



NAVIGATING DYNAMIC MARKETS THROUGH STRATEGIC AGILITY: REVIEW OF EXTANT LITERATURE

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ABSTRACT

Strategic agility has become a critical organizational capability for firms operating in increasingly dynamic and uncertain markets. However, existing empirical evidence remains fragmented across global, regional, and local contexts, limiting a consolidated understanding of its overall effect on organizational performance. This study examines the effect of strategic agility on organizational performance in dynamic markets through a systematic literature review of global, regional, and local empirical studies. The study is anchored on Dynamic Capabilities Theory, the Resource-Based View (RBV), Open Innovation Theory, and Contingency Theory, which collectively explain how firms develop and deploy capabilities to respond to environmental change, leverage internal and external resources, and align strategies with contextual conditions. The review synthesizes findings from diverse contexts including developed economies, emerging markets, and African and Kenyan studies. Findings from the reviewed literature consistently indicate that strategic agility has a positive effect on organizational performance across different sectors and environments. Globally, strategic agility enhances performance through dynamic capabilities, exploration-exploitation learning, and openness to external knowledge, particularly in turbulent markets. Regionally, especially within emerging economies, strategic agility is strongly influenced by firm-level capabilities such as technological capability, networking capability, and leadership, which translate into improved performance and competitiveness. Locally, Kenyan studies confirm that strategic agility significantly improves organizational performance across sectors including banking, real estate, hospitality, cleaning services, and higher education, with key dimensions such as decision-making flexibility, technological capability, and resource reconfiguration emerging as critical drivers of performance. The review further reveals that strategic agility operates both as a direct determinant of performance and as a capability shaped by internal organizational resources and external environmental conditions. However, despite strong empirical support across contexts, the literature remains fragmented, with limited integration into a unified dynamic market framework that explains cross-context applicability. The study concludes that strategic agility is a multidimensional and universally relevant capability that enhances organizational performance in dynamic markets. It recommends that future research adopt integrative frameworks that combine global, regional, and local insights to better explain how strategic agility can be leveraged for sustained competitiveness in uncertain and rapidly changing environments.

KEYWORDS: Strategic Agility; Organizational Performance; Dynamic Markets; Systematic Literature Review; Dynamic Capabilities; Resource-Based View; Open Innovation; Contingency Theory; Emerging Markets

1.0 INTRODUCTION

Strategic agility has emerged as a cornerstone of organizational success in the contemporary business landscape, particularly as firms confront unprecedented levels of uncertainty and disruption. Shams, Vrontis, and Thrassou (2020) emphasize that agility is not simply about speed but about embedding resilience and adaptability into organizational structures, thereby fostering innovation and proactive responses to change. Defined as the dynamic capability to sense environmental shifts, seize opportunities, and transform organizational processes, strategic agility has become a critical determinant of organizational resilience in the 21st century (Shams, Vrontis, & Thrassou, 2020; Alzoubi, Alshurideh, Kurdi, & Akour, 2021; Doz, 2020).

Strategic agility enables firms to remain competitive in volatile markets. This perspective situates strategic agility within the broader framework of dynamic capabilities, highlighting its role in sustaining long-term competitiveness. Strategic agility has increasingly emerged as a critical organizational capability for firms operating in highly dynamic and uncertain market environments (Mwangi & Kihii, 2026). Similarly, Doz (2020) underscores that firms capable of rapid strategic renewal were better positioned to maintain operational continuity and growth during the COVID-19 pandemic, illustrating the practical importance of agility in times of crisis. Collectively, these studies affirm that strategic agility is a central driver of sustainable success in dynamic environments.

In the contemporary business landscape characterized by rapid technological advancement, globalization, changing customer preferences, economic volatility, and intense competition, organizations are required to continuously adapt their strategies, structures, and operations to sustain competitiveness and long-term performance (Manduva, 2024). Strategic agility refers to the ability of an organization to rapidly sense environmental changes, make timely strategic decisions, and effectively reconfigure resources and capabilities in response to market opportunities and threats (AlZboon, 2025). Organizations that demonstrate high levels of strategic agility are better positioned to innovate, respond to disruptions, and maintain resilience in turbulent business environments (Doz & Kosonen, 2010). Similarly, Teece, Pisano and Shuen (1997) argue that agile organizations possess dynamic capabilities that enable them to integrate, build, and reconfigure internal and external competencies to address rapidly changing



environments. Consequently, strategic agility has become an important determinant of organizational survival, adaptability, and sustainable competitive advantage in dynamic markets.

Recent scholarship has further linked strategic agility to digital transformation, underscoring its importance in enabling firms to integrate emerging technologies and reconfigure business models. Alzoubi, Alshurideh, Kurdi, and Akour (2021) demonstrate that organizations with high levels of strategic agility are better positioned to leverage digital platforms, streamline operations, and enhance customer engagement. Their findings suggest that agility is a critical determinant of organizational performance in the digital era, as it allows firms to pivot effectively in response to technological disruptions.

The increasing complexity of modern markets has compelled organizations across industries to adopt agile strategic approaches to remain relevant and competitive. Dynamic markets are characterized by continuous environmental changes, technological disruptions, evolving consumer demands, and unpredictable economic conditions that challenge traditional strategic management approaches (Chauhan, 2024). Empirical studies indicate that organizations with strong strategic agility capabilities are more capable of responding effectively to market uncertainties, enhancing innovation, improving operational efficiency, and achieving superior organizational performance (Teece, 2018). For instance, research by Doz and Kosonen (2010) highlights that strategically agile firms demonstrate greater strategic sensitivity, resource fluidity, and leadership unity, enabling them to navigate market turbulence successfully. Additionally, scholars argue that strategic agility enhances organizational resilience by enabling firms to quickly adapt to changing market realities while sustaining customer satisfaction and competitive positioning (Ayeoribe & Ayeoribe, 2026).

This study is anchored on four major theoretical foundations: Dynamic Capabilities Theory, the Resource-Based View (RBV), Open Innovation Theory, and Contingency Theory. Dynamic Capabilities Theory explains how organizations develop the capacity to integrate, build, and reconfigure internal and external resources to respond to rapidly changing business environments (Teece et al., 1997). The theory is relevant in explaining how strategic agility enables firms to sense opportunities, seize them, and transform organizational processes to sustain competitiveness in dynamic markets. The Resource-Based View emphasizes that organizations achieve sustainable competitive advantage through valuable, rare, inimitable, and non-substitutable resources and capabilities (Barney, 1991). In this context, strategic agility is viewed as a unique organizational capability that enhances adaptability and performance. Open Innovation Theory explains how firms leverage both internal and external knowledge flows to accelerate innovation and improve performance by collaborating with external stakeholders such as customers, suppliers, and partners (Chesbrough & Appleyard, 2007). This perspective highlights how organizations enhance strategic agility by accessing external ideas and transforming them into innovative solutions in dynamic markets. Contingency Theory further argues that there is no one best way of managing organizations; rather, organizational effectiveness depends on the alignment between organizational strategies and environmental conditions (Lee & Miller, 1996). The study therefore conceptualizes strategic agility as a multidimensional capability that enables organizations to navigate dynamic markets through adaptability, innovation, flexibility, and rapid decision-making.

Globally, organizations are increasingly investing in strategic agility practices to enhance competitiveness and sustainability in rapidly changing markets. The rise of digital transformation, artificial intelligence, e-commerce, and globalization has significantly altered the business environment, forcing organizations to continuously review and adjust their strategic priorities (Omol, 2024). In emerging economies such as Kenya, organizations operate in particularly volatile environments characterized by economic fluctuations, technological disruption, regulatory changes, and shifting customer expectations. Kenyan firms across sectors including banking, telecommunications, manufacturing, retail, and technology face increasing pressure to remain responsive and innovative in order to sustain growth and competitiveness (Barasa, Sije, & Wasike, 2025). Despite the growing recognition of strategic agility as a key success factor, many organizations continue to struggle with rigid organizational structures, resistance to change, inadequate innovation capabilities, and slow strategic responses to environmental shifts.

In Kenya, the dynamic nature of the business environment has intensified due to factors such as digital disruption, increased market competition, changing consumer behavior, and economic uncertainties (Njubi, 2023). Organizations are increasingly required to adopt agile strategic practices such as continuous innovation, flexible leadership, rapid decision-making, and adaptive resource allocation to survive and thrive in competitive markets (Samo et al., 2025). However, the extent to which organizations effectively utilize strategic agility to navigate dynamic markets varies depending on leadership effectiveness, organizational culture, technological capability, and market responsiveness. Furthermore, while existing studies have examined strategic agility and organizational performance in developed economies, limited empirical research has focused on how organizations in emerging markets such as Kenya navigate dynamic markets through strategic agility. This study therefore seeks to examine how strategic agility influences organizational adaptability, resilience, and performance in dynamic market environments.

Against this backdrop, the study seeks to answer the following research questions:

- a. Does strategic agility contribute to improving organizational performance in dynamic markets across different organizational and industry contexts?



- b. How does open innovation influence the relationship between strategic agility and organizational performance in dynamic market environments?
- c. How does the relationship between strategic agility and organizational performance vary across developed and emerging market contexts?

Methodologically, the study adopts a literature review approach relying on analysis of existing theoretical and empirical studies. The study is grounded on three major research foundations. The first foundation theoretically identifies the existing knowledge gaps and develops research questions concerning strategic agility in dynamic markets. The second foundation undertakes a comprehensive review and synthesis of global, regional, and local empirical studies examining the influence of strategic agility on organizational responsiveness, competitiveness, resilience, and performance within dynamic market environments. The third foundation incorporates supportive sources including journal articles, published reports, and existing scholarly literature to strengthen the reliability and validity of the study findings. The growing importance of strategic agility in uncertain business environments, coupled with limited empirical studies focusing on strategic agility in dynamic markets within emerging economies, justifies the adoption of a comprehensive literature review approach in this study.

The significance and contribution of this study stem from several important aspects. First, the study provides insights into the role of strategic agility in enhancing organizational performance and competitiveness in dynamic market environments. Second, the study contributes to the growing body of literature by examining how open innovation strengthens the relationship between strategic agility and organizational performance. Third, the study develops a conceptual understanding of strategic orientations based on strategic agility and openness, providing a comprehensive perspective on how organizations can navigate environmental uncertainty and market turbulence. Finally, the study offers managerial and practical implications by proposing strategic recommendations that organizations can adopt to enhance adaptability, resilience, innovation capability, and sustainable performance in dynamic markets. Structurally, the study first develops research questions concerning strategic agility in dynamic markets based on existing theoretical and empirical literature. The study then undertakes an empirical review of existing global, regional, and local studies related to strategic agility in dynamic markets in order to identify research gaps and establish the foundation for the study. The reviewed studies are further analyzed to determine how strategic agility influences organizational responsiveness, competitiveness, resilience, and overall performance within dynamic market environments.

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of extant literature on strategic agility in dynamic markets. It examines key theoretical perspectives, including Dynamic Capabilities Theory, the Resource-Based View (RBV), Open Innovation Theory, and Contingency Theory, which provide the foundation for understanding how organizations adapt and sustain performance within dynamic market environments. The chapter further reviews empirical studies on strategic agility, organizational adaptability, competitiveness, resilience, and organizational performance in both developed and emerging markets. In addition, the chapter identifies gaps in existing literature on strategic agility in dynamic markets, particularly within emerging economies.

2.2 Theoretical Framework

This study is anchored on Dynamic Capabilities Theory, the Resource-Based View (RBV), Open Innovation Theory, and Contingency Theory, which explain how organizations develop, adapt, and reconfigure strategic capabilities to navigate dynamic market environments and enhance organizational performance.

2.2.1 Dynamic Capabilities Theory

This study is anchored on Dynamic Capabilities Theory to explain how organizations achieve sustained performance in rapidly changing and uncertain market environments. The theory, developed by Teece, Pisano, and Shuen (1997), extends the Resource-Based View by emphasizing the processes through which firms integrate, build, and reconfigure internal and external competencies to respond to environmental change.

Dynamic Capabilities Theory is commonly explained through three core processes: sensing opportunities and threats in the environment, seizing opportunities through strategic investments and decision-making, and transforming organizational structures and resource bases to maintain competitiveness (Teece, 2018). These processes are closely aligned with the concept of strategic agility, which requires organizations to continuously scan the environment, respond quickly, and realign internal resources to match market dynamics (M'kuma, 2025).

Empirical studies support the view that firms with strong dynamic capabilities are more adaptable, innovative, and competitive in turbulent environments (Zhang & Bang, 2023). Such firms are better positioned to respond to technological disruption, shifting customer preferences, and increased competition (Ye et al., 2024). However, the theory has been criticized for its conceptual breadth and limited operational clarity, making it challenging to translate into measurable constructs in empirical research (Sharma & Martin, 2018). Despite this limitation, it remains highly relevant to this study as it provides a strong foundation for understanding how strategic agility enables firms to navigate dynamic markets through continuous adaptation and transformation.



2.2.2 Resource-Based View (RBV) Theory

This study also draws on the Resource-Based View (RBV) to explain how internal organizational resources and capabilities contribute to strategic agility and performance in dynamic markets. The theory, advanced by Barney (1991), posits that firms achieve sustained competitive advantage when they possess resources that are valuable, rare, inimitable, and non-substitutable (VRIN).

RBV emphasizes that organizational performance is not only determined by the availability of resources but also by how effectively these resources are deployed and integrated (Hsiao, 2024). In the context of strategic agility, key internal capabilities such as leadership competence, innovation capability, knowledge management systems, and flexible organizational structures play a critical role in enabling firms to respond effectively to environmental changes (Rafi et al., 2022).

However, RBV has been criticized for its relatively static nature, as it focuses more on resource possession than on continuous adaptation in dynamic environments (Kero & Bogale, 2023). This limitation is important in the context of this study because dynamic markets require constant renewal and reconfiguration of capabilities rather than reliance on stable resource advantages. Despite this critique, RBV remains relevant as it explains the internal foundation upon which strategic agility is built.

2.2.3 Open Innovation Theory

This study further adopts Open Innovation Theory to explain how external knowledge and collaboration enhance strategic agility and organizational performance (Mohamed & Zouaoui, 2026). The theory, developed by Chesbrough (2003), emphasizes that firms should use both internal and external ideas, knowledge flows, and partnerships to accelerate innovation and improve competitiveness.

Open Innovation Theory argues that organizations no longer rely solely on internal research and development but increasingly collaborate with external actors such as customers, suppliers, competitors, universities, and research institutions (Dahlander & Gann, 2010). This openness enhances organizational learning, accelerates innovation cycles, and improves responsiveness to market changes (Chesbrough, 2006).

In relation to strategic agility, open innovation strengthens an organization's ability to sense opportunities and respond quickly by leveraging external knowledge sources (Bux, Zhu & Devi, 2025). However, the theory has been critiqued for overlooking the risks associated with openness, such as loss of intellectual property, coordination challenges, and dependence on external partners (Dabic et al., 2023). Despite these limitations, it is highly relevant to this study as it explains how external collaboration enhances the impact of strategic agility on organizational performance in dynamic markets.

2.2.4 Contingency Theory

This study is also anchored on Contingency Theory, which was developed by Fiedler (1964) to explain how the effectiveness of strategic agility depends on the fit between organizational strategies and environmental conditions. The theory suggests that there is no single best way to organize or manage a firm; instead, organizational success depends on aligning internal structures and processes with external environmental demands (McAdam, Miller & McSorley, 2019).

In dynamic markets, organizations face varying levels of uncertainty, complexity, and change. Contingency Theory explains that firms must adjust their strategic approaches, including agility practices, based on the specific characteristics of their environment (Magistretti & Trabucchi 2024). This means that the impact of strategic agility on performance may differ across developed and emerging markets due to variations in institutional frameworks, technological infrastructure, and market maturity (Igwe & Okwurume, 2026).

A key criticism of Contingency Theory is that it can be overly descriptive and lacks predictive precision, making it difficult to specify exact organizational responses to environmental conditions (Lartey, 2020). However, it remains relevant to this study as it provides a contextual lens for understanding why the relationship between strategic agility, open innovation, and performance may vary across different market settings.

2.3 Empirical Review

This section reviews past studies on strategic agility in dynamic markets, drawing from global, regional, and local empirical literature. It examines the effect of strategic agility on organizational performance across different organizational and industry contexts. The review focuses on how strategic agility influences organizational responsiveness, competitiveness, adaptability, and overall performance in dynamic market environments.

2.3.1 Strategic Agility in Dynamic Markets; A Global Review

Strategic agility refers to the organizational capability to rapidly sense environmental changes, respond effectively, and realign resources to enhance performance in dynamic markets. At the international level, Vrontis et al., (2023) examined the relationship between strategic agility and organizational performance, and proposed openness as a key enabler of agility and performance



enhancement. Using a mixed-method comparative design grounded in a pragmatist paradigm, the study incorporated CEO surveys from firms operating in both developed and emerging markets, alongside interviews and secondary data. The findings revealed that strategic agility is vital for enhancing firm performance in both developed and emerging market contexts. The study further established that openness through search processes strengthens the relationship between strategic agility and performance, where search depth enhances performance in both contexts, while search breadth is particularly significant for foreign firms operating in emerging markets. These results highlight that strategic agility improves organizational performance across different market environments, and its effectiveness is strengthened when firms actively engage in external knowledge search and openness practices, especially under conditions of environmental uncertainty.

Ahammad et al., (2021) examined firms operating in India and investigated how exploration and exploitation contribute to the development of strategic agility and its impact on performance in uncertain environments. The study found that both exploration and exploitation are key antecedents of strategic agility, enabling firms to adapt to changing competitive conditions in international markets. The findings further reveal that explorative agility enhances international performance in highly competitive environments, while exploitative agility is more effective in highly dynamic environments. These results suggest that strategic agility is not a uniform capability but is shaped by different learning mechanisms that influence performance depending on environmental conditions, highlighting its importance in managing uncertainty in international markets.

Kovynyov et al. (2020) conducted an empirical study using data from firms in Germany, Switzerland, France, and the United Kingdom to examine the drivers of organisational agility and transformation. The study found that organisational agility is influenced by multiple organizational dimensions, including leadership, culture, processes, and technological systems. The results further revealed that highly agile organisations tend to adopt holistic transformation approaches and utilize multiple agile frameworks to enhance responsiveness and flexibility. Additionally, the study identified different organisational agility profiles, ranging from laggards to leaders, showing that agility levels vary significantly across firms. These findings suggest that organisational agility is a multidimensional construct that requires integrated structural and cultural transformation to enhance organisational effectiveness and competitiveness.

Ramadhan and Anindya (2026) examined the relationship between strategic agility and firm performance within turbulent business environments characterized by technological disruption, market volatility, and intense competition. Using a quantitative explanatory survey of approximately 200–300 managers from medium and large firms operating in highly uncertain sectors, the study applied Structural Equation Modeling (SmartPLS) to analyze the data. The findings revealed that dynamic capability significantly influences strategic agility, and strategic agility in turn has a significant positive effect on firm performance. The results further established that strategic agility serves as a key mechanism through which dynamic capabilities translate into improved firm performance, indicating that sensing, seizing, and reconfiguring capabilities only lead to superior performance when effectively converted into agile decision-making and operational flexibility. These findings highlight strategic agility as a critical pathway linking dynamic capabilities to firm performance in turbulent and competitive environments.

The reviewed global studies consistently demonstrate that strategic agility is a fundamental capability for achieving superior organizational performance in both developed and emerging markets. The findings show that strategic agility enables firms to effectively sense environmental changes, respond rapidly, and reconfigure resources to maintain competitiveness in turbulent and uncertain environments. Across the studies, strategic agility is strongly linked to key antecedents such as dynamic capabilities, exploration and exploitation processes, and organizational dimensions including leadership, culture, and technological systems. In addition, strategic agility is shown to significantly enhance firm performance either directly or through mediating mechanisms such as dynamic capabilities and learning processes. The studies further highlight that its effectiveness is strengthened by factors such as openness to external knowledge and environmental conditions, indicating that strategic agility is context-sensitive but universally valuable. Collectively, the global evidence confirms that strategic agility is a multidimensional and integrative capability that is essential for sustaining competitiveness and improving performance in dynamic and highly competitive international markets.

2.3.2 Strategic Agility in Dynamic Markets; A Regional Review

Adomako et al. (2022) examined the antecedents, consequences, and boundary conditions of strategic agility among small and medium-sized enterprises (SMEs) in emerging economies using time-lagged data from 233 internationalizing SMEs in Ghana. The study investigated how firm-level capabilities, particularly technological capability and networking capability, influence strategic agility and subsequently international performance. The findings revealed that both technological and networking capabilities significantly enhance strategic agility, which in turn has a positive effect on SMEs' international performance. The study further established that strategic agility acts as a mediating mechanism through which internal capabilities are translated into superior performance outcomes in international markets. Additionally, environmental dynamism and internationalization knowledge were found to moderate the relationship between strategic agility and performance, strengthening the effect under high uncertainty and knowledge-rich environments. The study contributes to the understanding of strategic agility in emerging economies by demonstrating that agility is not only a direct driver of performance but also a critical mechanism through which firm capabilities are leveraged for international competitiveness. This is particularly relevant for SMEs operating in resource-constrained and volatile African markets.



Prabhu and Srivastava (2022) investigated the relationship between transformational leadership, supply chain agility, and firm performance among SMEs operating in highly competitive and uncertain environments. Using a total interpretive structural modeling (TISM) approach, the study explored how leadership behaviors influence agility within supply chain systems and, subsequently, organizational performance. The findings revealed that transformational leadership plays a critical role in driving supply chain agility by promoting vision communication, innovation, and employee motivation. Agile supply chains were found to significantly enhance firm performance by improving responsiveness, flexibility, and coordination across operational processes. The study further emphasized that firms operating in turbulent environments require leadership styles that support adaptive thinking and rapid decision-making. This is particularly important in emerging markets where supply chain disruptions and infrastructural inefficiencies are common. The study concludes that supply chain agility is a key pathway through which leadership capability is translated into improved organizational performance.

Mlotshwa (2024) explored the competencies required for achieving strategic agility and enhancing firm performance in the South African wholesale and retail sector using a qualitative interpretivist approach. Data was collected through semi-structured interviews with key industry stakeholders to understand how organizations develop agility in response to dynamic market conditions. The findings revealed that strategic agility is driven by managerial competencies such as environmental scanning, adaptability, innovation capability, and the integration of digital technologies. The study further highlighted that firms in the retail sector are increasingly adopting hybrid operational models that combine physical and digital platforms to respond to shifting consumer preferences and socio-economic challenges such as unemployment and inequality. These adaptive strategies were found to enhance responsiveness, operational flexibility, and overall firm performance. The study concludes that strategic agility is a multidimensional capability that requires both managerial competence and technological adaptation, particularly in the context of South Africa's highly volatile retail environment.

The reviewed regional studies from emerging economies in Africa consistently demonstrate that strategic agility is a critical capability for enhancing firm performance in uncertain and dynamic environments. The findings show that firm-level capabilities such as technological capability, networking capability, leadership competence, and digital integration significantly contribute to the development of strategic agility, which in turn improves performance outcomes. Across the studies, strategic agility emerges both as a direct driver of performance and as a mediating mechanism through which internal capabilities are translated into competitive advantage, particularly in international markets. In addition, environmental dynamism and contextual uncertainty are repeatedly highlighted as factors that strengthen the importance of agility in shaping performance outcomes. The studies also emphasize that agile organizations tend to adopt flexible structures, adaptive leadership, and hybrid operational models to respond effectively to market disruptions. Collectively, these findings confirm that in emerging economies, strategic agility is not only an operational requirement but a strategic necessity for sustaining competitiveness and achieving long-term performance.

2.3.3 Strategic Agility in Dynamic Markets; A Local Review

At the local level, Ndegwa and Kiilu (2025) examined whether strategic agility manifests in the performance of real estate firms in Nairobi County, Kenya. The study adopted a descriptive cross-sectional design targeting 83 real estate firms, where data was collected using structured questionnaires and analyzed through ordinary least squares (OLS) regression. The findings revealed a statistically significant positive relationship between strategic agility and organizational performance, indicating that firms with higher agility levels are better able to respond to fluctuations in demand, regulatory shifts, and competitive pressures in the real estate sector. The study further established that strategic agility enhances responsiveness and operational adaptability, allowing firms to reposition themselves effectively in volatile property markets. The authors concluded that strategic agility is a critical capability for sustaining competitiveness in Kenya's urban real estate industry, where environmental uncertainty is high and customer expectations continue to evolve. This study is relevant to the current research as it demonstrates that strategic agility is not only a theoretical construct but also a practical driver of performance in highly dynamic service-based industries.

Samo, Wanyonyi, and Okonda (2025) investigated the effect of organizational agility on the performance of commercial banks in Nairobi City County, Kenya. The study employed a mixed-methods design combining quantitative surveys from 108 branch and operational managers with qualitative interviews from 38 senior executives. Quantitative data was analyzed using regression techniques while qualitative data was thematically analyzed to enrich interpretation. The results revealed that organizational agility significantly and positively influences bank performance, explaining 46.4% of performance variation ($R^2 = 0.464$). The study further found that banks demonstrating higher agility were more effective in responding to customer demands, regulatory changes, and technological disruptions. Qualitative findings reinforced this, indicating that agile decision-making structures and feedback responsiveness were key enablers of improved financial and customer satisfaction outcomes. The study concludes that organizational agility is a fundamental determinant of banking sector performance in Kenya's highly regulated and competitive financial environment.

Okunda and Enos (2024) examined the effect of strategic agility on organizational performance in five-star hotels in Nairobi City County, Kenya. The study focused on 12 classified hotels and sampled 120 senior and middle-level managers across key operational departments using structured questionnaires. Data was analyzed using descriptive and inferential statistics, including correlation and regression analysis. The findings revealed a strong positive relationship between strategic agility and organizational performance, with resource agility and operational agility emerging as key contributing dimensions. The study further established



that hotels with higher strategic agility were more capable of responding to external shocks such as pandemics, travel restrictions, and fluctuating tourism demand. These agile firms also demonstrated improved efficiency in resource allocation and service delivery, which translated into enhanced customer satisfaction and financial stability. The study concludes that strategic agility is essential for survival and competitiveness in Kenya's hospitality industry, which is highly sensitive to external environmental shocks

Mwivaki and Kyule (2024) investigated the influence of strategic agility on the performance of cleaning companies in Nairobi City County, Kenya. The study used a descriptive research design targeting 105 registered cleaning firms, with data collected from senior management employees through questionnaires. Data analysis involved descriptive statistics and regression analysis. The findings revealed that flexibility in decision-making and technology capability significantly and positively affect organizational performance. The study established that firms with higher levels of strategic agility are more responsive to customer needs and market changes, allowing them to adjust service delivery models in real time. Technology capability was also found to enhance operational efficiency and service consistency. The study concludes that strategic agility enables cleaning firms to remain competitive in a fragmented and highly price-sensitive service industry.

Kiilu et al., (2024) examined the relationship between strategic agility and the performance of accredited universities in Kenya. The study operationalized strategic agility using four dimensions: strategic sensitivity, resource fluidity, collective commitment, and partnership. Data was collected from 78 universities using structured questionnaires and analyzed using inferential statistics. The findings revealed a significant positive relationship between strategic agility and organizational performance, particularly across performance dimensions such as teaching quality, research output, funding efficiency, and stakeholder engagement. The study further established that universities with higher strategic agility were more effective in adapting to policy changes, technological advancement, and shifting student expectations. The authors concluded that strategic agility is a critical institutional capability for enhancing competitiveness and sustainability in higher education.

Ndirangu and Kiiru (2024) examined the impact of strategic agility on the performance of private universities in Nairobi City County, Kenya. The study focused on four dimensions of agility: human resource agility, information technology agility, research and development agility, and marketing agility. Data was collected from 104 respondents across 26 private universities using structured questionnaires and analyzed using multiple regression techniques. The findings revealed that all four dimensions of strategic agility significantly and positively influence organizational performance. The study further established that human resource agility enables institutions to adapt quickly to staffing and academic demands, while technological agility improves operational efficiency. Research and development agility enhances innovation capacity, and marketing agility improves institutional visibility and competitiveness. The study concludes that strategic agility is essential for private universities seeking to maintain relevance and competitiveness in a rapidly evolving higher education environment

The reviewed Kenyan studies consistently demonstrate that strategic agility is a critical driver of organizational performance across diverse sectors, including real estate, banking, hospitality, cleaning services, and higher education institutions. The findings collectively show that organizations with higher levels of strategic agility are better able to respond to environmental uncertainties, technological changes, regulatory pressures, and shifting customer expectations. Key dimensions such as decision-making flexibility, technological capability, resource agility, and human resource adaptability repeatedly emerge as important enablers of improved performance. These studies therefore confirm that strategic agility is a vital capability for sustaining competitiveness and enhancing performance in dynamic and uncertain business environments in Kenya.

2.4 Summary of Empirical Literature Review

The empirical literature reviewed across global, regional, and local studies consistently demonstrates that strategic agility is a key determinant of organizational performance in dynamic and uncertain environments. Across all contexts, firms that develop strong agility capabilities are better able to sense environmental changes, respond rapidly, and reconfigure internal resources to sustain competitiveness. However, despite this consistency, the studies differ in context, methodological approaches, and the mechanisms through which strategic agility influences performance outcomes. The global literature emphasizes multidimensional drivers such as dynamic capabilities, exploration and exploitation, and organizational transformation systems. Regional studies from Africa highlight the importance of firm-level capabilities, leadership, and environmental dynamism in shaping agility outcomes, particularly in firms operating in resource-constrained environments. Local Kenyan studies, on the other hand, strongly emphasize sector-specific agility dimensions such as technological capability, resource flexibility, and decision-making speed in influencing organizational performance across banking, real estate, hospitality, and education sectors.

The literature confirms that strategic agility is both a direct and indirect driver of performance, often operating through mediating mechanisms such as dynamic capabilities, organizational learning, and innovation capacity. In addition, contextual factors such as environmental uncertainty and market dynamism are repeatedly identified as moderators that strengthen the agility-performance relationship. Despite these insights, gaps remain in understanding how strategic agility operates in rapidly evolving and highly competitive "dynamic market" environments, particularly in integrating multiple sectoral perspectives into a unified explanatory framework. This gap justifies the need for the present study.



Study	Context	Methodology	Key Findings	Key Gap / Contribution
Vrontis et al. (2023)	Developed & emerging markets (global firms)	Mixed-method comparative design	Strategic agility improves performance in both contexts; openness (search depth and breadth) strengthens the relationship, especially in emerging markets	Shows universal importance of strategic agility but lacks sector-specific focus and operational-level dynamics
Ahammad et al. (2021)	India (emerging market firms)	Quantitative survey (SEM)	Exploration and exploitation enhance strategic agility; agility improves international performance under uncertainty	Focuses on learning mechanisms but lacks integration of broader organizational and environmental dimensions
Kovynyov et al. (2020)	Europe (Germany, UK, France, Switzerland)	Survey-based empirical study	Organizational agility is driven by leadership, culture, processes, and technology; firms vary in agility maturity levels	Focuses on structural drivers of agility but does not link clearly to firm performance outcomes
Ramadhan & Anindya (2026)	Emerging economy firms	Quantitative SEM (SmartPLS)	Dynamic capability significantly influences strategic agility; agility significantly improves firm performance and mediates this relationship	Strong mediation evidence but limited contextual and sector-specific analysis
Adomako et al. (2022)	Ghana SMEs	Time-lagged survey (233 SMEs)	Technological and networking capabilities enhance agility; agility improves international performance; environmental dynamism strengthens effects	Strong African evidence but limited cross-sector comparison
Prabhu & Srivastava (2023)	SMEs supply chain context	TISM modeling	Transformational leadership drives supply chain agility, which improves firm performance	Focuses on leadership–supply chain link rather than overall organizational strategic agility
Ndegwa & Kiilu (2025)	Kenya (real estate firms)	Descriptive cross-sectional + OLS regression	Strategic agility positively affects organizational performance under market volatility	Sector-specific findings limit generalization
Samo et al. (2025)	Kenya banking sector	Mixed methods (survey + interviews)	Organizational agility explains 46.4% of performance variation	Strong sector evidence but limited multi-sector comparison
Okunda & Enos (2025)	Kenya hospitality sector	Survey + regression analysis	Resource and operational agility significantly enhance hotel performance under environmental shocks	Industry-specific focus limits broader applicability
Mwivaki & Kyule (2025)	Kenya cleaning firms	Descriptive survey + regression	Decision-making flexibility and technology capability improve performance	Limited theoretical depth and narrow industry focus
Kiilu et al. (2024)	Kenya universities	Survey design	Strategic agility significantly improves institutional performance (teaching, research, funding efficiency)	Higher education focus limits sectoral generalization
Ndirangu & Kiiru (2024)	Kenya private universities	Multiple regression	HR, IT, R&D, and marketing agility positively influence performance	Focuses on internal agility dimensions without external environment integration

Table 2.1: Summary of Empirical Literature on Strategic Agility and Performance

Source: Author (2026)

The empirical literature reviewed across global, regional, and local contexts provides consistent evidence that strategic agility is a critical determinant of organizational performance in dynamic markets. Across all levels of analysis, strategic agility enables firms to sense environmental changes, respond rapidly, and reconfigure resources to sustain competitiveness under conditions of uncertainty and market turbulence. Regarding the first research question, the evidence strongly indicates that strategic agility contributes positively to organizational performance across diverse organizational and industry contexts. Global studies demonstrate



that strategic agility enhances firm performance through dynamic capabilities and learning mechanisms, while regional and local studies confirm its significant impact on performance outcomes across sectors such as banking, hospitality, real estate, education, and SMEs. This confirms that strategic agility is a universal performance-enhancing capability in dynamic markets.

Regarding the second research question, the literature shows that open innovation strengthens the relationship between strategic agility and organizational performance. Global evidence, particularly from comparative studies of developed and emerging markets, indicates that openness to external knowledge, search depth, and search breadth enhance the effectiveness of strategic agility in improving performance. This suggests that strategic agility is more effective when firms actively engage in external knowledge sourcing and collaborative innovation practices, especially in uncertain and competitive environments. Regarding the third research question, the findings indicate that the relationship between strategic agility and organizational performance is generally positive across both developed and emerging markets; however, the strength of this relationship is more pronounced in emerging markets. This is largely due to higher levels of environmental uncertainty, market volatility, and resource constraints, which make agility more critical for survival and competitiveness. In developed markets, the relationship remains significant but is more stable due to relatively structured and predictable environments.

The synthesis reveals that strategic agility is a multidimensional capability that consistently enhances organizational performance across contexts. Its effectiveness is strengthened by open innovation practices and shaped by environmental conditions, particularly market dynamism and uncertainty. However, despite strong empirical support, the literature remains fragmented across sectors and regions, with limited integration into a unified dynamic market framework. This justifies the need for the present study to integrate these insights into a consolidated explanatory perspective of strategic agility in dynamic markets.

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