Strategic Agility as an Antecedent of Operational Performance: Evidence from Review of Literature.

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ABSTRACT

Strategic agility has become a crucial capability for organizations operating in dynamic and uncertain environments. It enables firms to rapidly adapt to market disruptions, capitalize on emerging opportunities, and sustain competitive advantage. This study critically examines the role of strategic agility in enhancing operational performance through a review of conceptual, theoretical, and empirical literature. The primary objective is to explore the relationship between strategic agility and operational performance while identifying key knowledge gaps to guide future research. Strategic agility is examined through four key dimensions: strategic sensitivity, which involves market analysis, data-driven decision-making, and organizational learning; resource fluidity, which enables resource reconfiguration, cross-functional collaboration, and agile resource deployment; vision clarity, which ensures a well-defined strategic direction, core focus, and employee engagement; and leadership unity, which fosters effective communication, mutual trust, and coordinated decision-making. Collectively, these dimensions enable organizations to anticipate, respond to, and navigate volatile business conditions effectively. Operational performance is assessed using five critical metrics: cost reduction, quality metrics, production cycle time, defect rate, and operational costs. The study is theoretically anchored in Dynamic Capabilities Theory, Lean Thinking, and Ambidexterity Theory, providing a multidimensional perspective on how firms integrate agility into their strategic and operational frameworks. It proposes that organizations with higher strategic agility achieve superior operational performance by efficiently realigning resources, fostering innovation, and enhancing decision-making. By embedding agility into their operational strategies, firms can mitigate risks, improve productivity, and drive sustainable growth. The study concludes that strategic agility is a fundamental driver of operational success and urges firms to adopt agile frameworks that enhance adaptability and efficiency in an increasingly complex business landscape.

Keywords: Leadership Unity, Operational Performance, Resource fluidity, Strategic Agility, Strategic Sensitivity, and Vision clarity

1.0 Introduction

In today's volatile, uncertain, complex, and ambiguous (VUCA) business environment, organizations must remain adaptable to sustain operational performance and long-term competitiveness. Strategic agility has emerged as a crucial capability that enables firms to sense changes in their environment, seize opportunities, and rapidly reconfigure resources to maintain a competitive edge (Doz & Kosonen, 2019). Organizations with high strategic agility can respond proactively to technological advancements, evolving customer demands, and market disruptions, positioning themselves for superior operational outcomes (Cao et al., 2021). Empirical studies suggest that agile firms achieve higher operational performance, as agility allows for continuous process improvements, efficiency optimization, and alignment of resources with shifting market needs (Schoemaker et al., 2019). A study by McKinsey (2022) found that firms implementing agility in their operational strategies reported a 25% increase in productivity and an 18% rise in profitability, demonstrating agility's transformative impact on performance.

Operational performance, the dependent variable in this study, refers to how well an organization utilizes its resources such as staff, infrastructure, and technology to maximize efficiency and achieve strategic goals (Kleindorfer et al., 2020). It is commonly assessed using five key performance indicators: cost reduction, quality metrics, production cycle time, defect rate, and operational costs (Bustinza et al., 2019). Firms that integrate strategic agility into their operational frameworks have been shown to improve these metrics by optimizing workflows, reducing inefficiencies, and enhancing decision-making speed (Birkinshaw & Gibson, 2020).

Despite the growing recognition of strategic agility as a key driver of operational performance, empirical research on its direct influence remains limited. Existing studies have primarily focused on specific industries such as telecommunications (Al Shawabkeh, 2024), financial institutions (Dupont & Moreau, 2020), and IT firms (Reddy & Sharma, 2020). While these studies offer valuable insights, they fail to capture the impact of strategic agility in other highly dynamic industries such as manufacturing, healthcare, and agriculture sectors where agility is crucial for efficiency, resource allocation, and innovation. The lack of industry-specific analysis across diverse sectors limits the generalizability of existing findings and creates a gap in understanding how strategic agility influences operational performance in different business environments. Additionally, prior research has examined the dimensions of strategic agility such as strategic sensitivity, resource fluidity, vision clarity, and leadership unity mostly in isolation (Chakravarthy, 2019; Wamba et al., 2020). This fragmented approach overlooks the collective and synergistic effects of these dimensions, preventing a holistic understanding of how organizations leverage agility to enhance efficiency, responsiveness, and decision-making. Without an integrated framework, businesses may struggle to apply agility principles effectively to improve operational performance. Another critical gap is the lack of empirical clarity on the sub-constructs of strategic agility. While studies have explored elements such as market analysis, cross-functional collaboration, agile resource deployment, and employee engagement (Tan & Ng, 2019; Lopez & Garcia, 2021), they do not explicitly link these factors to measurable operational performance

indicators. This absence of a structured relationship between agility's sub-constructs and operational efficiency limits the ability of firms to develop evidence-based agility-driven strategies.

Furthermore, inconsistencies in measuring operational performance present a significant challenge. Existing research employs broad indicators such as profitability and efficiency (Schmidt & Weber, 2021; Zhang & Li, 2022), with no standardized framework for assessment. Some studies emphasize customer satisfaction and productivity, while others focus on cost reduction and defect rates, making cross-industry comparisons difficult. A more structured and replicable measurement framework is needed to accurately evaluate the impact of strategic agility on operational performance. While agility enhances adaptability and responsiveness, excessive agility can lead to misaligned priorities, inefficient resource allocation, and increased operational risks (Li et al., 2021). There is limited research on how firms can balance agility with stability to ensure both short-term flexibility and long-term resilience.

Without a clear understanding of this balance, organizations risk undermining their operational efficiency and sustainability. Consequently, there is a pressing need for a comprehensive study that broadens the industry scope, integrates agility dimensions into a cohesive framework, establishes clear links between agility sub-constructs and operational efficiency, and standardize performance measurement. Addressing these issues will provide businesses with actionable insights to optimize their strategic agility for sustained operational performance. Thus, this study sought to review conceptual, theoretical as well as empirical literature on the relationship of strategic agility and Operational Performance with the view to highlight the knowledge gaps to inform the direction of future research.

2.0 The Concept of the Operational Performance

The idea of operational performance has gone through a long historical development as a consequence of changes in business ecosystems technical breakthroughs and management paradigms. Performance on task work in the past was typically assessed by production efficiency as a surrogate for the need for organizations to be as efficient as possible with the limited resources available with little waste. The development of operational performance serves as historical basis on the Industrial age, when the way in which a process is organized has been influenced by the process by impressing it with a degree of mechanization and industrialization. Efficiency was the absolute variable of this time unit, favouring higher quantity and lower price for the companies (Holweg, 2021). The intuitively obvious idea of measuring operational performance, driven by Frederick Taylor's "scientific management" at the beginning of the 20th century, transformed into a concrete idea of operational performance, through the introduction and adoption of the notion of task specialization and standardization, in order to optimize productivity and efficiency (Womack & Jones, 2019). Nevertheless, as the industry grew, data on the operational performance, particularly on the side of quality control, also got better. Total Quality Management (TQM) and its immediate predecessors, lean production approaches, developed in the middle of the twentieth century, defined an equilibrium between operating excellence and reputational quality in spite of the fact that they did not fall into the trap of treating quality as a mere quality prescription. One of the key contributors to the global emergence of these concepts has been the Japanese manufacturing sector

epitomized through the association of organizations such as Toyota, who have been "improving" over the years using techniques like "Kaizen" in the Toyota Production System (TPS) (Womack & Jones, 2019). These approaches also changed the working performance as it moved the pupillary gaze from the product to the provision of quality of services for the goods. Lean manufacturing principles, such as reduction of activity and mapping of value stream, are spreading all over the companies around the globe and then they achieve the efficiencies in their operations and also the satisfaction of the customers. This era saw a dramatic departure from the measurement of operational performance in favour of quality, with equal weighting of productivity and quality.

During the late 20th and early 21st century technology development, particularly of information technology (IT), a new performance change occurred to operational performance. Thanks to the widespread adoption of enterprise resource planning (ERP) systems, currently organizations can exchange and optimize a variety of operation processes (e.g., supply chain and human resource management) and hence to improve the efficiency and minimize errors (Gunasekaran et al., 2020). Attempts also resulted in the implementation of Six Sigma, a data driven method to optimize the efficiency of operational processes regarding the number of defects or uncertainty in processes. Originating from Motorola and the public eye due to General Electric, Six Sigma has been a valuable tool for organizations seeking to achieve operational excellence in a dynamic, competitive global environment (Anand et al., 2019). This technology allowed companies to make informed better decisions, to better orchestrate their processes, and thus improve performance through data and statistical processing. The 21st century has also been an era of sustainability, and operational performance has grown to be an increasingly important factor. With growing awareness of the environment, firms have been put in the position of being required to not only maintain high levels of efficiency, but also to achieve implementation of sustainability targets (e. g., reduction of carbon dioxide or gas emissions, minimization of waste, and use of the renewable resources). This development has resulted in the creation of sustainable operations management, which refers to (the incorporation of) environmental/social factors in operational planning (Kleindorfer et al., 2020). Companies that effectively integrate sustainability into operational performance are well positioned to increase brand prestige, decrease costs, and respond to the emerging market for environmentally conscious products and services. This concern for sustainability is a significant trend in the nature of operational performance, as it has become the norm that the organization must perform at a very good level of effectiveness but with regard for its environmental footprint (Womack & Jones, 2019).

Furthermore, operational performance is probably driven by relentless technological advances and the increasingly important role of big data analytics. However, as digital transformation is increasingly being applied to these entities on increasingly large scales, the capacity to capture, analyze, and react to data in real time will have an important impact in achieving operational excellence (Gunasekaran et al., 2020). Moreover, the interaction between artificial intelligence and automation in work processes will also probably result in further efficiency, in that companies will be able to optimize their performance to a previously unachievable degree. But, however, for cyber security and for the responsible use of data, new challenges arise. And therefore, the development of

operational performance will remain shaped by the conflict between innovation and responsibility, flexibility and inflexibility and efficiency and sustainability (Gunasekaran et al., 2020).

2.1 Perspectives of Operational Performance

Operational performance is a critical component in the success of any organization. Various organizations focus on improving their operations to achieve higher efficiency, cost-effectiveness, and customer satisfaction. Operational performance metrics like cost reduction, quality metrics, production cycle time, defect rate, and operational costs provide a comprehensive view of an organization's ability to deliver value to customers while maintaining internal efficiency. As noted by Bustinza et al. (2019), cost reduction strategies that incorporate lean manufacturing, automation, and supply chain optimization can significantly enhance operational performance. Lean practices, eliminate waste in processes, leading to a reduction in overall costs while maintaining product quality. The study also highlights the role of technology in driving cost reductions, especially through the implementation of AI and machine learning tools. In a similar vein, Choi and Lee (2021) report that the adoption of advanced technologies like Internet of Things (IoT) has been shown to improve cost efficiency by offering real-time monitoring and predictive analytics, enabling organizations to reduce excess costs and optimize their resources. In fact, a study by Zhang et al. (2020) reveals that companies that focused on cost-reduction measures saw a 20% improvement in operational efficiency within the first year of implementation. Therefore, cost reduction is crucial for companies aiming to improve their operational performance by maintaining lower costs while still delivering high-quality products or services.

Quality metrics are integral to assessing and improving operational performance. Quality is often viewed as a cornerstone of customer satisfaction and business competitiveness. In a study by Kim et al. (2021), quality metrics such as product reliability, customer satisfaction, and defect rates were shown to directly influence a company's performance in the market. For example, companies that prioritize consistent quality delivery not only experience lower defect rates but also benefit from stronger customer loyalty. By monitoring quality metrics closely, firms can detect flaws early, thus reducing the chances of defects in finished products. This leads to cost savings and an enhanced reputation in the market. Additionally, quality control techniques such as Total Quality Management (TQM) and Six Sigma have been recognized for their effectiveness in improving operational outcomes. A 2019 study by Xie et al. confirmed that companies practicing TQM achieved significant improvements in both product quality and financial performance. Furthermore, the implementation of Six Sigma methodologies can result in operational performance improvements of up to 30%, as it systematically addresses process inefficiencies and reduces the variance in product quality (Jia, 2020). Thus, maintaining robust quality metrics is essential for achieving sustained operational excellence.

Reducing production cycle time is one of the primary objectives of organizations striving to enhance their operational performance. A shorter production cycle time not only increases output but also improves responsiveness to customer demand. According to Liu and Liu (2018), production cycle time can be significantly reduced through process reengineering, better scheduling, and the integration of automation. Their research highlights how a leading automobile manufacturer was

able to reduce its production cycle by 25% through the use of advanced robotics and process optimization. Similarly, the study by Yoon et al. (2020) found that implementing real-time data analytics and supply chain integration helped manufacturers reduce production cycle times by 18%, resulting in faster delivery times and improved customer satisfaction. Moreover, reducing cycle time contributes to lowering costs, as less time is spent on production activities. The findings of this research underline the importance of reducing cycle time for improving operational efficiency and responsiveness. Organizations that achieve shorter production cycle times can better meet customer demand, stay ahead of competitors, and boost their market share.

A critical measure of operational performance is the defect rate, which directly impacts both product quality and customer satisfaction. High defect rates result in increased costs, waste, and customer dissatisfaction. A recent study by Zhang et al. (2021) emphasized that companies focusing on reducing defect rates through process optimization and quality control measures are more likely to improve their overall operational performance. The authors argue that defects often arise from process inefficiencies, which can be mitigated through root cause analysis and continuous improvement practices. A similar study by Ma et al. (2020) demonstrated that companies employing lean production methods and maintaining stringent quality standards saw a 15% reduction in defect rates, leading to significant cost savings and improved operational outcomes. Moreover, the implementation of Six Sigma, as noted by Black and Reiss (2020), has been particularly effective in reducing defect rates by systematically identifying and eliminating defects in production processes. This reduction in defects enhances the reliability and durability of products, leading to increased customer satisfaction and brand loyalty. Thus, defect rate management plays a vital role in improving operational performance by minimizing waste and maximizing customer satisfaction.

Controlling operational costs is key to improving profitability and ensuring long-term sustainability. According to Zhang and Guo (2021), organizations that focus on cost management strategies such as resource optimization, better labor management, and energy efficiency can significantly reduce their operational costs. In particular, firms that have embraced automation and digitalization report lower operational costs due to increased efficiency and reduced need for human intervention in repetitive tasks (Mao, 2019). Furthermore, operational costs are also influenced by the efficiency of the supply chain. A study by Li and Wang (2020) found that firms that optimized their supply chains through digital tools and data analytics experienced up to a 30% reduction in operational costs. The research suggests that by leveraging technology to streamline processes, companies can make more informed decisions, reduce waste, and enhance productivity, leading to reduced costs and higher operational performance. Therefore, managing and reducing operational costs is essential for companies aiming to remain competitive and profitable.

Operational performance is a multifaceted concept that can be assessed through various metrics, including cost reduction, quality metrics, production cycle time, defect rate, and operational costs. Each of these metrics plays a significant role in driving business success by improving efficiency, enhancing customer satisfaction, and increasing profitability. Studies have consistently shown that organizations that implement strategies aimed at reducing costs, improving quality, and shortening production cycle times experience significant improvements in their operational performance.

Moreover, companies that focus on minimizing defect rates and managing operational costs effectively are better equipped to thrive in highly competitive and dynamic markets. The findings from recent research underline the importance of adopting a holistic approach to operational performance, integrating these metrics to achieve optimal results. As businesses continue to face new challenges, the integration of advanced technologies, data analytics, and continuous improvement practices will be key to maintaining high operational standards and ensuring long-term success.

2.2 Measurement of Operational Performance

In today's business environment, measuring operational performance has become an essential focus for organizations striving to maintain competitiveness and improve profitability. The ability to assess various operational indicators such as cost reduction, quality metrics, production cycle time, defect rate, and operational costs, provides valuable insights into a company's performance and its potential for growth. These measures are interlinked, and organizations that focus on them can streamline their processes, reduce inefficiencies, and ultimately increase profitability (Gershon & Delbridge, 2020). Cost reduction is an important measure of operational efficiency. According to a study by Popp and Keat (2018), companies that prioritize cost management strategies, such as lean manufacturing and automation, have achieved up to 30% savings in operational expenses. By implementing lean practices, firms minimize waste, optimize resource allocation, and achieve higher levels of production efficiency. These reductions in operational costs directly contribute to a firm's competitiveness in a market where cost-efficiency plays a crucial role in customer value and pricing strategies.

Quality metrics are another critical aspect of operational performance. A well-established quality management system not only helps in ensuring consistent product or service delivery but also enhances customer satisfaction and loyalty. Research by Wang et al. (2022) highlights the positive correlation between robust quality metrics and organizational success. For example, organizations that apply Six Sigma methodologies report reductions in defects and improvements in overall quality control, leading to increased customer satisfaction. Studies have shown that companies with higher quality standards experience a reduction of up to 15% in customer complaints and rework costs (Zhang & Li, 2021). In fact, organizations that integrate total quality management (TQM) practices are more likely to experience long-term business success as they continuously refine their processes to meet customer expectations (Tiwari & Singh, 2019). These findings suggest that organizations should invest in monitoring and improving quality metrics as they directly impact customer perception and operational success.

Reducing production cycle time is an essential operational performance measure that significantly influences an organization's responsiveness to market demands. Companies that can reduce production cycle time can not only increase their output but also reduce costs associated with long production times. According to Lee and Park (2020), companies in the automotive industry have reported reductions in cycle times of up to 20% by integrating automation technologies and optimizing their supply chains. Shortening the production cycle helps companies maintain flexibility, reduce lead times, and respond to changes in customer demand more effectively. By

doing so, businesses can lower inventory costs, improve cash flow, and enhance customer satisfaction with faster delivery times. Moreover, reducing production cycle time has a profound impact on operational cost reduction, as fewer resources are utilized in the manufacturing process, leading to a decrease in overall operational expenses (Anderson et al., 2022). These advantages highlight the critical role that production cycle time plays in achieving high operational performance.

Another key measure of operational performance is the defect rate, which directly affects product quality and customer satisfaction. High defect rates result in rework costs, wasted resources, and a damaged brand reputation. Recent studies by Barata and Gomes (2021) emphasize the significance of reducing defects in the production process, noting that companies employing advanced quality control systems such as automated defect detection can achieve a reduction in defect rates by up to 12%. In the electronics sector, for example, companies that integrate automated inspection technologies have significantly reduced their defect rates, leading to improvements in both product quality and customer satisfaction. This reduction in defects not only cuts costs associated with rework and waste but also strengthens a company's brand image by delivering reliable products to the market. Furthermore, a lower defect rate fosters customer loyalty, as customers are more likely to trust brands that consistently deliver high-quality products (Feng et al., 2023). Therefore, companies that actively monitor and reduce defect rates are more likely to enhance their operational performance and strengthen their competitive position.

Further, operational costs encompass a broad range of expenses related to the day-to-day functioning of a business. Organizations constantly seek ways to streamline their operational costs to improve profitability and ensure long-term sustainability. Studies by Tan and Chan (2020) show that companies that implement strategic cost management frameworks can reduce operational costs by as much as 25% without compromising quality. By optimizing resource allocation, improving labor productivity, and adopting digital technologies such as predictive analytics and AI-driven solutions, companies can identify inefficiencies and reduce waste in their operations. Moreover, data-driven decision-making can help organizations achieve better cost management, as companies can analyze past trends to forecast future costs and allocate resources more effectively. In a similar vein, He and Li (2021) found that firms that employ lean methodologies and digitize their operations report significant reductions in operational costs and improved financial performance. This demonstrates the importance of continuous cost monitoring and optimization in achieving long-term business success.

3.0 The Concept of Strategic Agility

Strategic agility has emerged as a critical concept for organizations operating in today's rapidly changing and uncertain environments. Defined as the ability to adapt quickly to market changes and make fast, yet informed strategic decisions, strategic agility combines both adaptability and foresight (D'Aveni, 2020). Over the years, scholars and practitioners have contributed to the evolution of strategic agility, refining its core components and offering new ways to enhance organizational resilience and performance. The roots of strategic agility can be traced back to the early work on strategic management in the 1980s, which emphasized long-term planning and

competitive advantage (Porter, 1985). However, with the advent of more dynamic business environments, researchers began questioning the efficacy of static, long-term strategies. The notion of strategic flexibility emerged in the 1990s as companies recognized the need to quickly adapt their strategies in response to sudden changes in their external environment (Teece, 1997). This shift in focus from static strategy formulation to dynamic decision-making processes laid the foundation for what we now call strategic agility. By the early 2000s, the term "strategic agility" was formally introduced, signifying the ability of organizations to sense and respond to external disruptions with speed and coherence (Doz & Kosonen, 2010). As the concept matured, scholars identified various characteristics that define strategic agility. These characteristics were grounded in the understanding that agility is not just about reacting quickly but also about sensing opportunities and threats before they become apparent to competitors. Strategic sensitivity, resource fluidity, vision clarity, and leadership unity emerged as central dimensions, each contributing to an organization's overall agility. These pillars are now widely recognized as essential for fostering strategic agility in complex and fast-paced markets (Doz & Kosonen, 2010).

Strategic sensitivity refers to an organization's ability to detect and interpret changes in its external environment. This involves identifying shifts in market trends, consumer preferences, technological advancements, and regulatory changes that could impact the business. Strategic sensitivity requires organizations to maintain robust mechanisms for scanning the external environment and acquiring critical information in real-time (Birkinshaw, 2016). The early work of scholars such as Teece (1997) and Doz and Kosonen (2010) emphasized the importance of dynamic capabilities in this context. They argued that organizations must be able to sense changes and opportunities quickly to adjust their strategies accordingly. The development of strategic sensitivity has been closely linked to the rise of information technology and big data analytics. In recent years, technological advancements have enabled firms to gather vast amounts of data, providing valuable insights into changing market dynamics. Moreover, digital platforms and social media have enhanced the ability to track consumer behavior and sentiment, allowing firms to adjust their strategies in real-time. As a result, strategic sensitivity has become increasingly central to the competitive advantage of firms in sectors such as technology, retail, and manufacturing (Kotter, 2019).

Resource fluidity refers to the ability of an organization to mobilize, reconfigure, and redeploy its resources in response to changing strategic needs. In other words, it is the flexibility to shift resources, whether financial, human, or technological, toward the most promising opportunities (Eisenhardt & Martin, 2000). The concept of resource fluidity is rooted in the idea that organizations must not only be able to sense changes but also to act quickly by leveraging their resources effectively. The historical development of resource fluidity is closely tied to the rise of organizational networks and partnerships. In the early 2000s, the concept of "dynamic capabilities" was further developed to highlight the role of organizations in reconfiguring their resource base to adapt to new conditions (Teece, 2007). This approach emphasized the importance of flexibility, learning, and innovation in managing resources. Recent studies have focused on how organizations can build resource fluidity by developing capabilities such as cross-functional collaboration, outsourcing, and leveraging technology for resource management (Denning, 2021). Resource

fluidity has become particularly important in industries that require constant innovation and rapid product development, such as pharmaceuticals, automotive, and tech.

Vision clarity refers to the ability of an organization to maintain a clear and focused strategic direction, even in the face of uncertainty. This component of strategic agility highlights the importance of having a well-defined vision that guides decision-making and resource allocation. While strategic sensitivity emphasizes the need for agility in response to external changes, vision clarity ensures that organizations remain aligned with their long-term goals and values. A clear vision helps organizations prioritize initiatives, communicate goals effectively, and foster a sense of purpose across the organization (Hamel & Prahalad, 1994). Over time, the importance of vision clarity in strategic agility has been recognized as crucial for maintaining coherence amid change. Leaders must balance the need for responsiveness with a long-term focus. Studies have shown that organizations with a clear vision are better able to navigate periods of disruption while maintaining alignment with their core values and strategic objectives (Sull, 2009). In contemporary strategic thought, the development of vision clarity is often seen as an ongoing process, requiring leaders to refine the organization's goals based on market conditions and stakeholder needs. The rise of agile methodologies in project management has also contributed to the idea that vision clarity should be both clear and flexible, able to adapt as new information emerges (Rigby, Sutherland, & Takeuchi, 2016).

Leadership unity is a critical component of strategic agility that ensures coordinated decision-making across all levels of the organization. It involves fostering a unified leadership team that collaborates effectively, aligns on strategic objectives, and is committed to executing the strategy collectively. In organizations with high leadership unity, leaders share a common understanding of the organization's vision and goals, and work together to overcome challenges and seize opportunities (Doz & Kosonen, 2010). Historically, leadership unity has been viewed as a hallmark of successful organizations. In the 1980s and 1990s, leadership unity was associated with centralized decision-making and clear top-down directives. However, with the rise of agile practices, the role of leadership has evolved toward more decentralized, collaborative decision-making (Rigby et al., 2016). Contemporary studies emphasize the importance of trust, communication, and shared purpose in achieving leadership unity. Leaders must be able to act quickly, make decisions with limited information, and align their teams behind a common vision (Denning, 2021). Recent research suggests that leadership unity is not just about coherence at the top but also about ensuring that all leaders at various levels of the organization are aligned with the overall strategic direction (Kotter, 2019).

The concept of strategic agility has evolved significantly over the past few decades, becoming a critical capability for organizations seeking to thrive in volatile, uncertain, complex, and ambiguous (VUCA) environments. The development of strategic agility can be understood through its core pillars: strategic sensitivity, resource fluidity, vision clarity, and leadership unity. These dimensions have been shaped by technological advancements, changing market dynamics, and evolving organizational theories. As the business environment continues to become more complex and interconnected, organizations must continue to refine their strategic agility to remain competitive

and resilient. The future of strategic agility will likely involve even more emphasis on real-time data analytics, cross-functional collaboration, and adaptive leadership practices to navigate the challenges of an increasingly unpredictable world.

3.1 Perspective of Strategic Agility

Strategic agility was first formally introduced in the early 2000s as a critical capability for organizations facing dynamic and unpredictable markets (Doz & Kosonen, 2010). Initially, strategic management literature emphasized the importance of long-term planning and sustaining competitive advantage through resource accumulation. However, as organizations increasingly encountered rapid changes such as globalization, digitalization, and disruptive innovations, strategic agility became essential. It is not merely about speed but involves a blend of strategic sensitivity, resource fluidity, leadership unity, and vision clarity (Doz & Kosonen, 2010; Sull, 2009). The concept has evolved to emphasize the need for both responsiveness and foresight, suggesting that an organization's success depends on its ability to sense opportunities early, make quick decisions, and implement strategies effectively.

Strategic agility is deeply rooted in the idea of dynamic capabilities, a framework introduced by Teece (1997), which suggests that firms must be able to adapt, integrate, and reconfigure internal and external competencies to address rapidly changing environments. This flexibility enables firms to seize opportunities and mitigate risks, aligning with the increasing emphasis on agility as a competitive advantage. In this context, strategic agility is not only about being reactive to changes but also about proactively shaping a firm's strategy to anticipate future disruptions and market shifts (Teece, 2014). The increasing recognition of dynamic capabilities has led to a shift from traditional approaches to strategy that focused on stability and predictability to a more fluid and adaptive model of management that emphasizes the need for continuous innovation and rapid response to external changes.

Strategic sensitivity is the capacity of a body or organization to react sensitively to environmental change contextually and quickly and effectively. (Doz & Kosonen, 2020). These are all based on the ability to show high environmental scan capability, the willingness to embrace an openness to a curiosity culture and the use of data analytics to bring new patterns, early warning signs, and vulnerabilities into play. Leadership alignment is the process of getting buy-in from the C-Suite for a common vision/strategic roadmap and then speed of decision-making and execution. This involves developing a common sense of agency for the benefit of the organization, facilitating open communication and being open to collaboration among leaders. Resource fluidity means to be flexibly and readily able to switch/substitute resources in response to the new condition. A study by Chen et al. (2022) reported that companies with high resource fluidity score were 2.5 times more survival probability for disruptive industry transformation, in comparison to the companies with low resource fluidity score.

Leadership is often seen as the key driver in fostering strategic agility within an organization. The role of leaders in creating an agile organization is multifaceted, encompassing the development of a shared vision, the promotion of a culture of innovation, and the establishment of decision-making

frameworks that support flexibility. According to Denning (2021), leadership in an agile organization requires a mindset shift, where leaders are not only focused on traditional metrics of success but are also attuned to the needs for rapid experimentation, learning, and iteration. Leaders must also create an environment where risk-taking and failure are accepted as part of the learning process. Leadership unity, as mentioned earlier, is vital because it ensures that senior leaders align on key decisions, driving a cohesive and agile response to change. The role of leadership has become even more important as organizations adopt agile practices traditionally seen in software development and project management, such as Scrum or Kanban (Rigby et al., 2016). In these frameworks, leadership is decentralized, with teams empowered to make decisions quickly and autonomously. In such environments, leadership focuses on enabling teams to work collaboratively, encouraging cross-functional cooperation, and providing the necessary resources for teams to execute strategies. This form of leadership fosters a high level of responsiveness, where leaders act as facilitators and enablers rather than top-down decision-makers. However, the development of leadership agility is not without challenges. According to Kotter (2019), traditional leadership models that emphasize control and command are increasingly ineffective in environments that demand speed and flexibility. Leaders must adapt to new styles that prioritize empowerment, collaboration, and the ability to make quick decisions in the face of uncertainty. This transformation requires not only a change in leadership practices but also in organizational culture, which must support risk-taking, learning, and experimentation.

Digital transformation has significantly enhanced organizations' ability to develop and deploy strategic agility. The proliferation of digital tools and technologies such as artificial intelligence, machine learning, big data analytics, cloud computing, and the Internet of Things (IoT), has transformed how organizations gather insights, make decisions, and interact with customers. The integration of these technologies into business operations has enabled organizations to be more agile, as they can quickly respond to changes in customer preferences, market conditions, and technological advancements (Westerman et al., 2021). For example, companies in the retail sector are using advanced analytics to predict consumer behavior, enabling them to adapt their offerings in real-time. E-commerce giants like Amazon and Alibaba have incorporated agile methodologies into their business models, allowing them to quickly adjust their product offerings and supply chain operations based on changing customer demands (Westerman et al., 2021). Furthermore, the adoption of cloud technologies has enabled organizations to scale their operations rapidly, making it easier to redeploy resources as needed. This technological agility is not just about speed but also about the capacity to innovate continuously and explore new business models.

However, the relationship between digital transformation and strategic agility is not without challenges. Many organizations face difficulties in integrating new technologies with legacy systems, and the adoption of new tools often requires significant investment in training, infrastructure, and process redesign. According to Vial (2020), digital transformation is often a complex and iterative process that requires significant organizational change, which can be difficult for established firms to navigate. Despite these challenges, the digital transformation journey is increasingly seen as a prerequisite for achieving strategic agility, as it enhances an organization’s

ability to sense changes, respond quickly, and innovate consistently. Despite its clear benefits, adopting strategic agility presents several challenges for organizations. One of the primary obstacles is overcoming organizational inertia, which can manifest as resistance to change, a lack of alignment among stakeholders, and rigid processes that limit flexibility. According to Teece (2018), companies often face difficulties in adjusting their organizational culture and structure to support agile practices. Many organizations, particularly large corporations, have deeply ingrained hierarchical structures that make it difficult to implement agile decision-making processes effectively.

Another challenge is the trade-off between stability and agility. While strategic agility emphasizes flexibility and responsiveness, organizations must also maintain a level of stability to ensure operational efficiency, reduce risk, and safeguard long-term viability. Striking the right balance between agility and stability is a complex task that requires careful management of resources and capabilities. Moreover, there is the challenge of ensuring that agility does not lead to fragmentation, where different parts of the organization pursue divergent strategies that undermine overall coherence (Sull, 2009).

3.2 Dimensions of Strategic Agility

Strategic agility, as a concept, has gained widespread attention in the strategic management literature due to its critical role in organizations' ability to remain competitive in a rapidly changing business environment. A study by (AlTaweel & Al-Hawary, 2021) (Al Shawabkeh, 2024), classified strategic agility as Strategic Sensitivity, Resource fluidity, Leadership unity and Vision Clarity. As markets become increasingly volatile, uncertain, and complex, firms are finding it essential to develop a set of dynamic capabilities that can enable them to respond to environmental shifts effectively and quickly. Strategic agility is the capacity of an organization to sense, seize, and transform opportunities, while also being able to pivot, when necessary, in response to challenges. Key dimensions of strategic agility include strategic sensitivity, resource fluidity, vision clarity, and leadership unity (Al Shawabkeh, 2024).

Strategic sensitivity is the ability to sense and understand the changes in the external environment. According to Teece (2007), organizations with high strategic sensitivity are adept at detecting and understanding early changes in the market, allowing them to adjust their strategies quickly. Volberda et al. (2014), emphasize that a strong market analysis, which is the process by which an organization monitors and interprets market trends, customer preferences, and competitor movements enables firms to anticipate disruptive innovations and evolving customer needs. Similarly, data analysis allows firms to interpret large datasets, uncover patterns, and extract actionable insights, thus providing a comprehensive understanding of the market. For instants, firms like Amazon leverage data analytics to refine their customer experience and identify emerging opportunities, thus enhancing their strategic sensitivity (Chesbrough, 2020). These is further enabled by organizational learning by integrating new knowledge into decision-making processes (Argote, 2018).

Another dimension of strategic agility is resource fluidity which refers to an organization's ability to reconfigure and deploy its resources quickly to respond to changing market conditions. It involves Resource reconfiguration (the ability of a firm to reorganize its resources, such as human capital, financial assets, and technological capabilities, to better align with strategic goals). Research by Eisenhardt and Martin (2000) found that firms with high resource fluidity can rapidly shift resources to new business opportunities or adjust to competitive threats, providing it with a significant advantage in fast-paced industries. Studies by Madsen and Desai (2020) have shown that effective cross-functional teams improve decision-making speed and accuracy, which is crucial for agility in an organization seeking to stay relevant in business. Cross-functional collaboration enhances resource fluidity by facilitating the flow of information, skills, and expertise across different departments within the organization. According to (O'Reilly & Tushman, 2016), Apple's ability to quickly deploy its resources to develop and launch new products such as the iPhone showcases the importance of agile resource deployment in sustaining strategic agility. Agile resource deployment is the ability to mobilize resources quickly in response to changing conditions, enabling firms to capture opportunities and mitigate risks in real-time (Teece, 2007). Resource reconfiguration, Cross-functional collaboration, and Agile resource deployment in this review, investigates how firms can optimize their resource allocation and reconfiguration processes to improve the operational performance of an organization.

Vision clarity which is another dimension of strategic agility involves having a clear and coherent strategic direction while also maintaining the flexibility to pivot when needed. Strategic direction is critical as it provides the organization with a long-term roadmap while allowing for tactical flexibility in response to market changes. A clear strategic direction aligns all organizational efforts towards common goals, making it easier for firms to respond quickly to changes (Doz & Kosonen, 2010). Core focus refers to the organization's ability to concentrate on its key competencies while staying adaptable to new opportunities. Chistensen (2016) noted that, firms like Google have maintained a clear core focus on technology and innovation, enabling them to shift their business model and explore new markets while staying aligned with their strategic vision. This has been fostered by employee engagement, which on the other hand, reflects the involvement and commitment of the workforce to the organization's vision, which directly influences the firm's ability to execute its strategy with agility. Harter et al. (2018) underscores that highly engaged employees are more likely to contribute to the organization's adaptability, driving innovation and agility in times of uncertainty. Strategic direction, core focus, and employee engagement as dimensions of vision clarity shade light on how organizations' vision clarity impacts the operational performance of an organization.

Further, leadership unity one of the critical dimensions of strategic agility refers to the alignment and coordination of leadership teams in making agile decisions. According to Madsen and Desai (2020), effective communication in agile organizations fosters quick decision-making and reduces delays in responding to changes in the external environment. This is usually in most instances facilitated by mutual trust among leadership teams which enhances the ability to collaborate effectively and make bold coordinated decisions. Research by Hitt et al. (2017) highlights the

importance of trust in enabling leadership teams to take calculated risks and make decisions that support long-term agility. In addition, high levels of coordination enable leadership teams to align their actions and make quick decisions in times of uncertainty. An example of this can be seen in the way that companies like Microsoft and Tesla's leadership teams have worked together to pivot their strategies and maintain competitive advantages despite market challenges (Hitt et al., 2017). Coordination refers to how well leadership teams work together to execute strategic plans, especially when responding to external shifts.

3.3 Adoption of Strategic Agility in Strategic Management

In the contemporary business environment, characterized by volatility, uncertainty, complexity, and ambiguity (VUCA), strategic agility has become a crucial capability for organizations seeking to maintain a competitive edge (Doz & Kosonen, 2010). The increasing adoption of strategic agility in strategic management underscores the need for organizations to remain flexible, adaptive, and innovative. The ability to sense is a measurement of the organization's capability to perceive changes to its surrounding environment, as well as to sense opportunities or risks. One is certainly the process of structured market research, the analysis of competitors, and the management of relationships with stakeholders in an effort to gather information (Teece, 2018). The adoption of strategic agility in strategic management is driven by a rapidly changing business environment. Technological advancements, digital disruption, shifting customer preferences, and globalization have created a scenario where traditional strategic models based on long-term planning and stability are no longer sufficient (Teece, 2014). Organizations must move beyond rigid structures and embrace flexibility and responsiveness. As a result, many organizations have started to adopt strategic agility as a core capability to enhance their ability to innovate and pivot in response to external changes. The concept enables organizations to make swift decisions, adjust priorities, and reallocate resources quickly, without losing sight of their overall mission and objectives. In practical terms, organizations that adopt strategic agility often do so by integrating agile methodologies into their strategic processes. Agile practices, commonly associated with the software industry, have been applied more broadly across various sectors, including manufacturing, retail, and services (Rigby et al., 2016). For example, many organizations now adopt agile frameworks, such as Scrum or Kanban, to foster collaboration, iterative development, and responsiveness. These frameworks are particularly beneficial in environments where change is frequent and unpredictable. According to Westerman et al. (2021), firms that implement agile practices tend to create more flexible, decentralized structures that enable faster decision-making, better information flow, and greater innovation.

Moreover, the shift toward strategic agility is also fueled by advances in digital technologies, such as cloud computing, artificial intelligence (AI), and big data analytics. These tools allow organizations to gather real-time data, track market trends, and identify emerging opportunities, which enhances their ability to adapt quickly. According to Bharadwaj et al. (2021), the integration of digital tools into strategic management not only supports faster responses to changes but also facilitates better alignment between strategic decisions and operational execution. In this context, strategic agility is not just about speed; it is about the ability to use data and technology to guide

smarter, more informed decision-making. Several factors drive the adoption of strategic agility in strategic management. One of the primary drivers is the increasing pace of technological change. As industries become more technology-driven, the speed at which new innovations are introduced has accelerated, making it necessary for organizations to stay ahead of competitors (Westerman et al., 2021). Organizations that fail to embrace technological advancements risk becoming obsolete or losing their competitive advantage. For instance, companies in the retail sector have had to adopt strategic agility to stay competitive in the face of e-commerce disruptions, shifting consumer behavior, and advancements in digital marketing.

Another significant factor driving the adoption of strategic agility is the growing complexity of global markets. Globalization has resulted in more interconnected supply chains, diverse customer bases, and increased competition. Organizations are now more likely to face market volatility, economic shifts, and geopolitical risks that require rapid responses. In such environments, having the flexibility to pivot quickly, reallocate resources, and adjust strategies is paramount. As Kotter (2019) notes, leadership unity and alignment are essential for making agile decisions that align with organizational goals, particularly in dynamic markets. Moreover, organizations are increasingly adopting strategic agility in response to the demand for greater customer-centricity. With customers having more power and choice than ever before, companies must continuously adapt to meet changing expectations. Agile practices allow organizations to gather and respond to customer feedback more efficiently, allowing for quicker adjustments to product offerings and customer service strategies (Rigby et al., 2016). The ability to iterate on products or services based on customer insights enables companies to build stronger customer relationships, improve satisfaction, and maintain a competitive edge. Despite its advantages, the adoption of strategic agility presents several challenges. One of the primary barriers to adopting strategic agility is organizational resistance to change. Many organizations, particularly large, established firms, are deeply entrenched in traditional hierarchical structures and processes that emphasize control, predictability, and stability (Teece, 2014). Transitioning to a more agile structure often requires a fundamental shift in culture, which can be difficult to achieve. Employees and leaders accustomed to traditional management models may resist the shift towards a more flexible, decentralized approach, where decision-making is more distributed.

Another significant challenge is the complexity of integrating agile practices into existing business processes. While agile methodologies have been proven effective in software development and project management, their application in other areas, such as operations, marketing, and strategy, can be difficult. For example, applying agile frameworks in large-scale organizations often requires overcoming issues related to communication, coordination, and resource allocation. Denning (2021) highlights that organizations adopting agility must be prepared to invest in training, infrastructure, and technology to facilitate agile practices across all levels. Additionally, there are concerns about balancing agility with the need for stability. While organizations must be able to adapt quickly, they must also maintain a level of consistency and reliability in their operations. Overemphasis on agility can lead to constant strategic shifts and an erosion of focus, which can confuse employees, customers, and stakeholders. As Sull (2009) argues, organizations must ensure that their agile

strategies are aligned with their long-term vision and core values to avoid fragmentation or strategic drift.

When strategically adopted, agility can lead to several positive outcomes for organizations. One of the primary benefits is enhanced responsiveness. Organizations that embrace strategic agility are better equipped to respond to external changes, such as market disruptions, technological innovations, and customer demands. For example, companies that have adopted agile frameworks can quickly shift resources, re-prioritize initiatives, and execute new strategies, often before their competitors (Sull, 2009). This ability to respond quickly allows organizations to seize opportunities and mitigate threats that might otherwise go unnoticed. Moreover, strategic agility contributes to increased innovation. Agile organizations are often more experimental and open to trying new ideas, which can lead to the development of new products, services, or business models (Teece, 2014). By fostering a culture of continuous learning, feedback, and iteration, agile organizations encourage creativity and innovation at all levels. This culture of innovation helps organizations stay ahead of competitors and maintain their relevance in fast-changing markets. Strategic agility also fosters a more engaged and empowered workforce. When organizations adopt agile practices, they often decentralize decision-making, giving employees at all levels more autonomy and ownership over their work. This empowerment leads to higher job satisfaction, improved morale, and increased productivity. As Kotter (2019) notes, when employees feel aligned with the company's vision and empowered to contribute to strategic decisions, they are more motivated to work towards the organization's goals.

4.0 Theoretical Literature Review

The relationship between strategic agility and operational performance has been widely explored through various theoretical lenses, each offering unique insights into how organizations can adapt and thrive in turbulent business environments. This theoretical literature review focuses on key theories that underpin the strategic agility, operational performance nexus: Dynamic Capabilities Theory**,** Lean Thinking**,** and Ambidexterity Theory. These frameworks provide a multidimensional understanding of how organizations enhance their operational performance through agility-driven strategies.

4.1 Dynamic Capabilities Theory

Dynamic Capabilities Theory (first proposed by Teece, Pisano, and Shuen, 1997) seeks to understand an organization's capacity to orchestrate, integrate, reconfigure and coevolve inherent and extrinsic competence and the dynamism of the environment. This theory stresses the relevance of strategic agility, i.e., the ability of the organization to quickly respond to the pragmatic temporality of the market. According to Teece (2018), strategic agility provides for the organization the ability to seize emerging opportunities by rethinking how the organization leverages resources and by redirecting efforts to serve routine operations for ultimately sustainable performance. Depending on the functional silo, the interplay between strategic agility and operational performance rests upon the organizational capacity to enact dynamic capabilities that not only result in the birth of new products but also in operational efficiency. Detection and evaluation of business

challenges and opportunities in the external business environment. Seizing: Mobilizing resources to capture value from opportunities. Transforming: Continuously renewing and reconfiguring the organization's asset base. In addition, these properties allow customized operational processes, optimal use of resources, and innovation in response to market events. Firms exhibiting an extremely high level of dynamic capabilities are already capable “to beat” rivals not only at the operational level, but also at the level of adopting strategies to market needs and ultimately executing those strategies successfully (Teece, 2007).

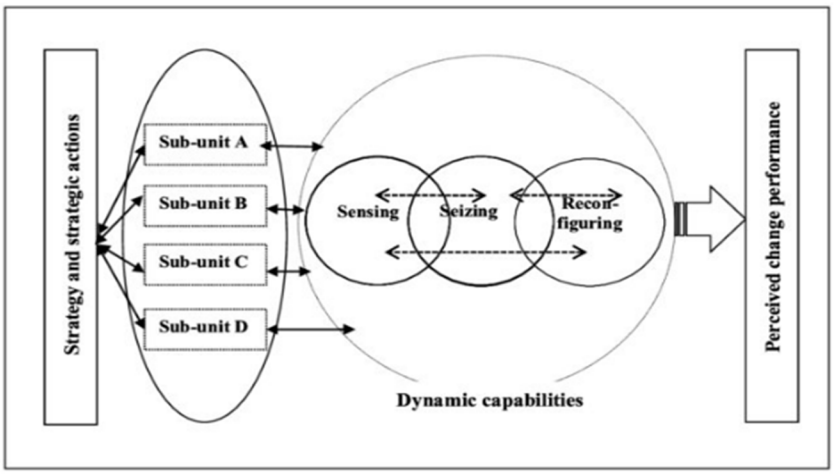


Figure 1: Dynamic Capabilities Theory

Several studies have applied the dynamic Capability theory in different contexts. For instant, Gitau, (2022) examined Information Technology Capability and Performance of Manufacturing Firms in Nairobi City County, Kenya and found a positive statistical significant effect of IT reconfiguration capability on performance. IT reconfiguration capability explains 37.9 percent variance in firm performance, implying that manufacturing firms should engage more on reshaping, reconfiguring and upgrading IT resources to provide and sustain superior performance. Aduwo And Deya (2022) explored dynamic capabilities theory in the context of Dynamic Capabilities and Performance of Selected Commercial Banks in Kenya. Targeting 42 licensed commercial banks operating in Kenya, the study found that knowledge, Marketing, technological, and financial management capabilities are crucial to the performance of commercial banks in Kenya. Additionally Adan, (2021) examined the influence of dynamic capabilities on competitive advantage of small and medium enterprises in Nairoby Kenya and the overall finding showed that, despite differences across companies, small and medium enterprises (SMEs) have significant potential to compete with larger companies, provided they have established dynamic skills that allow them to provide product and services with added values. Ali and Wambua (2021), examined dynamic capabilities and performance of selected commercial banks in Nairobi Kenya noting that innovation and technical knowledge capabilities have a significant impact on organizational performance. The study recommended that firms should develop a learning culture so as to acquire innovative and technical skills in achieving competitive advantage amidst dynamic market environment. Similar, a study by Kitenga, (2020) on dynamic capabilities and performance of selected manufacturing firms in Kenya notes that, dynamic

capabilities have a positive effect on firm performance and concludes that adaptive, marketing, alliance, and managerial capabilities are crucial to the performance of food manufacturing firms in Kenya. Notably, dynamic capabilities theory has been used in anchoring such research variables as opportunity sensing (Mbogo & Kinyua, 2023), information technology flexibility (Legeny & Kinyua, 2023), transformational capability (Nguya & Kinyua, 2023), learning orientation (Ndiwa & Kinyua, 2024) and strategic flexibility (Kela-Kahingo & Kinyua, 2024).

Consequently, these studies suggest that organizations capable of adapting to change by acquiring new capabilities can leverage these capabilities to enhance operational performance. For example, in industries like Apple and Google, learning and developmental flexibility have been used to maintain industry leadership through continuous adaptation to technological change. Strategic agility plays a crucial role in corporate behavior within a dynamic environment, allowing firms to reform and strengthen their processes to remain competitive.

4.2 Lean Thinking Theory

Developed by Womack and Jones (1996) on the basis of the value creation phenomenon of waste in operational systems, Lean Thinking. The key aim is that of simplifying and enhancing the process, eliminating any needless complexity while ensuring utmost customer value. Lean Thinking has a direct impact on operational performance on the benefit for effectiveness, reduction for lead time and quality of the product/service. The argument supports a commitment to continuous improvement (Kaizen) and to staff at all levels in and around the organization being vigilant for and getting rid of waste (Hines, Holweg, Rich, 2004). Key principles of Lean Thinking include; Identify Value: Define value from the customer's perspective, map the Value Stream: Define each family of products level of value stage in the value stream and eliminate level of value stage that does not add value to the customer, create flow: Preserve the value-adding operations in a side-by-side manner so that the final good/service moves directly towards the end consumer, Establish Pull: Let customers pull value from the next upstream activity. Seek Perfection: Continuously improve by removing successive layers of waste.

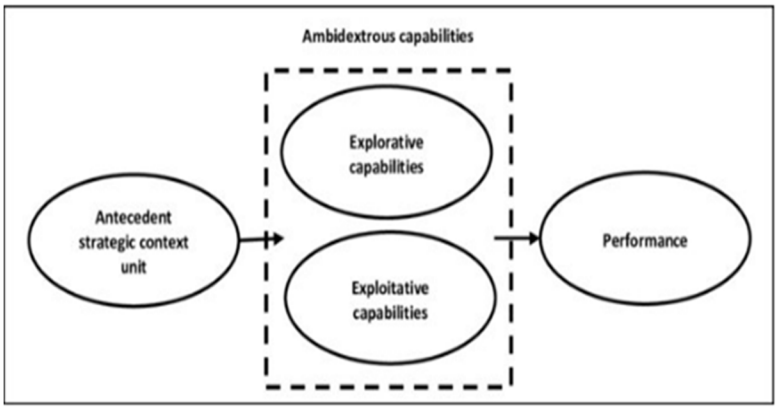
Lean Thinking theory has been widely applied across various contexts. Bortolotti et al. (2015) examined successful Lean implementation and found that the success of Toyota and other Lean organizations has driven many companies to adopt Lean projects to eliminate waste and improve performance. Similarly, Shah & Ward, (2003) demonstrated that Lean practice bundles significantly contribute to operational performance, explaining 23% of the variation in plant efficiency. Other studies (Fullerton & Wempe, 2009; Bhamu & Singh Sangwan, 2014; Marodin & Saurin, 2013; Dora et al., 2016) consistently highlight that adopting Lean principles leads to substantial improvements in operational performance.

For example, Dell Computer leveraged Lean concepts to achieve notable cost savings, reduce inventories, accelerate delivery times, and enhance customer satisfaction (Magretta, 1998). Beyond manufacturing, Lean Thinking has also been applied in healthcare, services, and software industries. In healthcare, Lean principles have been used to improve patient flow, reduce queuing times, and enhance the quality of care (D'Andreamatteo et al., 2015). Given its direct impact on cost,

efficiency, and customer satisfaction, Lean Thinking remains a valuable approach in both production and healthcare. Its implementation leads to more efficient operations, including shorter cycle times, fewer stockouts, and higher-quality products.

4.3 Ambidexterity Theory

According to Ambidexterity Theory, first described by March (1991), organizations are obligated to strike a balance between the pressures to explore (innovation, and new opportunities) and exploit (efficiency, and the improvement of current abilities) to keep up competitive advantage. Exploitation is the mechanism of, extracting and optimizing to the absolute limit that can be realized by the resources at hand, seeking incremental improvements and production efficiencies. However, while "exploration," that of new ideas, is related to the testing of new ideas, so is also the ability for expansion into new markets, and the provocation of disruptive innovation. The capacity to do so concurrently is termed organizational ambidexterity, and this capability is essential to achieve sustained success over time in the environment of dynamic markets (Tushman & O'Reilly, 1996).



Source O'Reilly & Tushman (2013)
Figure 3: Ambidexterity Theory

Ambidextrous organizations are those that can achieve and capitalize on new opportunities and/or commercially utilize home runs without incurring the cost of doing both. This balance is of utmost importance for the strategic agility of the organization, as it allows the latter to avoid inappropriate response to market disruptions, on one side and to maintain, on the other side, the robust main business operational efficiency. Recent research supports the potential usefulness of Ambidexterity Theory in acquiring strategic agility. O'Reilly and Tushman (2013) established that companies capable of balancing exploration and exploitation outperform their rivals in chaotic environments. Furthermore, a review by Shrestha and Saratchandra, (2023) on the Conceptual Framework toward Knowledge Ambidexterity Using Information Systems and Knowledge Management highlights a lack of studies examining how firms can leverage knowledge management (KM) and information systems (IS) to achieve knowledge ambidexterity. They propose that combining exploration and exploitation processes can foster knowledge ambidexterity through a framework that incorporates

contemporary IS tools, such as Big Data, to balance these processes. These recommendations have significant implications for promoting knowledge ambidexterity in organizations.

Additionally, Weiss & K. Kanbach, (2022) in their study Toward an Integrated Framework of Corporate Venturing for Organizational Ambidexterity as a Dynamic Capability, analyze different dimensions of dynamic capabilities. Their findings suggest that corporate venturing can take on an explorative, exploitative, or balanced role to directly enable organizational ambidexterity, aligning with the 'trade-off' and 'paradox' perspectives. As a result, they identify four distinct setups of corporate venturing within an integrated framework, based on the approach and ability to enable organizational ambidexterity. Ambidexterity Theory provides a framework for understanding organizational capacity, enabling firms to continuously adapt and respond to market changes. Ambidextrous organizations, where feasible, can transition between modes of action with minimal disruption, effectively balancing the use of existing resources and capabilities while exploring new markets or products. This adaptability enhances long-term competitiveness.

5.0 Empirical Literature Review

Strategic agility has emerged as a critical factor for organizations aiming to thrive in dynamic and competitive business environments. Rooted in the ability to sense and respond swiftly to market changes, strategic agility enables firms to reconfigure their resources and operations to maintain competitiveness and improve overall performance. Operational performance, on the other hand, reflects an organization's efficiency and effectiveness in achieving its operational goals, such as cost management, quality improvement, and customer satisfaction. Recent empirical studies have highlighted a significant relationship between strategic agility and operational performance. The evolving body of literature explores how various dimensions of strategic agility such as resource fluidity, leadership unity, strategic sensitivity, and vision clarity impact key operational performance indicators. This review synthesizes existing empirical research to provide a comprehensive understanding of how organizations leverage strategic agility to enhance operational outcomes.

5.1 Strategic Sensitivity and Operational Performance

Lopez and Garcia (2021) conducted a study on the influence of strategic sensitivity on operational performance through market analysis in Spanish retail firms. The study aimed to investigate how firms' ability to sense and react to market trends influences their operational outcomes. The research adopted a quantitative approach, surveying 200 retail firms across various regions in Spain, with a 22% response rate. Data were analyzed using regression analysis to examine the relationship between strategic sensitivity specifically market analysis capabilities and operational performance indicators such as profitability, customer retention, and supply chain efficiency. The findings revealed that firms with higher strategic sensitivity, particularly in terms of timely and accurate market analysis, had superior operational performance, which translated into improved market share and customer loyalty. However, this study was limited to three measures of operational performance not providing clarity on cost reduction, quality metrics, product cycle time, defect rate and operational cost which this review will adopt.

Dupont and Moreau (2020) explored the relationship between strategic sensitivity and operational performance in French financial institutions, focusing on data analysis capabilities. The objective was to understand how financial institutions' ability to process and interpret data influences their operational effectiveness. The research utilized a quantitative approach, collecting survey data from 150 financial institutions located in Paris and other major cities, with a 30% response rate. The data were analyzed using structural equation modeling (SEM) to assess the impact of strategic sensitivity on operational performance. The results showed that financial institutions with advanced data analysis capabilities exhibited higher operational performance, particularly in terms of risk management, operational efficiency, and financial stability. Additionally, the study found that strategic sensitivity facilitated quicker responses to market volatility, enhancing the firm's ability to make informed, data-driven decisions. By applying data analysis to business processes, firms could minimize operational risks and optimize resource allocation. Nevertheless, the study investigated financial institutions making it hard to generalize the findings across other industries. Future studies should investigate how data analysis capabilities within strategic sensitivity impact operational performance in different industries, such as healthcare or manufacturing, in a broader context, offering comparative insights across sectors.

Tan and Ng (2019) investigated the role of strategic sensitivity, particularly organizational learning, in enhancing operational performance in Singaporean technology firms. The study aimed to analyze how organizational learning through continuous adaptation and knowledge sharing contributes to improved operational performance in a rapidly evolving tech industry. The research adopted a mixed-method approach, combining surveys from 120 tech firms with in-depth interviews from 30 senior managers, achieving a response rate of 28%. Data were analyzed using partial least squares structural equation modeling (PLS-SEM) to examine the relationships between strategic sensitivity and various operational performance metrics, including innovation output, productivity, and competitive advantage. The findings indicated that firms with strong organizational learning mechanisms, such as knowledge sharing, employee development, and continuous feedback loops, had higher operational performance. These firms demonstrated greater agility in adapting to market changes, optimizing processes, and fostering innovation. The study emphasized that organizational learning, as a form of strategic sensitivity, significantly contributed to long-term operational success in the highly competitive sector. Examining how organizational learning, as part of strategic sensitivity, affects operational performance in industries outside the tech sector, such as logistics or education, will be the scope of future research.

5.2 Resources Fluidity and Operational Performance

Thompson and Clarke (2022) examined the effect of resources fluidity on operational performance through resource reconfiguration in UK-based manufacturing firms. The primary objective was to analyze how the ability to reconfigure resources quickly, in response to market changes or internal demands, impacts operational outcomes such as productivity, cost-efficiency, and flexibility. The study used a quantitative approach, surveying 250 manufacturing firms across the UK, with a response rate of 21%. The data were analyzed using regression analysis to identify the correlation between resource reconfiguration practices and operational performance indicators. The findings

revealed that firms with greater resource fluidity, showed significant improvements in operational performance. Specifically, these firms demonstrated greater agility in managing supply chain disruptions, optimizing production schedules, and reducing costs through better utilization of human and physical resources. The study suggests that resource reconfiguration is a key enabler of operational efficiency, allowing firms to better respond to both external market conditions and internal production needs. The scope of the study was limited in the UK, limiting the generalizability of the study. Therefore, studies in other countries and different business sectors will further improve on the generalizability of the current findings.

Schmidt and Weber (2021) conducted a study on the impact of resource fluidity on operational performance, focusing on cross-functional collaboration in German automotive firms. The study aimed to explore how fluidity in resource allocation, particularly through enhanced collaboration across functions, affects operational effectiveness in a highly competitive sector. A quantitative approach was employed, with survey data collected from 180 automotive firms in Germany, achieving a 26% response rate. Structural equation modeling (SEM) was used to analyze the relationship between cross-functional collaboration and operational performance, considering indicators such as production efficiency, innovation rates, and time-to-market. The results indicated that organizations with high levels of cross-functional collaboration, enabled by resource fluidity, experienced better operational outcomes. Specifically, firms that were able to mobilize and integrate resources across various departments achieved superior performance in terms of product development, manufacturing efficiency, and market competitiveness. The study underscores the role of cross-functional collaboration as a critical component of resource fluidity in driving operational success. Multiple regression model should be utilized to collaborate the findings on the positive impact of cross functional collaboration on operational performance of an organization.

Brown and Taylor (2020) investigated the relationship between resource fluidity and operational performance through agile resource deployment in New Zealand's agriculture sector. The objective was to understand how the flexible and dynamic deployment of resources such as labor, equipment, and capital, improves operational outcomes, particularly in terms of productivity, resource utilization, and responsiveness to seasonal demands. The study utilized a mixed-methods approach, combining quantitative surveys from 150 agriculture firms with qualitative interviews from 30 senior managers, achieving a response rate of 30%. Data were analyzed using partial least squares structural equation modeling (PLS-SEM) to examine the effects of agile resource deployment on key operational performance metrics. The findings revealed that firms employing agile resource deployment strategies such as adjusting workforce levels, optimizing machinery usage, and reallocating financial resources based on real-time needs, showed significant improvements in operational performance. These firms were better able to respond to changing environmental conditions, such as fluctuations in crop yields or market prices, and were more efficient in utilizing their resources throughout the year. The study highlights the importance of agile resource deployment as a core element of resource fluidity in driving operational success. The current review will strive to achieve a response rate of 50%, providing a much more reliable fact on the positive influence of agile resource deployment on operational success of an organization.

5.3 Vision Clarity and Operational Performance

Yamamoto and Tanaka (2023) conducted a study on the impact of vision clarity on operational performance through strategic direction in Japanese electronics firms. The study aimed to assess how clear and well-communicated strategic directions, stemming from a unified company vision, influence key operational outcomes, such as productivity, market share, and innovation. A quantitative research approach was adopted, involving a survey of 200 electronics firms in Japan, achieving a response rate of 28%. Data were analyzed using multiple regression analysis to identify the correlation between vision clarity, particularly through strategic direction, and operational performance metrics. The findings revealed that firms with clear, well-articulated strategic directions aligned with their vision performed significantly better in terms of operational efficiency, innovation, and customer satisfaction. These organizations demonstrated higher adaptability to market changes and were able to streamline their operations effectively due to a shared understanding of organizational goals and priorities. The study emphasizes that a strong and clear vision provides a solid foundation for setting strategic directions that enhance operational performance. Adopting a qualitative approach will provide valuable insights into how a clear strategic direction derived from vision clarity can affect performance.

Lim and Abdullah (2021) investigated the role of vision clarity on operational performance through core focus in Malaysian manufacturing firms. The study aimed to understand how maintaining a clear and consistent core focus defined as a concentrated effort on specific markets, products, or services impacts operational success, particularly in terms of cost-efficiency, quality control, and resource allocation. A quantitative research design was used, with survey data collected from 180 manufacturing firms across Malaysia, achieving a 25% response rate. The data were analyzed using path analysis to examine the influence of core focus, as shaped by vision clarity, on operational performance indicators. The results indicated that firms with a clear core focus, derived from a strong organizational vision, had significantly better operational performance. These firms showed higher levels of resource optimization, better quality control processes, and a stronger ability to manage production costs. The study suggests that a well-defined vision helps organizations avoid distractions and allocate resources more effectively towards their core business activities. However, generalizing this finding may not be practical as it was carried out in Malaysia. This review will investigate Kenyan manufacturing organizations to corroborate the findings.

Petersone and Juris (2022) explored the impact of vision clarity on operational performance through employee engagement in Latvian service-sector firms. The study aimed to investigate how clear communication of the company's vision enhances employee engagement, which, in turn, drives improvements in operational performance. A mixed-method approach was adopted, combining a survey of 150 service-sector firms with qualitative interviews from 25 HR managers, achieving a 30% response rate. Data were analyzed using hierarchical regression to determine the relationship between vision clarity, employee engagement, and operational performance outcomes such as service quality, customer satisfaction, and employee productivity. The findings revealed that firms with clear and communicated visions experienced higher levels of employee engagement, which directly contributed to better operational performance. Engaged employees, with a clear

understanding of organizational goals, were more productive, provided higher-quality services, and had greater customer focus. The study emphasizes the critical role of vision clarity in fostering a motivated and aligned workforce.

5.4 Leadership Unity and Operational Performance

Johnson and Lee (2021) examined the role of leadership unity in enhancing operational performance through effective communication in Canadian healthcare organizations. The primary objective of this study was to investigate how leadership unity, characterized by clear and consistent communication among top management, influences operational outcomes such as patient satisfaction, staff performance, and process efficiency. The researchers employed a quantitative approach, surveying 200 healthcare facilities across Canada, with a response rate of 23%. Data were analyzed using multiple regression analysis to assess the relationship between leadership communication and operational performance metrics. The results revealed that organizations with unified leadership communication strategies exhibited higher operational performance. These organizations were better able to manage patient care effectively, ensure a smooth workflow among staff, and respond promptly to operational challenges. The study emphasized the importance of clear, consistent, and transparent communication from leadership in fostering a cohesive work environment and improving overall performance. This study was limited to a quantitative approach meaning the finding did not capture key aspect which could be captured by the qualitative approach which this review sort to utilize.

Zhang and Li (2022) conducted a study on leadership unity and operational performance in Chinese manufacturing firms, with a focus on mutual trust between leaders and employees. The goal of the research was to explore how mutual trust, fostered by cohesive leadership, influences operational outcomes such as productivity, quality control, and employee retention. A mixed-method approach was used, combining surveys with in-depth interviews of 180 manufacturing firms in China, achieving a 26% response rate. Structural equation modeling (SEM) was employed to analyze the relationship between leadership unity, mutual trust, and operational performance. The findings indicated that firms with leadership teams characterized by high mutual trust experienced significantly improved operational performance. Specifically, employees in organizations with trusted leadership were more engaged, productive, and less likely to leave, contributing to lower turnover rates and higher quality of work. The study highlights the critical role of mutual trust in fostering a positive work environment, which leads to higher operational effectiveness. This study implements a Multiple regression analysis to corroborate these findings providing much more reliability to the existing findings.

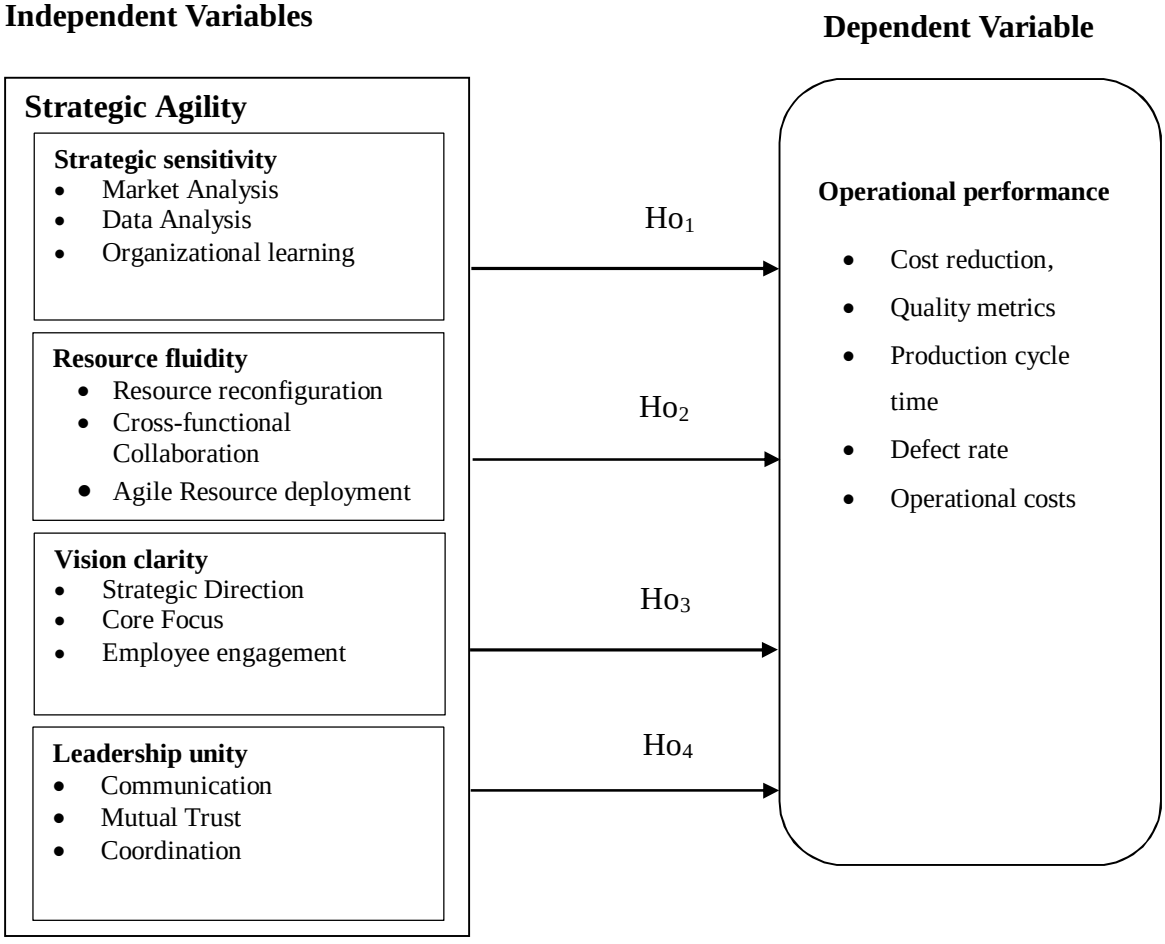
Reddy and Sharma (2020) explored the relationship between leadership unity and operational performance through coordination in Indian IT companies. The aim of the study was to understand how coordinated efforts among leaders within organizations impact operational outcomes, particularly project delivery timelines, resource optimization, and innovation. A quantitative research design was employed, with survey data collected from 150 IT firms across India, yielding a 30% response rate. Data were analyzed using path analysis to examine the influence of leadership coordination on operational performance metrics. The results indicated that firms where leadership

teams worked in a highly coordinated manner had significantly better operational performance, particularly in delivering projects on time and utilizing resources effectively. Coordination among leaders ensured that decisions were made swiftly, and resources were allocated efficiently, leading to reduced project delays and increased innovation. The study underscores the importance of leadership unity through coordination in improving the efficiency and effectiveness of operations. The study will fill a gap by exploring how leadership coordination influences operational performance in non-IT sectors, such as manufacturing or education. This will expand the understanding of leadership unity's role across diverse industries in India, contributing to the broader application of coordination in enhancing organizational performance

6.0 Proposed theoretical Framework

The proposed theoretical framework linking the reviewed

concepts is displayed in figure 5.



Source Author (2024)

Figure 5: Conceptual Framework

Organizations that enhance strategic sensitivity by leveraging market analysis, data-driven insights, and continuous organizational learning are more likely to achieve superior operational efficiency. By actively monitoring market trends and analyzing large datasets, firms can anticipate shifts in customer preferences, technological advancements, and competitive actions. This heightened awareness enables companies to proactively adapt their processes, optimize workflows, and align resources with evolving business needs. For example, a retail company using AI-driven demand forecasting can refine its inventory management, reducing stockouts and excess inventory while improving production cycle times. Similarly, manufacturing firms that integrate real-time market intelligence into their decision-making can streamline procurement processes, ensuring cost-effective sourcing and minimizing supply chain disruptions. Consequently, organizations that embed strategic sensitivity into their operational frameworks will achieve greater cost efficiency, improved decision-making, and enhanced competitive agility.

Firms that develop resource fluidity by fostering cross-functional collaboration, resource reconfiguration, and agile resource deployment will significantly improve their operational performance, particularly by reducing defect rates and enhancing production efficiency. The ability to reallocate resources dynamically enables firms to address unexpected challenges, optimize production capacity, and respond swiftly to market fluctuations. For instance, an automobile manufacturer that promotes cross-functional collaboration between engineering, supply chain, and production teams can reduce operational bottlenecks, minimize defect rates, and streamline product development. In highly dynamic industries such as healthcare or telecommunications, firms with high resource fluidity can rapidly shift resources to high-priority projects, ensuring continuous innovation and sustained efficiency. By embedding agile resource deployment strategies, organizations can lower operational risks, optimize cost structures, and enhance adaptability in turbulent environments.

Organizations that establish vision clarity by aligning strategic direction, core focus, and employee engagement will achieve sustained improvements in quality metrics and cost reduction. A well-defined and communicated vision ensures that all employees understand the company's strategic objectives and work collectively towards them. When an organization maintains a strong core focus, it avoids unnecessary distractions, streamlines decision-making, and enhances resource allocation efficiency. For instance, a technology firm that prioritizes sustainable innovation can engage employees in continuous process improvements, leading to higher quality standards, reduced defects, and cost-efficient operations. Similarly, organizations with employee engagement initiatives linked to strategic clarity foster a culture of accountability and innovation, resulting in enhanced productivity and superior operational outcomes.

Companies that cultivate leadership unity by fostering effective communication, mutual trust, and coordinated decision-making will optimize operational costs and enhance decision-making speed. When leadership teams are aligned on strategic goals and maintain open communication channels, organizations experience faster response times to disruptions and streamlined execution of strategic initiatives. For example, a logistics company with strong leadership coordination can respond more effectively to supply chain disruptions, ensuring minimal delays and reduced costs. Similarly, firms

operating in unpredictable markets, such as financial services or manufacturing, benefit from leadership teams that can swiftly implement strategic shifts, preventing operational inefficiencies. A unified leadership approach strengthens cross-departmental coordination, improves agility in crisis management, and fosters an organizational culture that prioritizes both innovation and stability.

The relationship between these two constructs is particularly significant as strong Strategic Agility can drive improvements in Operational Performance by enabling organizations to quickly adapt their operations in response to market changes while maintaining efficiency. For instance, when an organization demonstrates high strategic sensitivity and resource fluidity, it can more effectively optimize its production processes and reduce operational costs while maintaining quality standards. Similarly, clear vision and united leadership can help align operational activities with strategic goals, potentially leading to reduced defect rates and improved production cycle times. The integration of these elements creates a robust framework for organizations to not only respond to market dynamics but also maintain and improve their operational efficiency, ultimately contributing to sustainable competitive advantage in their respective markets.

8.0 Conclusion

The relationship between strategic agility and operational performance is evident in the way firms adapt, allocate resources, align vision, and unify leadership. The findings suggest that organizations that develop agility across these dimensions are better positioned to navigate volatile environments, sustain efficiency, and achieve competitive advantage. While each component: strategic sensitivity, resource fluidity, vision clarity, and leadership unity individually contribute to performance, their synergistic effect is what drives long-term organizational success.

From a practical perspective, businesses must move beyond static operational models and embrace flexibility, responsiveness, and continuous learning. Firms that embed strategic sensitivity into their decision-making processes gain market foresight, allowing them to preempt challenges rather than react to them. Likewise, enhancing resource fluidity ensures that businesses can adjust their structures dynamically, reducing waste and inefficiencies. However, these capabilities are only effective if organizations have a clear strategic vision and leadership alignment, as uncertainty and misalignment can undermine even the most agile firms. A key takeaway from this discussion is that agility is not just about speed it is about precision, coordination, and adaptability. Organizations that strike the right balance between strategic agility and operational performance are the ones that thrive in competitive markets. While agility allows firms to pivot and innovate, operational discipline ensures efficiency, cost control, and quality management. The challenge for leaders, therefore, is to cultivate agility in a way that enhances rather than disrupts core business functions.

In conclusion, strategic agility is a necessity, not a luxury. Companies that fail to embed agility into their organizational DNA risk being outpaced by more adaptable competitors. By systematically integrating strategic sensitivity resource fluidity, vision clarity, and leadership unity, businesses can achieve superior operational outcomes and long-term resilience. The future of operational performance will increasingly depend on how well firms balance stability with adaptability, efficiency with responsiveness, and control with innovation.

8.0 References

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