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UNIVERSITIES IN KENYA

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## STRATEGIC AGILITY AND PERFORMANCE OF ACCREDITED UNIVERSITIES IN KENYA

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### Abstract

The purpose of this study was to empirically investigate the relationship between strategic agility and the performance of accredited universities in Kenya. To test the hypothesis, a cross-sectional dataset was gathered through a questionnaire from 78 accredited universities. Strategic agility was operationalized using four dimensions: strategic sensitivity, collective commitment, resource fluidity, and partnership. Organizational performance was assessed through five indicators: customer perspective, funding perspective, internal business processes, learning and growth, and social performance, based on prior empirical research. Data were collected using a questionnaire and analyzed through descriptive and inferential statistics. The empirical findings revealed that strategic agility significantly and positively influences organizational performance, highlighting its critical role in enhancing university effectiveness.

**Keywords:** strategic agility, organizational performance, accredited universities

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## Introduction

In today's fast-paced and unpredictable business environment, organizations are confronted with the challenge of maintaining competitiveness amidst rapid technological advancements, fluctuating market conditions, and shifting customer preferences. The necessity for firms to adapt and respond swiftly to these changes has made strategic agility a key component of successful organizational strategies (Elali, 2021). Strategic agility refers to an organization's capacity to quickly adjust its strategies and operations in response to external changes and uncertainties. This capability is becoming increasingly crucial for firms that aim to remain competitive and achieve superior performance in the face of ongoing disruptions and market volatility (Weber & Tarba, 2014).

Research has consistently demonstrated a strong positive correlation between strategic agility and organizational performance. Organizations that excel in adapting their strategies to evolving market conditions are often better positioned to achieve favorable outcomes such as increased profitability, enhanced market share, and overall success (de Diego & Almodóvar, 2022). A study by Vrontis et al. (2022) underscore that strategic agility allows organizations to anticipate and effectively respond to external changes, ensuring alignment with market demands and emerging opportunities. By swiftly reconfiguring resources and strategies, agile organizations are able to sustain a competitive edge, even when faced with significant disruptions or market uncertainties (Reed, 2021).

Furthermore, the positive relationship between strategic agility and performance is reinforced by the ability of agile firms to continuously

innovate and enhance their operations. Ivory and Brooks (2018) highlight that organizations that prioritize agility are better equipped to experiment with new approaches, refine their processes, and leverage emerging trends and technologies. This culture of agility enables firms to deploy new strategies rapidly, which enhances their performance and allows them to outperform competitors who may be slower to adapt (Weber & Tarba, 2014). Essentially, strategic agility acts as a vital enabler of organizational resilience and long-term success in today's rapidly evolving business landscape. However, empirical literature has revealed that the strategic agility and organizational performance linkage is inconclusive. Ojha (2008) study established that strategic agility had a negative influence on financial performance. Equally, Shin et al. (2015) investigation on Koreans SMEs found no significant association of strategic agility and financial performance.

The motivation for this study emanated from the pressing need for accredited universities in Kenya to effectively navigate an increasingly volatile environment characterized by rapid technological advancements, evolving market demands, and unpredictable external factors (Indiya, 2021). As these institutions face heightened competition and shifting educational needs, traditional approaches to strategic management may fall short. Strategic agility, defined as the ability to swiftly adapt to changes and uncertainties, has become essential for enhancing organizational performance and maintaining competitiveness (Mwiru, 2017). This study aims to explore how strategic agility can be effectively leveraged within the context of Kenyan universities to improve their

performance and sustain their competitive position.

Kenya's higher education sector is crucial for fostering economic, social, and human capital development through high-quality graduate education, research, and community service (World Bank, 2020). The importance of this sector in driving technological innovation and development is highlighted in the Kenya Vision 2030 economic blueprint. Despite ongoing efforts to improve educational quality, the sector faces significant challenges such as declining student enrollment, evolving market demands, limited financial resources, and the impact of the corona virus disease (COVID-19) pandemic. Addressing these challenges necessitates the adoption of strategic agility to enhance university performance (World Bank, 2020) and adapt effectively to the changing educational landscape.

The current state of Kenyan universities, marked by these challenges, underscores the necessity for strategic agility. As institutions strive to improve their performance and sustain their competitive advantage, embracing agility will be crucial (Ogolla, 2020). This involves not only adapting to technological changes but also addressing evolving educational needs and market demands. Strategic agility can help universities reconfigure their resources and strategies to better align with these changes, ensuring their continued success and relevance in a dynamic environment (Chan & Muthuveloo, 2020).

In the face of these challenges, the ability to quickly adapt and respond becomes a competitive advantage for universities. Institutions that are agile can better manage fluctuations in student enrollment, adjust to

changes in educational policies, and leverage new technologies to enhance their offerings (GOK, 2019). This adaptability is vital for maintaining high standards of education and meeting the evolving needs of students and other stakeholders. The importance of strategic agility in enhancing organizational performance is further emphasized by the need for universities to remain responsive to external pressures (Ivory & Brooks, 2018). By implementing agile strategies, universities can more effectively navigate the complexities of their operating environment, address issues such as financial constraints, and capitalize on new opportunities. This approach enables institutions of higher learning to maintain their competitive edge (Scaglione, Meyer, & Mamédo, 2019.) and continue contributing to economic and social development in Kenya.

### **Literature Review**

This study is rooted in dynamic capabilities theory, proposed by Teece et al. (1997), which serves as a fundamental framework linking strategic agility to organizational performance. This theory articulates that for organizations to sustain a competitive edge and achieve outstanding performance, they must develop and harness dynamic capabilities. These capabilities encompass an organization's ability to integrate, build, and reconfigure its internal and external resources in response to evolving environmental conditions (Vrontis et al., 2023). Dynamic capabilities theory emphasizes that firms must not only react to changes but also anticipate and strategically manage them through continuous innovation and adaptation, thus maintaining their competitive advantage (Shin et al., 2015).

In regard to this study, which explores the influence of strategic agility on the performance of Kenyan universities, dynamic capabilities theory is particularly relevant. Strategic agility viewed in the study as the ability of universities to rapidly adjust their strategies and operations in response to shifting educational demands and external challenges, directly aligns with the theory's focus on dynamic capabilities. Research by Chan and Muthuveloo (2021) examined the crucial elements for maximizing the effectiveness of Malaysia's private higher education system. The study examines how effectively universities use their strategic agility to enhance their performance, reflecting the theory's premise that the ability to swiftly adapt and reconfigure resources is crucial for achieving superior outcomes. This approach highlights the applicability of dynamic capabilities theory in understanding and optimizing the relationship between strategic agility and performance in the educational sector.

Recent research has extensively examined the connection between strategic agility and organizational performance, underscoring its pivotal role in enhancing competitive advantage and achieving success. Vrontis et al. (2023) utilized a hybrid quantitative-qualitative approach to explore this relationship across various economic contexts. Their study, which surveyed 112 chief executive officers (CEOs) from developed economies and 102 from emerging markets, alongside interviews with senior managers, confirmed that strategic agility significantly contributes to organizational success. Their findings, derived from regression and descriptive analyses, highlight that firms exhibiting strategic agility are better positioned

to adapt to market changes and sustain a competitive edge.

Amini and Rahmani (2023) examined strategic agility within private banks in Iran, operationalizing it into five dimensions: clarity of vision, core capabilities, strategic target selection, shared responsibilities, and proactive actions. Their study used Pearson structural equation modeling and demonstrated that these dimensions positively impacted competitive capabilities, with clarity of vision being the most influential. This inquiry reinforces the importance of specific elements of strategic agility in enhancing competitive positioning and overall performance. The study presented a conceptual gap since, clarity of vision was the significant dimension to performance.

In Malaysia, Khaw and Teoh (2023) explored the mediating role of strategic agility in the relationship between big data analytics technological capabilities (BDATC) and the performance of private higher education institutions (PHEIs). Employing descriptive survey methods and structural equation modeling, their study found that strategic agility significantly mediates the relationship between BDATC and performance. This highlights the role of strategic agility in leveraging technological advancements to boost institutional performance and emphasizes the multifaceted nature of agility in improving organizational performance. Strategic agility was tested via mediation role rather than as a direct independent variable.

Govuzela and Mafini (2019) investigated the effect of strategic agility on the success of small and medium enterprises (SMEs) in South Africa. Their cross-sectional survey and structural equation modeling (SEM) analysis

revealed a positive relationship between strategic agility and SME success, with key dimensions including innovation and flexibility playing significant roles. This study highlights strategic agility's importance in enhancing performance and adapting to competitive pressures, suggesting it is a crucial driver of SME success. This study focused on SMEs while the current investigation was on education sector.

Similarly, Nurjaman et al. (2021) studied the impact of strategic agility on competitive strategy execution in Indonesian logistics service providers (LSPs). Using SEM and Porter's competitive strategy framework, they found that while strategic agility alone improved performance, combining it with competitive strategy had a negative effect. This suggests that the benefits of strategic agility may vary depending on the context and the integration of other strategic approaches.

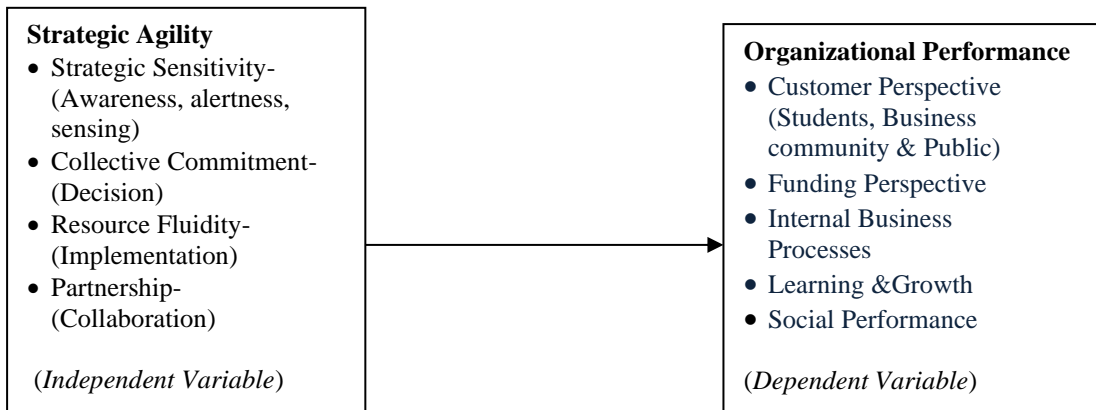
Kale et al. (2019) assessed how strategic agility affects operational efficiency in the Turkish hospitality sector. Their study, which involved 190 surveys and SEM analysis, found that strategic agility enhanced firm performance, particularly when mediated by absorptive capacity. This research highlights how strategic agility's impact on performance can be strengthened through the firm's ability to absorb and utilize new knowledge.

Clauss et al. (2020) examined the interplay between exploration, exploitation, and strategic agility in German engineering SMEs. Their mixed-methods study, combining literature

reviews with primary data from 150 firms, showed that while exploration positively affected competitive advantage, exploitation did not. The study also found that combining exploitation with strategic agility could enhance competitive advantage, revealing the complex relationship between these factors.

Shin et al. (2015) focused on Korean SMEs, exploring the link between strategic agility and financial performance. Their study, which considered dimensions like internal alignment and organizational learning, found a significant positive relationship between strategic agility and customer retention, but no direct link to financial performance. This suggests that the impact of strategic agility on financial outcomes may be influenced by additional factors. Thus revealing an evidence research gap that this study sought to address.

Lastly, Luu (2024) investigated the role of strategic agility and digital innovations in enhancing performance among Vietnamese export-oriented SMEs. Their research, which utilized partial least squares structural equation modeling and fuzzy-set qualitative comparative analysis, indicated that while strategic agility improved performance, its combination with digital innovations had a negative effect. This study highlights the need to consider context-specific factors and gaps in conceptual understanding when evaluating the effectiveness of strategic agility. To determine the relationship between strategic agility and organizational performance, the conceptual model highlighted in Figure 1 was employed



**Figure 1:** *Conceptual Model*

## Methodology

The study utilized a descriptive cross-sectional survey research design, a methodology frequently utilized in social science research to collect data from a wide array of participants at a single point in time (Machuki, 2011). This design was chosen due to its effectiveness in providing a snapshot of the current state or characteristics of various variables without manipulating them (Kpolovie, 2016). In this study, the primary aim was to explore and elucidate the relationships between strategic agility, and performance within accredited universities in Kenya. By utilizing this approach, the research was able to capture a comprehensive view of these variables across different institutions simultaneously, aligning well with the study's objective of understanding current conditions and relationships without the need for experimental control (Maingi, 2020).

The target population for this study comprised all accredited universities in Kenya, as detailed in the Commission for University Education (CUE) report of 2022. According to the report, there are 78 universities currently holding accreditation status. This study adopted a census

approach, examining the entire population of accredited universities rather than relying on a sample. This approach allowed for a thorough investigation of response variability and facilitated in-depth comparison analyses across all institutions (Bell et al., 2019). By including all 78 universities, the study achieved high levels of representation and accuracy, ensuring that the findings reflected the full spectrum of characteristics and variations present within Kenya's higher education landscape

Data collection was carried out using structured questionnaires designed based on validated instruments from prior studies by Ogolla (2020) and Reed (2020). The questionnaires were divided into five sections, each addressing different aspects: demographic information, strategic agility dimensions, organizational culture, environmental turbulence, and university performance. Each section utilized a five-point Likert scale to capture respondent attitudes. The questionnaires were distributed primarily through face-to-face interactions with senior administrative personnel such as vice chancellors or academic registrars, ensuring that the data collected was both reliable and

comprehensive. The parameters of the study were estimated using ordinary least squares (OLS) regression, which facilitated the analysis of relationships between the study variables and provided insights into their impacts on university performance.

#### 4. Analysis and Results

The estimation results of the relationship between strategic agility and organizational performance are presented in the table 1 below.

Table 1: Strategic Agility and Organizational Performance

<b>Organizational Performance</b>	<b><math>\beta</math></b>	<b>SE</b>	<b>t</b>	<b>p</b>
<b>Constant</b>	0.22	0.26	8.85	0.00
<b>Strategic Agility</b>	0.24	0.07	3.67	0.00
<b>R<sup>2</sup></b>	0.17			
<b>Adjusted R<sup>2</sup></b>	0.16			
<b>F (1, 64)</b>	13.45			
<b>Prob &gt; F</b>	0.00			

A regression analysis was conducted to examine the impact of strategic agility on organizational performance. The results indicated that the model was statistically significant, with an F-statistic of 13.45 and a p-value of 0.00, demonstrating a strong fit with the data. The R<sup>2</sup> value of 0.17 suggests that approximately 17% of the variance in organizational performance can be explained by strategic agility.

The regression coefficient for strategic agility was 0.24 (SE = 0.07) with a t-value of 3.67 and a p-value of 0.00. This positive coefficient indicates that for each unit increase in strategic agility, organizational performance is expected

to increase by 0.24 units, holding other factors constant. The significant p-value confirms that this effect is reliable, making strategic agility a meaningful predictor of organizational performance.

The findings of the current study align with several key research contributions on strategic agility and organizational performance. Vrontis et al. (2023) highlight that strategic agility significantly enhances organizational success by enabling firms to adapt to market changes, a conclusion that is consistent with our study's observation of the positive impact of dimensions such as Strategic Sensitivity and Collective



Commitment. Similarly, Amini and Rahmani (2023) identified clarity of vision as a crucial dimension of strategic agility affecting competitive capabilities, mirroring our study's emphasis on the importance of well-defined strategic elements in achieving organizational success.

Additionally, Khaw and Teoh (2023) and Govuzela and Mafini (2019) reinforce the positive role of strategic agility in improving performance, with Khaw and Teoh highlighting its mediating effect between technological capabilities and performance, and Govuzela and Mafini noting its impact on SME success through innovation and flexibility. Nurjaman et al. (2021) and Luu (2024) offer nuanced views by showing that while strategic agility improves performance, its effectiveness can vary depending on the context and integration with other strategies or innovations. Overall, these studies support and expand upon our findings, demonstrating the multifaceted and context-dependent nature of strategic agility in enhancing organizational performance.

## Conclusions

The significant and positive relationship between the dimensions of strategic agility (strategic sensitivity, collective commitment, resource fluidity, and partnership) and organizational performance highlights the critical role each dimension plays in driving overall success. Strategic sensitivity, which pertains to an organization's ability to recognize and adapt to external changes and opportunities, enhances performance by enabling timely adjustments to shifting market conditions. Collective commitment, reflecting the shared dedication and alignment of employees towards common objectives, positively influences

performance by fostering a unified and motivated workforce. Resource fluidity, or the effective reallocation and optimization of resources, improves operational efficiency and responsiveness, thereby boosting performance. Additionally, partnership, involving the establishment and maintenance of strategic alliances, provides access to additional resources and capabilities, further enhancing organizational performance.

For accredited universities in Kenya, these insights emphasize the value of incorporating strategic agility into institutional practices to improve educational outcomes and operational effectiveness. Strategic sensitivity is crucial for universities to adapt to the evolving educational landscape, technological advancements, and changing student needs. Enhancing collective commitment can strengthen internal alignment and drive progress towards institutional goals. Efficient resource fluidity is essential for optimizing the use of limited resources, allowing universities to respond effectively to both challenges and opportunities. Furthermore, fostering strategic partnerships can provide universities with valuable resources and collaboration opportunities, contributing to enhanced performance and a competitive edge.

With respect to Kenyan accredited universities, embracing these aspects of strategic agility can lead to notable improvements in their educational delivery and overall effectiveness. By focusing on Strategic sensitivity, universities can better anticipate and adapt to emerging educational trends and technological advancements. Strengthening collective commitment among faculty and staff can enhance institutional unity and drive towards strategic objectives. Optimizing resource fluidity ensures efficient use of resources,

supporting the university's mission and goals. Cultivating strategic partnerships can expand the university's network and resource access, leading to improved performance and long-term success in a dynamic higher education environment.

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