 years	71	23.4%
	From 46-55 years	50	16.5%
	From 56-65 years	4	1.3%
Gender	Male	105	34.5%
	Female	199	65.5%
Qualification	Diploma	94	30.9%
	B.sc	110	36.2%
	M.SC	25	8.2%
	PHD	10	3.3%
Experience	Other	65	21.4%
	Less than 5 Years	125	41.1%
	From 6 to 10 years	140	46.1%
	More than 10 years	39	12.8%

Source: Prepared by the researchers from Field study.

The study found that the largest percentage of participants fell within the demographic range from 21 to 35 years old, with a notable predominance of female respondents. Moreover, the majority of them obtained a bachelor's degree. In terms of professional experience, most of them reported that their length of service ranged between 6 to 10 years.

**Descriptive Analysis of Study Variable**

Table(4)

*Descriptive Analysis for Strategic sensitivity*

Strategic sensitivity	N	Mean	Std.Deviation
1- Identifies opportunities and threats in new insightful ways as they emerge.	304	2.30	1.33
2- Maintains strategic advantage through anticipation and foresight.	304	2.33	1.25
3- The organization has resilient capacity that is aware of environmental changes.	304	2.33	1.30
4- The organization has capacity to create new options.	304	2.31	1.23
5- People work creatively to continuously improve efficiency, rather than working around them.	304	2.22	1.22
6- People work creatively to continually improve ineffective processes, rather than working around them.	304	2.26	1.14

7- The business has the ability to continuously evolve.	304	2.32	1.20
8- Communication is a key driver in the organization's strategy.	304	2.22	1.18

Source: Prepared by the researchers from Field study

The table (4) displays the arithmetic mean and standard deviation of the highest and lowest answers. It is noted that paragraph (3) received the highest mean rating of (2.33) with a standard deviation of (1.30) This is the highest percentage among the paragraphs of this dimension. Paragraph (8) regarding continuous development was represented at the lowest arithmetic average rate of (2.22) with standard deviation of (1.18).

Table(5)  
*Descriptive Analysis for Resource Fluidity.*

Resource fluidity	N	Mean	Std.Deviation
1- Teams seem able to find effective solutions even When the Problem is completely new and there is no direct experience or 'rule book' to guide them.	304	2.42	1.28
2- There is a strong sense of 'we win together and we lose together' that pervades the organization.	304	2.53	1.32
3- Different voices and perspectives are actively encouraged when key organizational decisions are made.	304	2.52	1.37
4- Resources can be quickly moved in a fluid and flexible way across/around the organization in response to need.	304	2.34	1.26
5- Maintains strategic advantage through anticipation and foresight.	304	2.44	1.27
6- The Organization has parallel business model where it can switch from one to another when the need arises.	304	2.51	1.28

Source: Prepared by the researchers from Field study.

The table (5) presents the mean and standard deviation values for the highest and lowest rated responses. It is noted that paragraph No. (2) obtained the highest mean rating of (2.53) accompanied by a standard deviation of (1.32). This percentage is considered the highest percentage among the items in this dimension. This is considered a relatively high level of agreement among respondents, and this gives it priority as the most positively evaluated item within this dimension. On the contrary, paragraph (1) obtained the lowest average rating of (2.42) With a standard deviation of (1.28), this shows a lower level of agreement among participants compared to the other items.

Table (6)

*Descriptive Analysis for Collective Commitment.*

Collective commitment	N	Mean	Std.Deviation
1- The leaders of my organization engage in open dialog and welcome differences of opinion.	304	2.36	1.29
2- The leaders of my organization reveal their underlying motives, including aspirations, biases and fears.	304	2.37	1.34
3- The leaders of my organization operate as an integrated, interdependent and value-creating team.	304	2.40	1.40
4- The leaders of my organization are aligned around a common interest through a compelling Mission, aspirational vision, shared values and emotion.	304	2.39	1.34
5- The leaders of my organization are caring and demonstrate empathy and compassion for others.	304	2.37	1.29

Source: Prepared by the researchers from Field study.

The table (6) displays the mean value and standard deviation of the highest and lowest answers about collective commitment. It is noted that Paragraph No. (3) obtained the highest mean rate (2.40) and a standard deviation of (1.40). This percentage is considered the highest percentage among the items in this dimension. While paragraph No. (1) had the lowest mean of (2.36) and a standard deviation of (1.29).

### Hypothesis testing

#### 1- *There is a significant impact of Strategic Sensitivity (SS) on credit risk in Iraqi commercial banks.*

Table(7)

*Linear Regression Analysis to Test the first Hypothesis of the study.*

Independent Variable	(B)	T- Value Calculate	Sig*(T)	(R)	(R <sup>2</sup> )	F-value Calculate	Sig*(F)
Constant	0.846	6.628	0.000				
Strategic Sensitivity	0.052	1.021	0.308	0.059	.003	1.043	0.308

Sources: Prepared by the Researcher from the data of the Field Study.

Table (7) shows no statistically significant effect of (SS) on credit risk in Iraqi commercial banks. The value of (F) reached (1.043) at a significant level (0.308), that is, more than (0.05), which indicates the invalidity of the independent variable (SS) to predict the values of the dependent variable (CR). The coefficient of determination (R<sup>2</sup>) was (0.003). This shows that strategic sensitivity explains 0.3% of the change in credit risk, which is unacceptable explanatory power. It is also clear that (SS) does not affect credit risk at a significance level of (0.05). Accordingly, the first hypothesis was rejected, which states: There is a significant effect of strategic sensitivity on credit risk in Iraqi commercial banks.

**1- There is a significant impact of strategic sensitivity (SS ) on Credit risk (CR ) in Iraqi commercial banks.**

Table(8)

Linear Regression Analysis to Test the Second Hypothesis of the study.

Independent Variable	(B)	T- Value		(R)	(R <sup>2</sup> )	F-value	
		Calculate	Sig*(T)			Calculate	Sig*(F)
Constant	0.055	0.505	0.614				
Resource fluidity	0.371	9.171	0.000		0.467	0.218	
	84.103	0.000					

Sources: Prepared by the Researcher from the data of the Field Study.

It is clear from Table (8) there is statistically significant effect of (RF) on credit risk in Iraqi commercial banks. The value of (F) reached (84.103) at a significant level (0.000), it is less than (0.05), which shows that the independent variable (RF) is valid for predicting the values of the dependent variable (CR). Also, the coefficient of determination (R<sup>2</sup>) reached (.218). This shows that the effectiveness of resource fluidity explains the amount of 21.8% of the change in credit risk, which is an accepted explanatory power, and that the ratio of 78.2 is due to other factors, including random variables. It is also clear that (RF) directly affects credit risk at a significance level of (0.000). Therefore, the second hypothesis is accepted, which states: There is a significant impact of resource fluidity on credit risk in Iraqi commercial banks.

**3- There is a significant impact of Collective commitment (CC ) on Credit risk (CR ) in Iraqi commercial banks.**

Table(9)

Linear Regression Analysis to Test the Third Hypothesis of the study.

Independent Variable	(B)	T- Value		(R)	(R <sup>2</sup> )	F-value	
		Calculate	Sig*(T)			Calculate	Sig*(F)
Constant	0.177	1.754	0.081				
Collective commitment	0.332	8.692	0.000		0.447	0.200	
	75.552	0.000					

Sources: Prepared by the Researcher from the data of the Field Study.

Table (9) shows a statistically significant effect of (CC) on credit risk in Iraqi commercial banks. The value of (F) reached (75.55) at a significant level (0.000), it is less than (0.05), which indicates the validity of the independent variable (CC) to predict the values of the dependent variable (CR). The coefficient of determination (R<sup>2</sup>) was (0.20). This shows that collective commitment explains 20% of the change in credit risk, which is an acceptable explanatory power, and the 80% is due to other factors, including random variables. It is also clear that (CC) directly affects credit risk at a significance level of (0.000). Accordingly, the third hypothesis was accepted, which states: There is a significant effect of collective commitment on credit risk in Iraqi commercial banks.

**Conclusion**

This study aims to examine the impact of strategic agility in reducing credit risks in Iraqi commercial banks. Strategic agility was used as a form of risk management that enhances the identification of credit risks in advance to exploit opportunities and reduce the risks to which banks are exposed. The results of this study found that resource fluidity had a positive effect in reducing credit risks, as resource fluidity provides the bank with the necessary needs in times of crisis, which reduces cases of financial default and increases confidence among investors and borrowers.

In addition, the results of the study found that collective commitment had a positive impact on reducing credit risks. The increase in the frequency of participation as a team and the increased level of cooperation among senior team members leads to improved credit risk management. At the same time, the results of this study found that strategic sensitivity did not have any significant impact on credit risk.

This study also found that the level of strategic sensitivity, resource fluidity, and collective commitment is low in Iraqi commercial banks, which is consistent with the study of (Montazer, 2015). Therefore, the level of knowledge of skills in the practice of strategic agility is not impressive. Also, the majority of workers lack sufficient awareness and skills to deal with risks and therefore do not apply them in proportion to the rapid changes in the market. Through the results of this study, it was shown that the increase in credit risks in Iraqi commercial banks is largely due to the lack of application of the dimensions of strategic agility in them, because it plays an important role in adapting to changes that occur in the market quickly, improving risk management, and dealing effectively with those changes.

**Suggestions**

In light of the findings discussed earlier, the following suggestions should be considered by Iraqi banks to improve their use of strategic agility to reduce credit risk, the management of these banks must find a relationship between the dimensions of strategic agility and credit risk. Strategic agility in banks plays an important role in enhancing their capabilities to quickly adapt to financial and economic changes, as well as enable them to improve the level of risk management. Therefore, Iraqi commercial banks must enhance the fluidity of their resources to manage and reduce credit risks during their exposure to sudden shocks. Bank management must also realize that rapid environmental adaptation cannot be achieved without relying on the use of liquid resources in their activities because it represents the ability to change banks' paths to reduce credit risks.

In addition, commercial banks must encourage collective commitment and cooperation among employees at various levels, especially at senior levels, as this leads to good results in managing credit risks to reduce them. These banks also need to pay attention to the work of specialized technical committees to implement collective commitment in Iraqi commercial banks, due to their important role in the financial stability of banks. Management in banks needs to not only focus on flexible and rapid response but also on nourishing these mechanisms through effective leadership capabilities. Commercial banks do not need to focus on practicing strategic sensitivity to reduce credit risks, because the result of study did not find significant relationship between the two variables.

Moreover, banks need to develop appropriate plans and procedures that play an important role in overcoming obstacles that prevent the proper use of strategic agility. Banks should also make programs that facilitate strategic agility by increasing awareness among commercial bank employees. Strategic leadership also needs to align the work of employees

working in banks with strategic agility because it enables them to manage credit risks and deal with sudden changes in a way that limits their risks.

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