STRATEGIC AGILITY IN THE CONTEXT OF SMES

Abstract. The research study provides a conceptual overview of strategic agility in the context of small and medium enterprises. The phenomenon of strategic agility is discussed through the perspective of the three agility meta-capabilities including resource fluidity, leadership unity, and strategic sensitivity. The article concludes that in order to achieve strategic agility and stay competitive on the market, SMEs have to adapt these three meta-capabilities.

Keywords: strategic agility, small and medium enterprises, competitiveness, flexibility

Introduction

As we enter the new millennium, the vast majority of companies understand the importance of using strategic agility in the global context. A business newspaper or journal can hardly be read almost anywhere in the world without seeing histories that describe the success of a company's new strategy for its efficiency. Surviving in the business world becomes more difficult as the environment becomes more international, more unexpected and doubtful, and more subject to rapid change and surprise. Strategic agility is so important in the global context, many businesses are
devoting more time, focus, expertise, and effort to mastering it.

This is a vital question: why the strategic agility we need now? Many businesses fail not when they are doing something false or mediocre, but rather because they continue to do what used to be the decent decision for far too long and succumb to the rigidity of their business model. In the face of discontinuities and disturbances, conversion and intense global competition, business models must be transformed more swiftly, regularly even far than before (Doz and Kosonen 2010).

Let’s look at the definition of strategic agility. According to Brueller, Carmeli and Drori (2014) strategic agility is defined as a way to recognize a chance by extraordinary accelerating power and make a fast but accurate move. In the context of an organization, agility can be interpreted in a number of ways. In the manufacturing industry, agility is defined as "the ability to turn on a dime, providing the right product at the right price anywhere by utilizing value-chain-wide assets to achieve economies of knowledge. "Being agile in strategic management means “being adaptable and flexible, open to new evidence, always prepared to reevaluate previous decisions and change course in light of new advancements, and capable and willing to turn on a dime” (Brueller, Carmeli and Drori 2014).

As a direct consequence of a profound transformation of competition, where change has become swiftly and more difficult to predict and manage than just 10 years ago, strategic agility has increased in importance and is now very high from both strategic and practical management agenda. It has now become widely recognized as critical dynamic capabilities in highly dynamic and turbulent companies to enhance long-term competitive advantage (Di Minin et al. 2014). Researching high-tech and expertise intensive industries like Nokia, HP, Cisco, SAP, Accenture that have succeeded in balancing the efficiency and the reliability of their business strategies during times of rapid development while simultaneously overcoming inertia and maintaining their capacity for self-renewal has created the idea of strategic agility. Recently, the concept of strategic agility was used to understand how successful organisations, such as technology integration, leadership, renewal of business models, and public administration address specific management concerns (Kozhakhmet and Nurgabdeshev 2022). In regards, there is
As they face more varied and faster competition, as well as the necessity of key strategic invalidations, such as toward Asian and other emerging markets as sources of new skillsets, or toward new business models in the developed world, a growing number of firms may need to achieve strategic agility, to be flexible and responsive while remaining purposeful and consistent in their efforts. Strategic agility already is a key indicator of success in some industries, such as communication and information technologies, and companies in other industries are increasingly facing the need to do so (Doz 2020).

**Theoretical background**

Firms that are strategically agile are able to remain competitive by focusing on their goals while also being responsive to unforeseeable volatility in their business environment. As a result, strategic agility refers to a company's ability to quickly change and rearrange its strategic orientation in response to changing requirements, opportunities, and trends. Furthermore, strategic agility helps a company avoid stagnation by allowing it to respond quickly to changes brought on by changing environment and changing competition. Strategic agility is based on a few organizational capacities and characteristics, according to several studies (Clauss et al. 2020).

As a consequence, strategic agility can be recognized as a company's ability to quickly execute a variety of business initiatives. If some companies are better than others at adapting to a wide range of possible future postures, they may succeed in the face of unforeseen challenges that would weaken or eliminate their less agile competitors. Furthermore, agility denotes a company's ability to change course without sacrificing considerable momentum. Strategic sensitivity, leadership unity, and resource fluidity are three key components of strategic agility, according to previous studies of Doz and Kosonen (Di Minin et al. 2014).

1. Leadership unity: the willingness of the top team to make bold, quick decisions without getting entangled in top-level "win-lose" politics (Doz and
The unity of the leading team enables decisions to be reached quickly after an intellectual comprehension of a strategic situation and the choices they make or close. These decisions remain. Individual insecurities and democratic impasse in their tops do not delay obligations. But neither do personal agendas and private differences of opinion slow or scuttle efforts undermine their implementation. Even though obligations are wholehearted, the assets behind them are only as good as ever (Doz and Kosonen 2008).

2. Strategic sensitivity: the toughness of perception of, and strength of awareness and attention to strategic developments (Doz and Kosonen 2010);

Role of emotions in making these processes more responsive. Distress can heighten strategic sensitivity, in part because it often comes with the realization that existing policies and actions are falling short of expectations (Pak, Yeltayeva, and Nurgabdeshov 2020). This is referred to as the ambition gap. Crises also shine a light on a possible (or foreseeable) failure for decision-makers, allowing them to conquer complacency, ingrained thinking routines, and outdated operating procedures. Organizations and individuals may be encouraged to reflect on their existing conceptual frameworks and behavioral patterns as a result of this acknowledgement, prompting them to reconsider their present situation and operational requirements (Doz and Kosonen 2014). Over and above its comfort zones, strategic policymakers have to work on the edge of a 'stretched and stressful' eye- and ear-open zone. While emotional involvement is beneficial, it can also lead to dysfunction, cognitive impairment, and bias if it is excessive. When dialogue is “besides real” rather than “for display,” some friction is unavoidable and can be beneficial – as long as it does not become toxic (Umirzakov et al. 2019). Strategic insight is often derived from a combination or crash of new and/or unique sources of data. This is feedback heterogeneity, which refers to input from experts and stakeholders with a variety of backgrounds, customs, and specializations (Doz and Kosonen, 2014).

3. Resource fluidity means the ability to quickly reorganize capacities and contingency reserve (Doz and Kosonen 2010).
It offers expert agility with the operational basis. Fluidity of resources must be accompanied by strategic sensitivity. Strategic sensitivity will achieve nothing if core capabilities are not accurately and efficiently reallocated to priority areas or crisis. The question here is to address strategically important circumstances, whether good or bad, as necessary, through a targeted capital allocation. This requires politicians to grow beyond narrow views and traditional mental contexts, consider the shared best use of resources instead of only the parochial preferences of sub-units and overcome stalemates in the budgetary turf (Doz and Kosonen 2014).

**Strategic agility in SMEs**

Economies have diverted focus to the subsequent role of SMEs in economic prosperity, as SMEs are the key contributors to economic development and have a strong employment potential and are a significant source of funding for generations. The ongoing development of this sector therefore has a strong impact on several economic indicators (Umirzakov et al. 2019). Considering the importance of this area, we have chosen SMEs for this research as an analytical unit. SMEs working in different economies worldwide are divided into smaller, lesser wealth, operating mechanisms and poor employment jurisdiction with similar features (Khan, Majid and Yasir 2020).

SMEs must aim not only to increase their efficiency and adaptability in the faster time than bigger MNE and those from established economies. Small and medium-sized enterprises (SMEs) are especially vulnerable to business failure because they must balance tensions between formal processes in strategic planning and opportunistic strategic agility. SMEs, on the other hand, are very diverse from larger MNEs, on which the majority of strategic agility studies has focused (Umirzakov, Nurgabdeshov and Zamanbekov 2020). Small and medium sized enterprises (SMEs) differ in terms of their reach, context, and depth of knowledge of resources, organizational processes, and depth in top leadership. Individuals have a greater impact over the strategic agility of their small firms because they have fewer senior executives (Nyamrunda and Freeman 2021).

In particular, those SMEs that use ICT technologies efficiently can be agile even though they have difficulties to maintain that status. That's because it seeks
rapid change and co-existence with ecosystems, ensuring constant modifications in the increased convergence of knowledge, market awareness, and fluidity in the collection of resources (Nurgabdeshov et al., 2018). However, most small and medium-sized enterprises can remain agile and succeed in overwhelmingly competitive fields that help increase growth and profits. In order for SMEs to effectively address changes and externally exposed risks, strong organizational structures should be supported (Del Giudice et al. 2021). This enhances organizational agility by robustness. SMEs must be agile and react quickly to external changes that allow them to use their resources most efficiently and effectively. The agility is a valuable capability that allows small and medium-sized enterprises to respond promptly without losing their "organizational drive". Moreover, SME fluency in unsure, unpredictable and quickly changing environments is enhanced with the use of IT capacity (Del Giudice et al. 2021).

From the other hand, small and medium-sized enterprises face particularly difficult challenges in displaying strong organizational agility. They believe it is requiring to identify and react to ever changing environments, as new knowledge that would be needed to adapt is lacking abundant resources. Moreover, if they do not adapt to external changes that require key strategy rethinks or adaptations of their product portfolio, small and medium-sized enterprises often operate in niche markets and risk disrupting their business strategy. Capable of establishing adequate alliances, adapting our capacity adaptively and developing agile supply chains appear to be effective policies for addressing these challenges (Mueller and Jungwirth 2020).

**Conclusion**

Over the past several decades, there have been many studies of strategic agility in the business sector. Numerous studies identified that many SMEs need to adapt to a complex and competitive environment using strategic flexibility as a core instrument. Fundamental research was carried out by researchers Doz and Kosenen in 2007 on a case study “Nokia”. They demonstrated a conceptual theory of the foundation for strategic agility. Therefore, many SMEs find it challenging to adapt strategic flexibility for various reasons. Even a competitive business ecosystem
forces us to look for ways to survive in the competitive and complex environment. In turn, strategic flexibility allows you to compete with different businesses, stay in your own business, create newer and better business models.

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