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Unpacking Strategic Agility in SMEs from Transitional Periphery Economies: Exploring Its Manifestations and Mechanisms

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Abstract

Purpose – Small and medium-sized enterprises (SMEs) in transitional periphery economies face persistent turbulence stemming from economic volatility, institutional voids and geopolitical shocks. This study aims to investigate how SMEs develop and enact strategic agility (SA) in such environments, with a focus on Kazakhstan.

Design/methodology/approach – Drawing on 31 in-depth interviews with owners, directors and senior managers from 16 SMEs, the authors adopt an exploratory qualitative research design with grounded theory coding techniques to inductively develop a framework of the enablers, mechanisms and manifestations of SA.

Findings – The findings reveal that SA is fostered through multi-level enablers – environmental, network, firm and individual – that interact to shape organizational responses. These enablers operate via three mechanisms: sensing (detecting and interpreting turbulence), coping (absorbing shocks and ensuring survival) and adapting (reconfiguring resources and strategies). The authors show how coping replaces the canonical “seizing” stage in dynamic capability theory, reflecting the survival imperative in resource-constrained, institutionally fragile contexts. SA is manifested across four functional domains: marketing, human resources, product and service offerings and relational ties.

Originality/value –By demonstrating how SMEs in Kazakhstan re-sequence and operationalize SA under conditions of scarcity and instability, this study refines dynamic capability theory, extends the literature on SME agility in transition economies and offers

Keywords: Strategic agility (SA), mechanisms of agility, SMEs, transitional periphery economy, Kazakhstan.

Introduction

Strategic agility (SA) has emerged as a critical capability for organizations operating in volatile, uncertain, complex, and ambiguous (VUCA) environments (Doz & Kosonen, 2008; Teece *et al.*, 2016). SA refers to a firm’s *ability to sense and respond to market shifts, adapt swiftly, and reconfigure resources and operations* to adapt to environmental shocks while maintaining competitiveness (Gomes *et al.*, 2020; Weber & Tarba, 2014). In the current global business landscape, these pressures are intensified by geopolitical conflicts, trade disruptions, rapid digitalization, and institutional uncertainty (Luo & Tung, 2025; Tung *et al.*, 2023). While SA is important for all firms, it is especially vital for small and medium-sized enterprises (SMEs), which often lack resource buffers and operate under fragile institutional conditions (Gomes *et al.*, 2020; Kalaiganam *et al.*, 2021; Teece *et al.*, 2016; Doz & Kosonen, 2008; Nyamrunda & Freeman, 2021; Vaillant & Lafuente, 2018). Whereas prior research has examined SA in the context of both external and internal uncertainties (e.g., post-acquisition integration (Weber & Tarba, 2014), organizational creativity development (Alzboon, 2025)), our study primarily focuses on how SA helps SMEs respond to external uncertainty.

In post-Soviet transitional economies, such as those in the Caucasus and Central Asia, businesses have inherited large Soviet-style enterprises, but informal networks, often clan-based, continue to shape business practices (cf. Demirbag & Wood, 2018). During the shift toward market-oriented systems, these “*informal networks that predate, but persisted through the Soviet era*” (Demirbag & Wood, 2018, p. 2) remained highly influential. These networks, often clan-based, have had a profound influence on economic practices that are

distinctive from those in other markets, and “what sets transitional periphery countries apart is the extent to which core features have survived” (Demirbag & Wood, 2018, p. 3), internal and external shocks. For SMEs in such settings, the ability to develop SA can determine not only competitive positioning but also survival. In such contexts, where formal institutions are underdeveloped and firms face repeated macroeconomic shocks, SA is more than an aspirational capability - it is an existential necessity (Demirbag & Wood, 2018; Ahammad *et al.*, 2021; Ferraris *et al.*, 2022).

Research in strategy and international business has established that SA is closely linked to dynamic capabilities, particularly the ability to sense, seize, and transform in response to turbulence (Teece *et al.*, 1997; 2007). Prior studies have also examined how SA manifests across different domains, including marketing (Kalaighnam *et al.*, 2021), supply chain management (Ngai *et al.*, 2011), human resources (Ahammad *et al.*, 2020), and organizational learning (Lewis *et al.*, 2014). Yet most of this work has focused on multinational enterprises (MNEs) and high-tech firms in advanced economies, where firms have considerable resources and formalized systems to support SA. Much less is known about how SMEs - characterized by resource scarcity, flatter structures, and dependence on informal networks - develop and enact SA in transitional economies (Demirbag & Wood, 2018; Nyamrunda & Freeman, 2021). Moreover, the existing literature often emphasizes firm-level enablers such as leadership or IT systems (Morton *et al.*, 2018), while paying limited attention to the multilevel dynamics through which environmental shocks, network ties, and individual manager attributes jointly shape SA. This creates two important gaps. The first concerns the lack of knowledge about how SMEs in turbulent, resource-constrained environments practice SA. The second relates to the absence of a framework that captures how SA is enacted across multiple levels and domains in these settings.

This study addresses these gaps by investigating how SMEs in Kazakhstan, a transitional periphery economy with legacies of state capitalism and recurring institutional instability, develop and demonstrate SA. Kazakhstan presents an exemplary context: its economy has experienced severe turbulence due to fluctuations in oil prices, repeated currency devaluations, and geopolitical shocks, such as the Russian–Ukrainian conflict (Asian Development Bank, 2024). At the same time, SMEs face limited institutional support, heavy dependence on international supply chains, and an enduring reliance on clan-based informal networks (Demirbag & Wood, 2018). Against this backdrop, SA is not optional but a prerequisite for survival and competitiveness in both domestic and international markets. To explore these dynamics, we conducted 31 in-depth interviews with owners, directors, and senior managers from 16 SMEs across industries, including IT, retail, services, construction, and light manufacturing. Adopting an exploratory qualitative design with grounded theory coding techniques (Gioia *et al.*,

2013; Strauss & Corbin, 1998), we sought to generate context-sensitive insights and inductively develop a framework of the enablers, mechanisms, and manifestations of SA in SMEs operating under conditions of turbulence. The qualitative approach allows us to capture micro-foundational practices, decision-making processes, and relational dynamics that are often overlooked by large-scale quantitative studies.

Accordingly, we ask: *How do SMEs in transitional peripheral economies develop and demonstrate SA through enablers, mechanisms, and manifestations to navigate turbulence and sustain competitiveness?*

Our analysis identifies four categories of enablers, environmental, network, firm, and individual, that collectively support the emergence of SA in SMEs. These enablers operate through three mechanisms: sensing (detecting crises and interpreting them), coping (absorbing shocks and surviving), and adapting (reconfiguring resources and strategies). Notably, in transitional economies such as Kazakhstan, the canonical “seizing” phase in dynamic capability theory (Teece *et al.*, 1997; 2007) is often replaced by coping strategies aimed at survival before adaptation becomes possible. This resequencing and redefinition reflect the specific constraints of resource scarcity, institutional voids, and reliance on informal networks that characterize transitional periphery contexts. By demonstrating how historical legacies and institutional conditions transform the sensing–seizing–transforming mechanism into a survival-driven cycle of sensing–coping–adapting, the study offers a theoretical refinement that extends the dynamic capability view.

Furthermore, by linking these mechanisms to concrete manifestations, marketing, HRM, product/service, and relational agility, the study integrates cross-level enablers with processual dynamics, offering a framework that is both context-sensitive and generalizable to SMEs globally. In particular, it shows how manifestations emerge through the interplay between multilevel enablers and coping-driven mechanisms. Crucially, by drawing on a qualitative design that foregrounds micro-foundational practices, decision-making routines, and relational dynamics, the study uncovers mechanisms of agility that are typically invisible in large-scale surveys, thereby advancing both theory and method. In doing so, we contribute not only contextual insights from Kazakhstan but also a broader theoretical advance relevant to scholars and practitioners interested in how firms enact SA under extreme turbulence.

The rest of the paper proceeds as follows. The next section reviews the literature on dynamic capabilities and SA, highlighting how existing studies conceptualize SA and where they fall short in capturing SME practices in transitional economies. The methodology section then outlines the exploratory qualitative research design, sampling, and grounded theory coding techniques. The findings section presents the framework of enablers, mechanisms, and manifestations, drawing on rich qualitative evidence to illustrate how SMEs operationalize SA.

Finally, the discussion and conclusion highlight the theoretical contributions of resequencing and redefining dynamic capability mechanisms, underscore the managerial implications for SMEs navigating turbulence, and suggest avenues for future research on SA across diverse institutional contexts.

Theoretical Background

Dynamic capability view and strategic agility

The dynamic capability view has gained recognition as one of the most influential perspectives in management (Barreto, 2010). Originating in the resource-based view (RBV), which holds that resources and capabilities are crucial to a firm's competitive advantage (Barney, 1991), it emphasizes a firm's ability to maintain its advantage in changing environments and to become resilient and agile (Teece, 2025). This view highlights that, in dynamic markets, competitive advantage relies not only on controlled resources but also on a firm's ability to adapt and reconfigure them over time (Priem & Butler, 2001; Scuotto *et al.*, 2022). Dynamic capabilities involve integrating, building, and reconfiguring competencies in response to external changes (Teece *et al.*, 1997; Teece, 2025; Fredrich *et al.*, 2022).

From the dynamic capability perspective, SA can be regarded as a firm's capability that is particularly important in dynamic marketplaces (Weber & Tarba, 2014). SA encompasses both sensing and seizing opportunities, as well as effectively responding to changing market conditions, all of which must be done quickly and continuously. It is also considered a crucial dynamic capability (Teece *et al.*, 2016). SA is often pursued when uncertainties are high. It is designed to respond quickly and continuously to changing environments where competitive advantage is often short-lived, thus requiring frequent strategic moves (Chen *et al.*, 2010; Goldman *et al.*, 1995). SA refers to a firm's capacity to renew itself while maintaining efficiency (Junni *et al.*, 2015). This flexibility enables agile SMEs to develop a portfolio of innovative products and services, outpacing competitors (Bhatti *et al.*, 2021). Agile SMEs also excel at integrating knowledge across their boundaries and adapting to market changes (Clauss *et al.*, 2019).

According to Doz and Kosonen (2008, 2010), SA rests on three interdependent meta-capabilities: strategic sensitivity, resource fluidity, and leadership unity. Existing research has examined these largely in the context of MNEs, leaving open important questions about how they are enacted in SMEs. To address this gap, we examine how these meta-capabilities manifest in smaller, resource-constrained firms. These meta-capabilities are essential for SMEs to adapt their strategic direction and innovate (Hock *et al.*, 2016; Ivory & Brooks, 2018). For example, strategic sensitivity involves sharp perception and real-time sense-making of emerging trends. As Doz & Kosonen (2008, p.96) described, strategically sensitive organizations show “*sharpness of perception and*

intensity of awareness and attention ... [to] ...incipient trends and converging forces with intense real-time sense-making". This capability is not merely knowledge; it entails informed judgment through active engagement with knowledge providers. Nyamrunda and Freeman (2021) found strategic sensitivity to be relevant in the SME context, although Arbussa *et al.* (2017) noted that it was less applicable in their case of a temporary work agency. Given our diverse SME sample, we assert that strategic sensitivity remains relevant.

Resource fluidity refers to the ability to rapidly redeploy resources and reconfigure operations and structures in response to emerging opportunities (Doz & Kosonen, 2010). It is not about resource abundance but about organizational elasticity - how effectively SMEs can shift limited people, assets, and capabilities across projects or business domains. Mechanisms that enhance resource fluidity include decoupling tightly coupled systems, modularising business processes, dissociating resource use from ownership, and switching between alternative business models (Doz & Kosonen, 2010). In acquisitions, resource fluidity is often achieved through integration, which allows firms to reconfigure their operations and knowledge bases across units (Junni *et al.*, 2015). For SMEs, this means reallocating staff between functions, adjusting offerings quickly, or forging flexible partnerships to respond to changing conditions.

Leadership unity captures the top management team's ability to make bold, fast decisions without being paralysed by internal politics (Doz & Kosonen, 2010). It goes beyond formal consensus to foster genuine alignment, where executives transcend personal agendas and align around a shared direction (Doz & Kosonen, 2008). Leadership unity is built through dialoguing, revealing motives, integrating interdependencies, aligning around common interests, and caring - practices that create trust and psychological safety (Doz & Kosonen, 2010). Junni *et al.* (2015) highlight that such leadership unity is deeply sociocultural, relying on empathy and cultural acceptance that reduce resistance to change. In SMEs, where decision-making often rests with a small leadership group or founder-owner, unity is especially critical. In its absence, firms struggle to coordinate effectively, whereas when present, they operate cohesively, ensuring that SA is not compromised by internal divisions.

Development of strategic agility in transitional periphery SMEs

The RBV posits that a firm's unique, valuable, and organized resources and capabilities establish its competitive advantage (Barney, 1991; 2001). However, since competitive advantage is very short-lived in the modern business environment, SMEs need to constantly evolve and reconfigure these resources and capabilities, which is why SA is often examined through the theoretical lens of dynamic capability (Teece *et al.*, 2016). Thus, SA proves vital for SMEs to survive in the modern, volatile, uncertain, complex, and ambiguous (VUCA) world and in the BANI (brittle, anxiety, non-linearity, and incomprehensible) world. (Jafari-Sadeghi *et al.*, 2022). While existing

literature mainly addresses firm-level capabilities for SA (Joiner, 2019; Karimi-Alagheband & Rivard, 2019), the role of individuals in fostering organizational agility remains less understood (Morton *et al.*, 2018; Christofi *et al.*, 2021). Only a few studies have explored individual-level factors contributing to SA (Di Minin *et al.*, 2014; Ferraris *et al.*, 2022; Reinhold, 2024), and even fewer examine the interaction between individual and organizational factors that impact SA (Ambituuni *et al.*, 2021; Ferraris *et al.*, 2022).

SA, as discussed earlier, is widely recognised as a meta-capability comprising strategic sensitivity, resource fluidity, and leadership unity (Doz & Kosonen, 2010; Vecchiato, 2015). Its effectiveness lies not in overemphasising any one of these capabilities but in dynamically balancing them over time. Excessive attention to a single capability can undermine SA, although the relative emphasis may shift depending on contextual demands. In practice, SA requires firms to learn from past experiences, abandon outdated routines, and adopt both top-down and bottom-up approaches to decision-making. It also involves balancing seemingly contradictory demands: stability and change, commitment and flexibility, and operational efficiency and innovation (Nguyen *et al.*, 2025). Managing these paradoxes is a continuous process in which top management must make difficult trade-offs while maintaining organisational coherence (Lewis *et al.*, 2014).

Despite growing scholarly interest, research on SA has primarily focused on MNEs in high-tech and knowledge-intensive industries, leaving SMEs comparatively underexplored (Di Minin *et al.*, 2014). Yet SMEs often operate in rapidly changing environments (Arbussa *et al.*, 2017) while facing resource constraints and cultural conservatism (Filson & Lewis, 2000). Their owners and managers may be ambitious but risk-averse, frequently fearing losses more than potential gains (Gray, 2002). Additionally, leaner structures with fewer managerial layers further amplify the influence of senior leaders, making their decisions central to how SA is enacted (Nyamrunda & Freeman, 2021).

To situate the development of strategic agility in the present study, it is important to clarify the notion of the transitional periphery economy and to distinguish it from both developed-market contexts and other transition economies. Building on comparative capitalism and international business literature, transitional periphery economies refer to a subset of post-state socialist contexts - predominantly in Central Asia and the Caucasus - that are characterised by weak, fragmented, and fluid formal institutions, limited integration into supranational governance frameworks, and persistent uncertainty regarding the stability, predictability, and enforcement of economic rules (Wood and Demirbag, 2015). Unlike Central and Eastern European transition economies that benefited from European Union accession and institutional anchoring, transitional periphery economies followed

more uneven and incomplete trajectories of market reform, resulting in enduring institutional instability rather than a linear convergence toward developed-market models (Demirbag *et al.*, 2015).

A defining feature of these contexts is the continued salience of informal institutions. Prior research highlights how clan-based structures, patronage networks, elite continuity, and personalised exchanges remain deeply embedded in the political economy of transitional periphery settings, shaping firms' access to resources, protection, and market opportunities (Makhmadshoev, 2018; Minbaeva and Muratbekova-Touron, 2013; Collins, 2009). These informal arrangements do not merely compensate for weak formal institutions but often coexist with and, at times, override them, producing hybrid governance environments that increase uncertainty for firms (Demirbag and Wood, 2018). In resource-dependent economies such as Kazakhstan, these dynamics are further reinforced by extractive-sector dominance and rent-based logics, which distort market signals and amplify volatility for non-resource SMEs operating outside privileged sectors (Umirzakov *et al.*, 2019). For SMEs, the implications of operating in the transitional periphery economy are particularly pronounced. The absence of stable and credible formal support infrastructures - such as effective financial markets, transparent regulatory systems, and consistent industrial policy - forces firms to rely heavily on personal relationships and network-based coordination as substitutes for formal institutional mechanisms (Makhmadshoev, 2018). Environmental turbulence in such contexts is therefore not episodic but structural, exposing SMEs to repeated macroeconomic shocks, policy reversals, and geopolitical spillovers. Under these conditions, strategic agility becomes less about opportunity exploitation in the classical sense and more about ensuring continuity, absorbing shocks, and maintaining organizational viability (Arslan *et al.*, 2015; Makhmadshoev *et al.*, 2015).

To make these cross-contextual differences explicit, Table 1 contrasts the dominant enablers of strategic agility in SMEs operating in transitional periphery economies with those observed in developed-market SMEs and MNEs.

===== INSERT TABLE 1 =====

As summarised in Table 1, these contextual characteristics help to explain why leadership practices and micro-level decision-making assume heightened importance in transitional periphery SMEs. With limited organizational slack, underdeveloped markets for managerial talent, and weak external support systems, senior leaders play a disproportionate role in interpreting environmental signals, mobilising internal resources, and coordinating rapid responses through informal authority and trust-based relations. Consequently, the enactment of strategic agility in transitional periphery economies is deeply shaped by survival imperatives, institutional fluidity, and the interdependence of environmental, network, firm, and individual-level conditions - features that

distinguish these settings from both developed-market SMEs and MNEs operating in institutionally stable environments.

In transitional periphery economies, the contextual conditions outlined above intensify the demands placed on organisational actors, particularly senior leaders. Under conditions of persistent institutional fluidity, limited formal support infrastructure, and heightened reliance on informal networks, strategic agility depends not only on organisational routines and structures but also, critically, on the practices, judgments, and behaviours of those in leadership positions. Senior leaders play a central role in interpreting ambiguous environmental signals, mobilising scarce resources, and coordinating rapid responses through personal authority and relational ties. However, despite the recognised importance of leadership in such contexts, little is known about how leaders in transitional periphery economies enact strategic agility at the micro-foundational level - that is, through the specific decisions, routines, and everyday practices that shape employee behaviour and organisational adaptability (Morton *et al.*, 2018).

Research gap and contribution

Existing studies on SA tend to adopt narrow disciplinary lenses, examining it through the lens of leadership (Lewis *et al.*, 2014), knowledge management (Vecchiato, 2015), HRM (Shams *et al.*, 2020), and information technology (Morton *et al.*, 2018). While these perspectives provide valuable insights, they overlook the multidimensional nature of agility. Moreover, research on SA in SMEs is limited, focusing mainly on organization-level factors, such as relational dimensions and trust (Nyamrunda & Freeman, 2021), or organizational capabilities, like anticipating and creative problem-solving (Arbussa *et al.*, 2017), with limited attention to individual leadership roles. In transition economies, research on SA is especially scarce, with Nyamrunda and Freeman (2021) as a notable exception.

Our study addresses these gaps by developing a comprehensive framework of SA in SMEs operating in a transition economy. Using Kazakhstan as the empirical setting, it demonstrates how environmental, network, organisational, and individual enablers interact through mechanisms of sensing, coping, and adapting to produce distinct manifestations of agility. To sum up, our study makes original contributions to the literature by (a) developing a holistic framework of SA that focuses on enablers at different levels and integrating disparate manifestations as well as explicating the mechanisms, (b) expanding the scope of marketing agility to include relational agility and product offerings agility and (c) studying SA in the context of SMEs in a transitional peripheral economy, which has received scant scholarly attention.

Context and Research Methodology

Research design and context

Given the limited research on SA in SMEs in transition economies such as Kazakhstan (da Silva-Oliveira *et al.*, 2021), this study adopts an exploratory qualitative design. Rather than testing existing SA theories, we aim to generate context-sensitive insights and build a framework that captures how SMEs develop and enact agility under conditions of turbulence. To support this, we draw on grounded theory coding techniques (Gligor *et al.*, 2016; Gioia *et al.*, 2013; Strauss & Corbin, 1998), which support inductive analysis of interview data and facilitate the identification of SA mechanisms and manifestations as they emerge from practice.

Kazakhstan provides a particularly relevant setting due to its economic and political turbulence, historical legacies of state capitalism, and continued reliance on informal networks. SMEs face significant challenges in developing SA, where formal institutional support remains limited. Since gaining independence in 1991, Kazakhstan has transitioned from a Soviet command economy to a market-oriented system, heavily reliant on oil, gas, and minerals (Kozhakhmet & Nurgabdeshev, 2022). This dependence has left the economy highly vulnerable to external shocks. For example, following the 2014 oil price collapse and the Russian-Ukrainian crisis, the national currency - the Tenge - lost more than 80% of its value in just over a year, making it the most depreciated currency in Europe. Although the country has since pursued diversification into agriculture, manufacturing, and technology, it continues to face recurring instability due to fluctuating energy prices, inflation, and social unrest following the 2022 events (Asian Development Bank, 2024). Such volatility makes Kazakhstan an ideal context for examining how SMEs enact SA in practice. It serves as a natural laboratory where firms' responses to shocks, resource constraints, and institutional voids can be observed in real time, offering insights that extend beyond Kazakhstan to the broader study of SMEs in transition economies.

Sampling and data collection

We adopted a theoretical sampling strategy (Strauss & Corbin, 1998) to capture variations in how SMEs in Kazakhstan experience and respond to turbulence. Sixteen firms were selected from the National Chamber of Entrepreneurs "Atameken" database, ensuring diversity across sectors such as services, IT, retail, construction, and light manufacturing (see Table 2).

===== **INSERT TABLE 2** =====

Between June and November 2019, we conducted in-depth interviews with 31 key decision-makers, including owners, directors, and senior managers, who were directly responsible for strategic decisions.

All interviews were audio-recorded with consent, conducted in Kazakh, Russian, or Turkish, and lasted between 40 and 75 minutes. Transcripts were prepared verbatim and checked for accuracy. The semi-structured

interview protocol (see Web Appendix, Table 3) was informed by the literature and covered topics such as environmental shocks, leadership decision-making, organizational responses, and SA mechanisms, while allowing flexibility for probing and follow-up questions (Tong *et al.*, 2007). To complement interview data, managers granted access to firm sites, where researchers conducted informal discussions with employees and observed day-to-day operations. These observational insights provided triangulation and contextual depth, enhancing the credibility of the findings. All firms employed fewer than 250 individuals and were established between 1991 and 2017, reflecting the SME profile typical of Kazakhstan's transitional economy.

Data analysis

We employed grounded-theory coding techniques (Gioia *et al.*, 2013; Strauss & Corbin, 1998) to analyze the qualitative data. Our objective was not to develop a formal grounded theory but to adopt an inductive, iterative approach that allowed themes and categories to emerge directly from the interview material. This approach was well-suited to our exploratory research design, given the limited prior knowledge about how SMEs in transition economies, such as Kazakhstan, develop and enact SA. Following Charmaz's (2008) recommendations, the analysis was conducted in multiple phases, with an emphasis on constant iteration and integration of new insights as the coding process unfolded.

Phase 1: Open coding

In the first stage, transcripts were examined line by line, and discrete pieces of information were assigned provisional codes. This stage was designed to capture the diversity of experiences and responses reported by SME managers without forcing the data into predetermined categories. Open coding enabled us to generate a large pool of subcategories reflecting how SMEs responded to turbulence. For example, managers described measures such as cutting costs, renegotiating contracts, closing underperforming branches, and redesigning products. Others referred to leadership practices, such as encouraging collective decision-making, engaging in constructive conflict, or taking calculated risks in uncertain environments. These codes also captured environmental-level issues (e.g., exposure to oil price fluctuations and currency devaluations), network-level actions (e.g., reliance on suppliers and competitors for market intelligence), and firm- and individual-level enablers (e.g., employee training, leadership foresight). By systematically coding each transcript in this manner, we identified a wide range of subcategories that capture the complex interplay among external shocks, organizational practices, and leadership behaviors shaping SA of SMEs in Kazakhstan.

Phase 2: Selective coding

In the second stage, we moved from detailed codes toward higher-order categories. Selective coding involved synthesizing subcategories into broader concepts and examining how these concepts related to one another. Through this process, several aggregate dimensions were developed, including environmental-level, network-level, firm-level, and individual-level enablers of agility (see Web Appendix, Table 4 for the full data structure). In addition, the analysis revealed three recurring mechanisms - sensing, coping, and adapting - that captured how SMEs navigated turbulence. Finally, we identified distinct manifestations of SA, such as agility in marketing, HRM, product/service offerings, and relationships. These manifestations reflected how the enabling conditions and mechanisms translated into observable strategic and operational behaviors across different business functions. Throughout selective coding, we revisited earlier transcripts to refine and validate categories, ensuring that higher-order concepts accurately reflected the underlying data.

Constant comparison and framework development

During the coding process, we used the constant comparative method (Glaser & Strauss, 1998; Gligor *et al.*, 2016), continuously comparing new data with previous analyses to refine categories and insights. For example, when managers in different industries described strategies for coping with currency devaluation, we compared these codes to identify similarities and differences in coping responses across contexts. This iterative process allowed us to refine categories, collapse overlapping ones, and distinguish more nuanced differences between mechanisms. The result was a data structure that made transparent the analytical steps taken from raw interview material to aggregate themes (see Web Appendix, Table 4). This process enhanced the credibility of our findings and demonstrated how the emerging framework was grounded in empirical evidence.

Linking to existing theory

Once the core categories and mechanisms were identified, we integrated them with existing research on SA to ensure theoretical relevance. For instance, the theme of resource fluidity was explicitly connected to Doz and Kosonen's (2008) work on the reallocation of resources as a key dimension of SA. Similarly, the mechanisms of sensing, coping, and adapting were positioned within the dynamic capability view (Teece *et al.*, 2016) and the recent literature on SA in SMEs. This step was not intended to test established theories but to extend and refine them by showing how they operate under the distinctive conditions of a transition economy. The integration of emergent categories with established theoretical constructs provided the foundation for the conceptual framework presented in Figure 1, which links enablers, mechanisms, and manifestations of SA in SMEs.

By systematically and iteratively applying grounded-theory coding techniques, the analysis produced a context-sensitive framework that captures how SMEs in Kazakhstan enact SA amid economic and institutional

turbulence. The process revealed not only the enabling factors that support agility but also the mechanisms through which these factors translate into tangible practices and outcomes. Consequently, the approach ensures that the study contributes both empirical insights grounded in rich qualitative data and theoretical refinements that advance the understanding of SA in SMEs operating within transition economies.

Findings

Our analysis identifies four interrelated components that collectively explain how SMEs in Kazakhstan develop and enact SA in the face of external turbulence. These components - enablers, responses to turbulence, mechanisms, and manifestations - form the basis of the conceptual framework presented in Figure 1. Enablers operate at multiple levels (e.g., environmental, network, firm, and individual) and provide the conditions under which SA can emerge. Responses to turbulence, particularly resource fluidity and leadership unity, capture how firms quickly mobilize their limited assets and decision-making capacity to withstand shocks. Mechanisms, in this study, refer to the underlying processes, routines, and capability-based actions through which SMEs enact strategic agility. They capture how firms interpret environmental signals, absorb shocks, and deliberately reconfigure resources and activities over time. Accordingly, we conceptualize mechanisms as comprising sensing, coping, and adapting processes. Manifestations of SA, in turn, represent observable organizational actions and outcomes arising from the activation of these mechanisms. They reflect how SA becomes visible in practice across key functional domains, including marketing, HRM, product and service offerings, and relational ties. Together, these four components reflect the multilayered nature of SA in SMEs during periods of environmental turbulence.

===== **INSERT FIGURE 1** =====

Environmental enablers for SMEs arise from challenges, such as currency devaluation, fluctuating oil prices, and political instability. These pressures led to strategies such as pricing adjustments, opening or closing units, and redesigning operations for survival. Environmental shocks affected the SA of SMEs, prompting them to develop adaptive strategies. Network-level enablers encompass connections with suppliers, customers, and industry peers, which are crucial for gathering market intelligence. Without advanced research tools, SMEs relied on these networks to monitor trends and respond to changes in demand. Reliable supplier relationships and trust-based partnerships supported SMEs through crises. Firm-level enablers include internal qualities such as collaborative decision-making, open communication, a cohesive culture, and continuous learning, all of which are vital for quick responses to disruptions. These traits empowered SMEs to innovate and maintain cohesion. Individual enablers involve leader attributes such as strategic foresight and risk-taking, which are essential for

fostering agility. Effective leaders boost team confidence, make informed decisions, and encourage problem-solving during challenging times.

Second, resource fluidity and leadership unity were essential to SMEs' ability to manage turbulence. Resource fluidity enabled firms to rapidly adjust their activities by scaling operations up or down, renegotiating contracts, and exploring alternative revenue streams. Flexibility in decision-making, cost-reduction strategies, and product redesign helped them to navigate external pressures. At the same time, leadership unity ensured that such adjustments were not hindered by internal conflict: decision-making processes were collective, communication remained open, and leaders aligned the team around shared goals. This cohesion provided firms with the confidence and speed required to implement turnaround strategies, enhance product quality, or diversify income sources, thereby boosting SA and ensuring survival.

Third, the findings uncover three core mechanisms that underpin SA. In terms of sensing, SMEs relied heavily on external networks and internal sales data to detect shifts in demand, competitor pricing strategies, or broader market disruptions. This reliance on relationship-based intelligence underscored their ability to identify and interpret emerging threats despite lacking formal market research tools. Coping represented the immediate responses to turbulence, including cost-cutting, delaying payments, and absorbing financial losses to withstand initial shocks. These defensive measures were critical for maintaining business continuity when survival was at stake. Adapting to coping efforts involved more transformative actions, such as redesigning products, enhancing customer service, and exploring new revenue sources. Through adaptation, SMEs gradually recovered from shocks and realigned their strategies with the evolving market environment.

While these mechanisms align with the dynamic capabilities framework, which emphasizes sensing, seizing, and transforming (Teece *et al.*, 1997, 2007, 2016), our findings suggest an important contextual shift. In resource-constrained SMEs operating in turbulent transition economies, the canonical "seizing" stage - where firms mobilize significant resources to capture opportunities - is often replaced by coping strategies focused on survival. Only after stabilizing operations can these firms progress to adapting, which parallels the "transforming" stage in dynamic capabilities theory. This progression from sensing to coping and then adapting highlights how SMEs in transitional peripheral contexts reconfigure the dynamic capabilities sequence to reflect their vulnerabilities and constraints.

Ultimately, our findings underscore the SA in SMEs, which is manifested across four key functional domains. Marketing agility was evident in the adoption of new customer acquisition and retention strategies, ranging from intensified use of social media platforms to personalized promotions and customer-centric

engagement. These practices allowed firms not only to sustain their existing client base but also to expand into new segments and, in some cases, international markets. HR agility emerged through continuous investment in employee training, upskilling, and motivational practices that maintained workforce adaptability under pressure. SMEs also demonstrated a willingness to recruit internationally to fill talent gaps and replace underperforming staff when necessary, thereby ensuring alignment between human capital and shifting strategic needs. Product and service agility was expressed through the redesign of offerings, improvements in quality, and the rapid incorporation of emerging trends, enabling firms to differentiate themselves and remain competitive despite resource constraints. Finally, relational agility reflected the capacity to strengthen and leverage partnerships, particularly with suppliers, by renegotiating terms, cultivating long-term trust, and reconfiguring supply chains to withstand shocks. Taken together, these manifestations demonstrate how SMEs operationalized enablers, responses, and mechanisms into concrete practices that safeguarded survival and, in many cases, laid the foundation for renewed growth. The subsequent sections elaborate on each component of the framework, enablers, responses to turbulence, mechanisms, and manifestations, drawing on detailed empirical evidence from the interviews to illustrate their dynamics in practice.

Environmental-level enablers of agility

Almost all respondents identified environmental turbulence they had faced over the past five years. For most, the devaluation of the Tenge against the US dollar was the primary challenge, contributing to economic uncertainty, volatile markets, and frequent exchange-rate fluctuations. A few respondents also mentioned fluctuating oil prices, which impacted consumers' income in Kazakhstan, where the economy is heavily dependent on oil and gas. Other challenges cited included seasonal contracts, changing tariffs, the global recession, increasing competition, political tensions between Russia and Ukraine, and general economic instability. Some of the responses regarding environmental turbulence are as follows:

From 2014 until 2019, the value of Tenge declined 2.5 times, i.e., before the dollar-tenge exchange rate was 150, then it became around 380 (R2)

For example, there were Russian investors who entered the market with brands such as Sportmaster, Ostin, and Odji - smaller, more affordable, local Russian brands. Following this, there was a wave of Turkish investors, supported by the state-backed "TURQUALITY" initiative, which motivated Turkish entrepreneurs to expand internationally. This wave lasted for four years but eventually declined as state support for the program ceased, curtailing further expansion and development. Subsequently, there was an influx of Ukrainian retailers driven by the war and military conflicts with Russia. (R15)

The respondents discussed the impacts of the aforementioned environmental turbulence on their firms. While some were forced to close their warehouses or stores, others had to contend with lower profit margins, increased debt, and the withdrawal of investor backing. Many respondents alleviated concerns about business uncertainty and a shrinking customer base, with some temporarily closing stores, warehouses, or shops. Several others noted a decline in sales, as consumer spending dropped or orders and projects diminished. In response to rising costs resulting from the devaluation, some companies had to increase the prices of their products or services. Employee attrition also emerged as an issue, with many workers migrating for better opportunities. Some of the responses regarding the role of environmental turbulence in their business are provided below:

Before the devaluation, we could draw some conclusions about the market reaction; we knew that if we brought three cars to the showcase today, we would sell them within two months... And now, it is very difficult to predict everything; it is alarming that such circumstances push us to abandon the warehouse (R6)

These external shocks played a significant role in shaping SME responses. To manage these challenges, many SMEs had to become nimbler and more flexible, closing underperforming units and opening new ones to adapt to the changing environment. In some cases, SMEs were forced to adjust their prices to cope with these external pressures. As some managers indicated:

During the crisis, the devaluation, we had to close almost all our stores and then open new ones, start everything from scratch - this was the most crucial and difficult (R4)

Devaluation led us to increase the price twice since everything was bought at a dollar rate. Therefore, all participants in this industry had to reduce their margins considerably... (R12)

Network-level enablers of agility

The SMEs interviewed lacked the resources and capabilities to engage in advanced market research techniques, business intelligence, and predictive analytics. None of the firms had these capabilities in-house. Several respondents noted these techniques were prohibitively expensive, particularly if external agencies were involved. As a result, their main sources of external information were suppliers, customers, and broader business networks.

Internally, their sales departments conducted basic market research to track market dynamics, identify emerging trends, and perform surface-level analysis. The volume and nature of orders and requests served as key indicators of market supply and demand. Most SMEs first learned of the devaluation through their suppliers and began to observe its effects as their order volumes declined. Additionally, they kept a close eye on competitors to understand their pricing strategies and how they responded to the challenges arising from the devaluation. In fact, some SMEs pointed out that competitors who failed to adapt quickly did not survive for long. They also monitored industry leaders - particularly international players - to better understand emerging trends and consumer

preferences, quickly identifying opportunities to capitalize on during these disruptions. The key decision-makers highlighted these challenges in the following manner:

We were one of the first to respond to these changes, because information is transmitted quickly from suppliers (R7)

The information flows from sales directors of each branch, analysis might be done according to it (R12)

Our market is very sensitive, and we quickly feel it by the number of orders and the number of requests (R10)

These findings suggest that external network partners can play a vital role in enabling SMEs operating in transitional periphery economies to become more flexible and agile. Previous research has highlighted the importance of external networks in enabling SMEs to transform economies to develop exploratory innovations, particularly when formal institutional support is limited (Khan *et al.*, 2018).

Firm-level enablers of agility

Most respondents highlighted that quick decision-making and fast actions were crucial for managing challenging times. While some decisions were difficult - such as closing stores or units - others were more radical, like changing the positioning or design of their products. Despite the challenges, a collaborative decision-making style was evident in most firms. Although constructive conflicts arose, managers were generally willing to compromise and reach a consensus on solutions that benefited the firm. Respondents also highlighted the importance of open communication and empowering employees with the autonomy to make decisions within their areas of responsibility. These findings suggest that leadership unity, collective commitment, and open communication are key factors in fostering firm-level agility (cf. Doz and Kosonen, 2010). As some respondents mentioned:

Decisions were not taken unilaterally; we discussed all the actions: every process, every decision (R4)

If a problem arises, the leadership considers who is right, considers the general benefit, and makes a decision (R7)

I believe that the senior management gave us responsibilities and gave us a chance to make our decisions (R8)

Values are what make a team, that is, a cohesive team, to which I also give myself fully to achieve their goals (R9)

Further, other firm-level enablers played a vital role in helping the firms survive in this extremely turbulent environment. These included various aspects of organizational culture. SMEs, with fewer employees and leaner structures than large firms, operate more like a close-knit family. They share similar values and goals, and a strong sense of mutual trust, faith, and belief in one another exists. This enables better cooperation and cohesion, allowing them to stand united during a crisis and tackle challenges together. Such a supportive environment also facilitates quick decision-making, amicable conflict resolution, and swift consensus and action.

The findings also indicate that internal firm-level actions, such as continuous training and learning, contributed significantly to the development of agility in SMEs. Case firms are highly focused on continuous training and learning, which helps them refine their skills and capabilities and remain flexible and nimble. They

are also quick to learn from their competitors, as well as from leading foreign firms and other networks. The firms are receptive to new ideas and changes, and they are willing to experiment and adapt to overcome the challenges posed by external shocks and crises. This proactive approach helps them stay better prepared and manage uncertainties in the external business environment. The managers of the SMEs suggested:

We have a culture as one big friendly family; we always listen to each other, suggest, and explain to each other (R7)

We constantly undergo training in order to always be aware of new trends (R5)

I have a lot of friends who are entrepreneurs and businessmen with whom I consulted (R10)

Individual-level enablers of agility

The personal attributes of leaders, which proved vital during the turbulent periods, were consistently highlighted by respondents as key enablers of organizational agility. The ability to take calculated risks and make tough decisions emerged as a critical factor in helping leaders manage environmental turbulence. Respondents also emphasized the importance of strategic foresight and ambition, as well as the ability to remain calm and composed under high pressure. A leader's confidence and positive outlook were seen as crucial in reassuring employees and instilling a belief that the organization would eventually overcome its challenges. Additionally, respondents noted that effective leaders should be approachable, supportive, results-driven, and tolerant.

He is a strategist. He thinks ahead. Sometimes, such decisions are ambitious, difficult, and risky (R9)

I always tried to help and support the employees... in difficult moments... at the end, they answered me the same way; when it was difficult for me, they were with me to the end (R4)

I never behave with our employees like a boss; I always try to become like a friend (R7)

The following quote highlights the interviewee's philosophical approach and personal outlook as they navigate constant change, turbulence, and uncertainty in Kazakhstan and the market.

I have drawn on my previous knowledge, skills, and experiences, as well as the training sessions I attended. I was personally trained in the field of business administration in China. During my training, I learned that the Chinese word for "crisis" consists of two characters, which means "danger" and "opportunity" or "chance." This dual meaning resonates deeply with me, as it reflects a mindset of balancing on the edge of danger while seeking opportunities for growth and change (R3)

Response to turbulence: resource fluidity and leadership unity

The respondent firms demonstrated varying approaches to managing turbulence, with many focusing on resource fluidity to quickly adjust their business activities in response to changing conditions. Some firms took decisive steps to scale their operations up or down as needed, closing warehouses or stores when sales dropped. Other firms renegotiated contracts with their clients to account for the rising costs of imported inputs.

Flexibility in operations and the ability to quickly implement turnaround strategies were among the key strategic actions respondents highlighted as vital for managing environmental turbulence. Many firms were forced to make quick decisions about pricing - either increasing or decreasing prices to maintain competitiveness. Some SMEs also resorted to offering occasional discounts to attract customers. Additionally, several firms explored alternative revenue streams to diversify their income streams. Below are some excerpts from respondents illustrating how operational flexibility helped their firms address challenges arising from environmental turbulence:

Making the company and the people more flexible. So, with this flexibility, you can survive the problems (R7)

Our company is very flexible because it does not have bureaucracy - there are no strictly prescribed things. If we see some changes, ... then we immediately try to eliminate it (R3)

Below are some responses from key decision-makers, highlighting how firms focused on cost reduction to address challenges arising from environmental turbulence:

Reduced the staff, removed the unnecessary area of the warehouses so that we do not pay rent for them (R12)

The first thing we did was to cut costs (R6)

Unfortunately, after this crisis, we have to close all our branches; now we have only headquarters in Almaty (R7)

Another strategy adopted by some firms was to focus on improving product quality, redesigning their products, or exploring alternative sources of income. Additionally, some firms looked to their international competitors for insights on how to navigate the emerging crisis.

We changed the design and style of products and switched to a stylish but more economical option (R7)

We decided to work not only on projects but also find other ways of income and financing (R3)

Product design has completely changed..., added new lines, improved the trend (R5)

Beyond these tangible adjustments, many SMEs also emphasized the importance of leadership unity in sustaining resilience during turbulence. Firms described how collective decision-making and transparent dialogue enabled leaders to act quickly and coherently. As one respondent explained:

“Decisions were not taken unilaterally; we discussed all the actions: every process, every decision. And in the end, we all put it to the vote. Collectively” (R41).

Similarly, another highlighted how disputes were resolved through compromise:

“Between our leaders, when solving problems, in case of disputes, we always come to a compromise for the sake of a common solution” (R83).

Leaders also described how constructive conflict contributed to better decisions:

“We know how to constructively conflict. We can argue and speak with raised voices sometimes to defend the best idea for a solution. And sometimes I provoke such constructive conflicts, because simply to say that you are good, and we are fine, the company will not grow” (R91).

Open communication reinforced this collective orientation, as reflected in the comment:

“Open conversations... nothing is concealed; if there are any problems, it must be reported. If you do not like something, then immediately talk about it. No offence” (R92).

This unity of purpose and trust within the leadership team not only reduced the risk of paralysis during crises but also strengthened employees’ confidence in management. As one manager stressed, *“We have several bosses; they together solve any problems... they consider the general benefit and make a decision” (R71)*. By aligning leadership voices and maintaining transparency, SMEs ensured that difficult choices - such as restructuring, redesigning products, or diversifying income - were implemented swiftly and with collective support.

Together, resource fluidity and leadership unity emerged as mutually reinforcing responses to turbulence: while resource fluidity provided the operational flexibility to adjust, leadership unity ensured cohesion, collective commitment, and trust, enabling SMEs to act decisively and strategically in volatile contexts.

The themes discussed thus far are clearly aligned with the SA framework proposed by Doz and Kosonen (2010), where resource fluidity and leadership unity operate as central meta-capabilities that enable firms to renew and reconfigure themselves under conditions of turbulence.

Mechanisms of strategic agility

In rapidly changing and politically unstable environments, coupled with the complex demands of a transition economy, SMEs face paradoxical organizational responses in the form of SA. This study highlights sensing, coping, and adapting as key mechanisms for ensuring the survival of SMEs and realigning their strategic direction.

Specifically, the findings suggest that SMEs must first sense market changes to become agile. However, many SMEs are unable to predict or anticipate disruptions in advance. As one respondent indicated:

“We do not have advanced predictive or analytical tools at our disposal, and many of us cannot afford to hire consulting/research agencies, and neither do they have such capabilities within the organization” (R2).

This suggests a gap in anticipatory mechanisms that larger firms, such as multinational enterprises (MNEs), may be better equipped to address. The respondents highlighted that their primary sources of market intelligence were important external sources and networks. As one respondent explained:

“Our eyes and ears are mostly suppliers, sales departments, competitors and networks. We became aware of these potential disruptions mainly from information provided by our suppliers (mostly international), the sales department/personnel, and from the competitor’s actions” (R7).

This reliance on external relationships underscores that the effectiveness of sensing mechanisms depends on the quality of *“relationship we have with these entities, who are providers of the information” (R3)*. Additionally, SMEs enhanced their understanding of threats by analyzing their own order patterns, customer behavior, and demand types. As one respondent noted:

“the threat and its effects [is better understood] by analyzing their own orders/demand, mostly by their numbers and type, and from their customer behavior” (R6).

However, simply sensing changes is not enough; SMEs must also act quickly to stay competitive. Some respondents reported being among the first to respond to emerging threats, indicating their sharpness and alertness in perceiving and responding to changes in the external environment.

Our findings further reveal that responses to the turbulence should be both timely and appropriate, as many SMEs have observed reduced production and are constantly monitoring orders. This indicates the importance of coping mechanisms, enabling SMEs to respond promptly and survive in transitional periphery economies. Some respondents suggested:

“We did absorb some of the initial shock, which means that we had to reduce their prices and close down stores/warehouses immediately” (R5), “We had to delay payments, take loans and lay off staff” (R1).

These actions show that SMEs were coping by operating with lower margins and sometimes incurring losses. Such initiatives reflect SMEs’ immediate, reactive responses to survive, thus forming the basis of their coping mechanisms.

Following their initial adjustments through coping mechanisms, the respondents also adopted adaptive mechanisms, which helped them undergo transformations and recover from the crisis. As one respondent (R7) mentioned, *“we made changes in our product design and development patterns to support the operational processes.”* Others highlighted adaptations in areas such as service delivery, marketing programs, customer focus, operational processes, and new revenue sources, as well as HRM (R1, R5).

From the decision-makers’ responses, it became clear that some firms focused more heavily on certain domains than others. They could not be equally agile across all areas, as their ability to adapt depended on the nature and extent of the impact of the turbulence. The adaptations and transformations were largely *“facilitated by the willingness to learn, maintenance of relationships with suppliers and other networks, leadership, and the supportive environment/culture” (R3)*. Another common theme across these SMEs was a family-like, friendly

organizational culture, which helped them weather the storm together. Trust and cohesion were key factors; employees had faith in one another and the firm, which strengthened their collective resilience during challenging times.

Manifestations of strategic agility

The responses indicated that SMEs demonstrated four distinct manifestations of agility: in their marketing, product/service offerings, relational orientation, and HRM.

Agility in marketing

Many respondent firms demonstrated agility by adapting their marketing strategies to attract customers, particularly as customer numbers declined. A renewed focus on intensive advertising and promotions became central to their efforts. Notably, firms increasingly relied on social media platforms like Instagram for advertising and promotional campaigns. Those who had not previously used social media or online sales channels began doing so during this turbulent period. Several firms also embraced a more customer-centric approach by offering customized orders and being more attuned to their customers' needs. They showed greater patience in customer interactions and proactively solicited customer feedback. As one respondent indicated it in the following manner:

We do not sit and wait for customers to come knock on the door...on the contrary, we find customers (R1)

Additionally, firms expanded their efforts to grow their customer base, both by retaining existing customers and by exploring overseas markets to offset the decline in local demand.

We began to pay more attention to the client to keep them, gave something as a gift...(R5)

We tried to learn about the preferences of customers... we adjusted and made changes (R8)

Trainers and psychologists periodically work with our designers and managers, conduct training, teaching how to properly interact with clients (R7)

Overall, the participants highlighted a strong commitment to enhancing customer relationships through personalized engagement, tailored adjustments based on client preferences, and ongoing professional development to improve client interactions.

Agility in HRM

The respondent firms demonstrated agility in managing their most valuable resource - human capital. They focused on upskilling and retraining their employees to better serve customers or meet the new demands arising during this period of uncertainty. Many respondent firms stressed the importance of continuous training to address the evolving needs of their firm. In addition to upskilling, firms recognized the need to replace underperforming staff with more competent and talented individuals when necessary. Motivation, both financial and non-financial,

was also highlighted as crucial to maintaining employee morale and productivity. Creating a supportive and positive working environment was key to retaining employees during challenging times.

Some firms faced difficulties in recruiting the right talent locally, so they turned to international talent pools to fill skill gaps.

We began to improve our human capital and the quality of the work; we began to train them so that they made products tastier (R8)

Earlier, job seekers came to us, and everybody did that. When the crisis happened, obviously, everyone left... we started using not only Kazakhstan's resources for searching but also Russia's (R3)

These experiences highlight how SMEs adapted to workforce challenges by investing in employee training to enhance product quality and by expanding recruitment beyond national borders to sustain operations during the crisis.

Agility in unique product/service offerings

The respondent firms demonstrated agility in their product and service offerings, continuously adapting to the market's uncertainties. They actively pursued new product design trends and adjusted their offerings accordingly. This included attending international exhibitions and fairs to stay updated on the latest trends, expanding their product range, and improving product quality.

Regarding services, firms focused on enhancing service delivery by providing higher-quality products, reducing lead times, and offering more attractive terms, such as extended warranties and deferred payment options.

We focused on price and costs, we changed most of the design, changed the style to more economical furniture, switched from classic to more modern Euro style (R7)

We improved the service in the first place; we always try to use novelty, new products, and trends (R5)

We started to provide the first extended warranty and deferred payment to compete with our competitors, who cannot provide such services (R10)

In response to market demands and competitive pressures, SMEs adapted by optimizing costs through design changes, enhancing service quality with innovative offerings, and introducing extended warranties and flexible payment options to strengthen their market position.

Agility in relational ties

Agility was also demonstrated in the firms' focus on building and expanding their relationships. Some respondent firms discussed the need to change suppliers in response to product design changes, adapting to turbulence by sourcing from new or international suppliers.

We changed the products; accordingly, we changed the suppliers; we also began to work with Italy, additional accessories, Italian fabrics (R7)

Others, however, emphasized the importance of working with stable, long-term suppliers and cultivating relationships based on trust and mutual understanding. Many firms found that having stable suppliers during troubled times offered advantages, such as agreeing to discounts or deferring payments, as these suppliers were more understanding of the challenges the firms faced.

We did not change suppliers, did not see the point, since our suppliers are the best... Stable suppliers gave us discounts (R5)

Discussion

This study provides useful insights into the development of SA in SMEs operating in transition economies, such as Kazakhstan, which face significant environmental turbulence due to currency fluctuations, recession, and falling oil prices (cf. Demirbag *et al.*, 2015; Li, 2020). The findings highlight the dynamic interplay between environmental challenges, firm-level capabilities, and individual leadership in shaping the SA of SMEs. These findings not only advance the theoretical understanding of SA but also offer important insights for practitioners, particularly in volatile, uncertain, complex, and ambiguous (VUCA) and BANI environments.

We argue that SA is not a one-size-fits-all concept but rather a multifaceted construct with several distinct manifestations across organizational domains. In our study, the manifestation of marketing agility is evident in practices such as intensified promotions, greater reliance on social media, proactive pursuit of customer feedback, and expansion into new market segments. The manifestation of product and service agility is evident in redesigning product ranges, adopting overseas trends, improving quality, enhancing service delivery through extended warranties and deferred payments, and introducing new services. The manifestation of HR agility is reflected in continuous training, retraining, and upskilling, as well as motivational schemes and the cultivation of supportive, family-like work environments. Ultimately, the manifestation of relational agility is evident in expanding networks, forming new international supplier relationships, establishing trust-based long-term partnerships, and negotiating flexible terms with stakeholders. Taken together, these manifestations work synergistically, enabling SMEs to navigate turbulence, reconfigure their operations, and sustain competitiveness. By articulating these specific practices, our research moves beyond tautological accounts of agility as “quickness” and instead demonstrates how SMEs in transitional economies operationalize SA.

Implications for theory

The paper's theoretical novelty rests on three interrelated contributions. The first lies in the way the study refines dynamic capability theory by showing that the canonical sensing-seizing-transforming sequence does not hold in

transitional periphery contexts. Instead, the evidence demonstrates a survival-driven progression of sensing, coping, and adapting. Coping is not merely a defensive set of ad hoc actions, but an institutionalized stage of strategic agility that precedes adaptation and transformation. Its recognition enriches dynamic capability theory with a mechanism highly relevant for resource-constrained SMEs operating under institutional fragility. The second contribution is the development of a cross-level framework of enablers. While prior research has tended to isolate firm-level factors or leadership traits, this study demonstrates that strategic agility in SMEs emerges from the interplay of four distinct levels of enablers. At the environmental level, macro shocks such as currency devaluations, oil price fluctuations, and political instability create the conditions that compel firms to adjust. At the network level, relationships with suppliers, customers, and industry peers provide the market intelligence and support that enable rapid responses. At the firm level, organizational practices such as collaborative decision-making, open communication, and a cohesive culture create the internal capacity for flexibility. Finally, at the individual level, leaders' foresight, risk tolerance, and relational skills play a decisive role in mobilizing people and resources. By integrating these environmental, network, firm, and individual enablers into a single, coherent model, the study demonstrates how strategic agility is generated through cross-level interactions rather than isolated capabilities. The third novelty lies in the micro-foundational insights it provides. By tracing how leaders make decisions, negotiate consensus, take calculated risks, and build trust-based relationships, the study uncovers the practices through which strategic agility is enacted at the ground level. In doing so, it extends Doz and Kosonen's meta-capabilities by demonstrating how strategic sensitivity, resource fluidity, and leadership unity are expressed differently in SMEs in transitional periphery economies than in MNEs in developed markets. Regarding methodology, the paper does not claim to be a fully grounded theory study. Rather, it is exploratory qualitative research that employs grounded-theory coding techniques to build a context-sensitive framework. By describing the approach in this way, the charge of overpromising can be avoided while maintaining the rigor of the iterative coding and constant comparison process.

Our study contributes to the growing literature on SA (Doz & Kosonen, 2008; Ferraris *et al.*, 2022; Junni *et al.*, 2014; Xing *et al.*, 2020), internationalization (Demir *et al.*, 2021), and marketing agility (Gomes *et al.*, 2020) in several important ways.

First, our research advances the dynamic capability view (Shams *et al.*, 2021; Teece *et al.*, 2007; Weber & Tarba, 2014) by exploring the factors that enable SMEs in transition economies, specifically Kazakhstan, to develop SA in response to dynamic market conditions. SMEs in Kazakhstan are deeply integrated into global supply chains, with key partners in neighboring advanced emerging economies, including Russia, Turkey, and

China (Bahl *et al.*, 2021). However, international engagement imposes significant supply chain costs on SMEs. These costs are often passed on to local customers with limited purchasing power, ultimately harming operations and increasing the risk of closures.

In this context, SA emerges as a vital dynamic capability, enabling SMEs to strategically renew themselves and remain flexible without sacrificing efficiency in fluctuating environments (Doz & Kosonen, 2008, 2010). However, the development of SA in SMEs in transition economies remains underexplored (Shams *et al.*, 2021; Vaillant & Lafuente, 2018). Our study reveals that SMEs in Kazakhstan face various environmental challenges, including seasonal contracts, changing tariffs, global recession, rising competition, and political tensions between Russia and Ukraine. These external shocks require flexibility and agility, supported by strong relationships with partners, such as suppliers, customers, and competitors, enabling SMEs to respond swiftly to market threats and seize new opportunities.

Moreover, internal organizational systems, leadership practices, training, learning, and individual personal attributes are critical in enabling SMEs to make strategic decisions and enhance their SA. This aligns with the Broaden-and-Build theory (Fredrickson, 2001), which posits that organizational practices that foster autonomy, competence, and meaningfulness generate positive emotions, supporting resilience and adaptability over time. Our findings highlight the importance of often-overlooked factors at the environmental, network, firm, and individual levels that shape the SA of SMEs in transition economies. By integrating these dimensions, our study offers a more comprehensive perspective that is largely absent from the existing literature.

Our study provides insights into specific manifestations of SA within SMEs in transition economies. While past research has focused on broader SA concepts, it has not thoroughly examined their expressions. We confirm the significance of SA and identify key forms in SMEs in Kazakhstan. For instance, SMEs use social media for agile marketing during turbulent times and upskill their HRM teams to meet evolving customer needs. They also adapt product and service offerings to shifting market conditions, reinforcing their SA. Relationships are vital, as dynamic environments drive SMEs to seek new partners and maintain trust-based, long-term connections. Effective marketing, adaptive offerings, flexible HRM, and strong relationships help SMEs navigate market disruptions and sustain agility in a changing business landscape.

Third, this study provides important insights into the mechanisms that drive the SA of SMEs in transition economies. Our findings highlight three key mechanisms that support agility: *sensing*, *coping*, and *adaptation*.

In the sensing phase, SMEs become aware of potential disruptions through information from international suppliers, sales personnel, and competitor actions. SMEs in Kazakhstan also sense changes driven

by external factors, such as the Russian embargo and Western trends that have not yet reached the local market. Based on their sensing, SMEs implement coping mechanisms to manage and absorb external shocks (Meyer, 1982; Conz & Magnani, 2020). The organizational resilience literature suggests that SMEs must cultivate resilience to effectively cope with such shocks. Finally, adaptive mechanisms help SMEs make the necessary changes to maintain business operations and recover from crises.

In transition economies, the relationship between business and society is complex (Wood & Demirbag, 2015). These economies face unique challenges, including weak institutions, economic imbalances, social inequality, and political instability. SMEs in these contexts must strive for economic success while also contributing to societal development. Our study shows that for these SMEs, sustainability extends beyond mere survival; it involves transforming challenges into growth opportunities in both local and national markets.

This study advances the literature by examining the interconnection of multiple interrelated components of SA, namely marketing, product offering, relational, and HR in SMEs operating in transition economies. Unlike previous research, which tends to examine these dimensions in isolation, our findings reveal their synergistic, mutually reinforcing effects in enhancing SMEs' ability to navigate dynamic global market conditions. By integrating these components, we provide a clearer understanding of how SA is enacted across functional domains, enabling SMEs to tackle challenges posed by fluctuating economies, changing customer demands, and growing competitive pressures in international markets.

In summary, our research provides novel contributions to the literature by (a) formulating a comprehensive framework of SA that emphasizes enablers across various levels and synthesizes diverse manifestations while elucidating the mechanisms, (b) broadening the concept of marketing agility to encompass relational agility and product offerings agility, and (c) examining SA within the context of SMEs in a transitional peripheral economy, an area that has garnered limited academic focus.

Implications for practice

This study's findings offer crucial insights for SME managers in transition economies. First, they must prioritize environmental, firm, and individual factors to enhance organizational agility. This includes understanding economic and political changes and leveraging internal capabilities such as strong leadership and effective communication. Addressing these factors allows SMEs to navigate uncertainty and remain competitive.

Second, building networks is crucial for mitigating external shocks. Managers should strengthen relationships with suppliers, customers, and industry peers for valuable resources and insights during crises. Regular engagement, particularly with international suppliers, enables SMEs to anticipate market disruptions and

adapt quickly to changes, thereby fostering innovation. Integrating inter-organizational knowledge through partnerships with research institutions and universities can significantly advance innovation and industry trends.

Third, SME managers can operationalise SA by translating sensing, coping, and adapting mechanisms into concrete managerial practices. With respect to sensing, managers should establish systematic yet flexible routines for monitoring environmental developments, including maintaining close interactions with key customers and suppliers, observing competitor behaviour, and leveraging informal networks to identify early signals of change. In terms of coping, managers need to enhance short-term organisational flexibility by actively managing cost structures and resource allocation. This may involve adjusting staffing levels, renegotiating supplier agreements, prioritising liquidity, and reallocating resources across projects in response to fluctuating demand. Regarding adaptation, managers are encouraged to engage in proactive experimentation by exploring new service offerings, targeting alternative customer segments, and utilising digital platforms and international networks to diversify revenue streams and reposition the firm. Importantly, these practices do not necessarily require substantial financial investment; instead, they rely on managerial attentiveness, decision-making agility, and a willingness to act under conditions of uncertainty. As such, they are particularly relevant for SMEs operating in resource-constrained and volatile environments.

Finally, this study's findings suggest that managers of SMEs operating in transition economies should focus on enhancing agility across product/service offerings, marketing, and HRM. For example, adopting flexible product development processes enables SMEs to quickly introduce new or modified products in response to changing customer needs. In marketing, managers should leverage digital technologies and platforms to execute real-time marketing strategies, helping SMEs reach global customers and effectively compete with competitors. Similarly, from an HRM perspective, managers should nurture a culture of continuous learning and agility, enabling SMEs to quickly align their workforces with dynamic environments and to focus on strategic projects. By adopting these measures, SMEs can ensure flexibility and resilience for long-term survival in volatile conditions. Also, promoting agility in product/service offerings, marketing, and HRM practices enables quick adjustments to market demands and consumer behavior.

Limitations and future research directions

Despite the contributions of this study, several limitations warrant further research on this important topic. First, we conducted qualitative interviews with decision-makers from SMEs. Given their in-depth knowledge of SME practices and systems, we believe these individuals are well-positioned to provide insights into SA. However, to enrich research on this topic, future studies could complement decision-makers' narratives with observations from

independent researchers and network partners (Tenzer *et al.*, 2021). Additionally, adopting quantitative methodologies in future research could validate our findings. A more diverse research design would also facilitate generalizability and provide a deeper, multifaceted view of the dynamics and temporal evolution of SME agility.

Second, our context-specific study focuses on Kazakhstan, a country transitioning from a planned to a market economy. However, cultural, political, and institutional contexts vary across different transition economies. Therefore, future studies could broaden the scope by collecting data from other transition economies, such as Azerbaijan, Kyrgyzstan, and Uzbekistan. This expansion could uncover different enablers, manifestations, and mechanisms of SA specific to each context. Moreover, comparative studies between SMEs in transitional, emerging, and developed economies could offer valuable insights into how the enablers of SA vary across different economic landscapes.

Third, this study emphasizes the importance of individual personality attributes in enabling SMEs to become more agile and adaptable in changing environments. Future research could adopt an upper echelons perspective (cf. Hambrick & Mason, 1984) to explore how individual characteristics - such as age, gender, nationality, and education - along with cognitive capabilities (e.g., knowledge, skills, mental processes) and social class (e.g., celebrity status, poverty experiences) influence the strategic decisions that support SME agility. Such studies could provide deeper insights into how leaders' personal traits and cognitive styles shape SMEs' SA, particularly in transition economies. For example, transformational leaders may be more adept at driving innovation and fostering adaptability, while transactional leaders might focus more on efficiency and stability. Moreover, beyond individual characteristics and leadership styles, organizational culture plays a crucial role in shaping the agility of SMEs. Future studies could examine how cultural factors - such as risk tolerance, openness to change, and collective problem-solving - affect the firm's ability to implement and sustain agility. In transition economies, where a blend of traditional and modern business practices is often present, organizational culture can be a critical enabler or barrier to agility.

Conclusion

This study set out to explore how SMEs in transitional periphery economies, with Kazakhstan as the empirical context, develop and enact SA in the face of recurring turbulence. By examining the interplay of environmental, network, firm, and individual enablers, and tracing how these operate through mechanisms of sensing, coping, and adapting, we provide a framework that captures both the challenges and possibilities of SA in resource-constrained, institutionally fragile contexts. Importantly, our findings demonstrate that coping replaces the

canonical “seizing” phase of dynamic capability theory, reflecting the survival imperative that SMEs face before adaptation becomes possible.

The evidence highlights that SA in SMEs is not an abstract capability but a set of concrete practices manifested in marketing, human resource management, product and service offerings, and relational ties. These manifestations are underpinned by resource fluidity and leadership unity, which enable firms to reallocate scarce resources and make cohesive, rapid decisions during crisis conditions. In this way, SA emerges as both a survival mechanism and a foundation for renewal in highly volatile environments.

Theoretically, this research advances the dynamic capability view by showing how its sequencing is reconfigured in transition economies, where sensing–coping–adapting replaces sensing–seizing–transforming. By unpacking this resequencing, we refine our understanding of how dynamic capabilities operate under institutional voids and resource scarcity, and we extend the literature on SA beyond advanced-economy, high-tech settings. For practitioners, the study underscores that SA must be cultivated not only through firm-level routines but also by strengthening networks, fostering leadership unity, and empowering individuals to act decisively in times of uncertainty.

While our study is context-specific, the framework developed here offers insights that can inform research and practice in other turbulent environments. Future studies should further test and extend these findings across diverse transitional and emerging economies and examine the evolving roles of leadership, networks, and culture in sustaining SA over time. Ultimately, this research demonstrates that in contexts characterized by volatility and fragility, SA is not a luxury but an existential necessity, enabling SMEs to withstand shocks, reconfigure their strategies, and pursue growth even on the periphery of the global economy.

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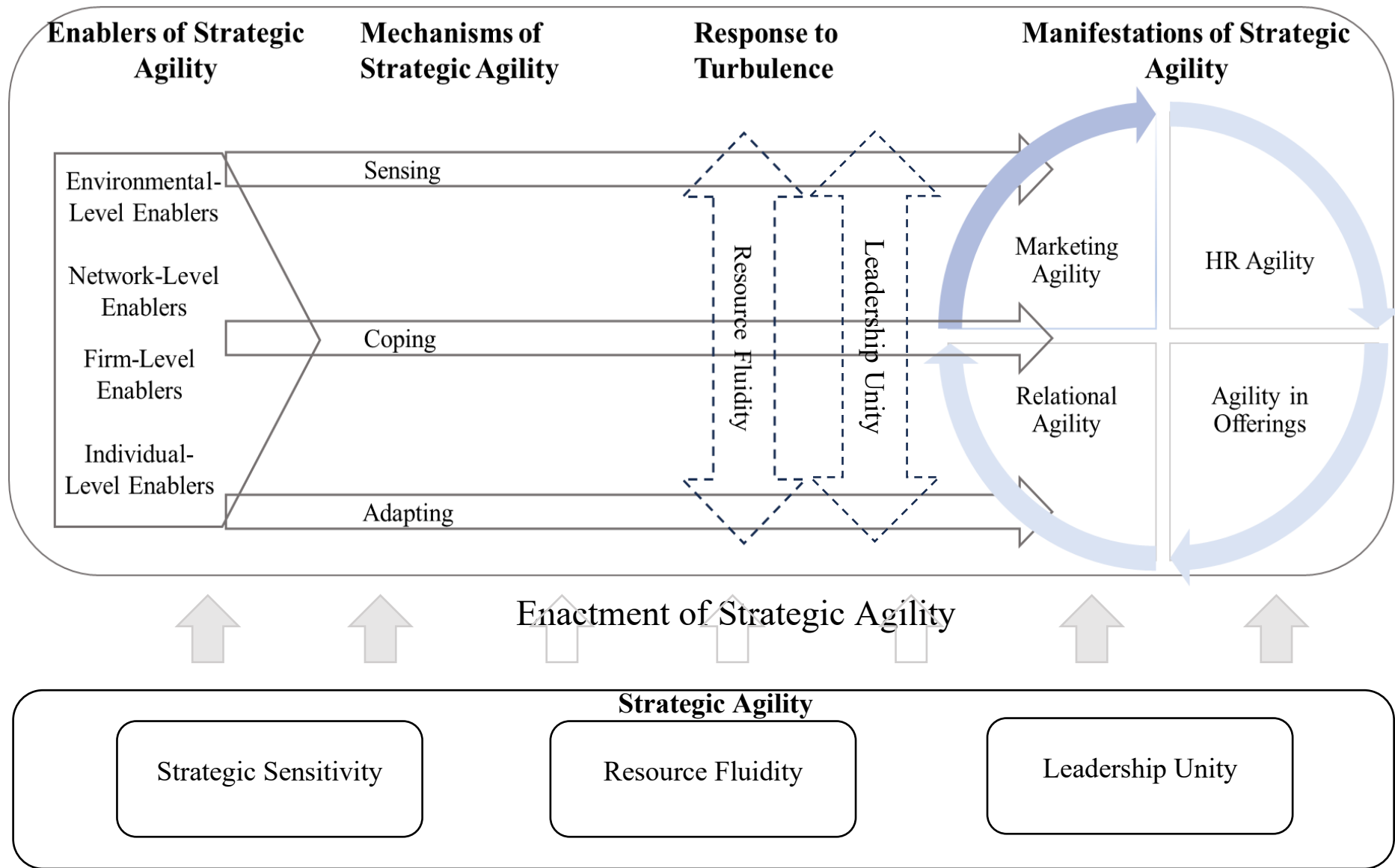


Figure 1: Strategic Agility in SMEs – Enablers, Mechanisms and Manifestations

WEB APPENDIX

Table I: Respondent profile

Firm ID	Industry	Size (employees)	Internationalization	Respondent Roles
F1	Aviation (helicopter services)	180	Provides services in Afghanistan and Turkey	<ul style="list-style-type: none"> • CEO • Head of Commercialization Dept. • Head of Marketing Dept.
F2	Consulting – Audit Services	30	Serves foreign SMEs operating in Kazakhstan	<ul style="list-style-type: none"> • CEO, Owner
F3	IT services	30	Provides IT services for MNEs	<ul style="list-style-type: none"> • CEO • Manager
F4	Jewelry Stores (services)	30	Imports jewelry from Russia	<ul style="list-style-type: none"> • Co-owner • Managing partner
F5	Beauty industry (services)	30	Have Turkish investors and import cosmetics from overseas markets	<ul style="list-style-type: none"> • Owner • Manager
F6	Truck Dealers and Distributors (services)	50	Official dealer of MNEs (Mitsubishi, DAF, Ford Trucks) in Kazakhstan	<ul style="list-style-type: none"> • Director
F7	Furniture (services)	50	Imports the furniture from Turkey	<ul style="list-style-type: none"> • Senior manager • Manager • Manager
F8	Food products (production)	40	Turkish investors – get supplies from overseas	<ul style="list-style-type: none"> • Owner • Partner • Manager
F9	Distributor of light bulbs (services)	60	Distributor of Russian LED products	<ul style="list-style-type: none"> • Manager • Manager
F10	Retail Construction (services)	20	Provides construction services for foreign retailers (Adidas, Reebok, Levis) operating in Kazakhstan	<ul style="list-style-type: none"> • CEO, Owner
F11	Project-based firm (services)	110	Service provider for oil majors like Exxon and Shell operating in Kazakhstan	<ul style="list-style-type: none"> • VP • Head of Branch
F12	Building materials supplier (manufacturing for the construction industry)	220	Turkish investors -importers of construction materials from Turkey	<ul style="list-style-type: none"> • VP • Procurement Director
F13	IT services	30	IT development company with HQ located in Germany, sales and support offices in Kazakhstan and USA	<ul style="list-style-type: none"> • Manager • Manager
F14	Healthcare	150	Turkish investors	<ul style="list-style-type: none"> • VP • Manager
F15	Home textile	50	Distributor of Turkish home textile products	<ul style="list-style-type: none"> • Owner
F16	Co-working space	25	Providing office, meeting rooms, and event spaces for foreign firms	<ul style="list-style-type: none"> • CEO • Operations Manager

Table 2: Semi-structured interview questions

-
- 1) What are some of the main market-related changes, uncertainties, or disruptions that you have encountered in the last 5 years?
 - a) What was the specific change, uncertainty, or disruption that you faced?
 - b) Was this due to
 - i) competitor moves
 - ii) Customer-driven factors
 - iii) technology or IT-driven factors
 - iv) institutional changes
 - v) industry trends
 - vi) networks influences
 - c) Were you the first to detect and respond to these changes, or did you follow your competitors?
 - d) What was your response? Was it effective, and if so, how?
 - e) What would the implications have been if you hadn't responded in a timely manner?
 - f) What were the sources of information that provided insights into these trends, changes, or uncertainties?
 - g) When you encountered the situation, what capabilities did you foresee as necessary to respond to these environmental changes? Did you possess these capabilities at the time? Did this foresight help you later, and was it accurate in hindsight?
What types of practices has your firm initiated that enabled it to quickly detect new challenges and opportunities and respond in a timely fashion? Was this sufficient in hindsight?
 - 2) Which aspects of the organization were mainly affected by your firm's response, and in what way? Which aspects had to change to accommodate this turbulence or disruption?
 - a) Product design, Manufacturing, R&D etc....(value chain)
 - b) Structure, Business Process, IT systems, HR, ...
 - c) Pricing, Positioning, ...
 - d) International operations/orientation
 - 3) What factors helped you address or respond to this change or disruption? Which was the most important and why? Can you elaborate on their relative importance?
 - a) Organizational structure, processes & systems – flexibility/modularity, resource deployments
 - b) Organizational climate/culture – openness to change, learning/unlearning, encouraged to experiment/trial and error and come up with novel ideas, tolerance to taking risks/making mistakes
 - c) Senior Leadership – style, decision-making, resource allocations, autonomy/delegation
 - d) New/modified Business Models
 - e) Capability Building – developing knowledge, competencies, capabilities
 - f) Networks
 - g) HR – people management
 - 4) What were the main challenges your firm faced when addressing or responding to this change/disruption? How did you overcome them, and were there any trade-offs?
 - 5) Did you adjust your business model to respond to new challenges and opportunities in your domestic or international markets? If yes, how?
 - 6) How does your firm sustain and scale up its business model to address external challenges and create value?
 - 7) What aspects of your senior leadership team or founder/owner helped address this disruption? Consider factors such as managerial cognition, attitudes, mentality, social capital, human capital, resilience, and emotions.
 - 8) In your opinion, how effective was your firm's response to this turbulence/disruption? How did it improve your market performance? Could anything has been done better? If yes, what prevented you from doing so?
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Table 3: Data structure

Aggregate Dimensions	1 st order themes	Open coding
Enablers of Strategic Agility		
1) Environmental-Level Enablers	➤ Devaluation	<ul style="list-style-type: none"> ○ After the devaluation occurred, it affected our customers (R83) ○ Over the past three to five years, there has been a reduction in sales; the quantity of goods sold fell sharply after the crisis in the country, namely, after the depreciation of the national currency (R82) ○ One of the biggest factors or threats in the market of Kazakhstan over the past few years is probably the problems that everyone faces first: repeated devaluation of the Tenge and second, then intensification of competition (R92) ○ Devaluation of 2015. Starting from February of that year, the market decline was observed, then 2016 year brought huge losses in the industry, and so it continues till the present (R122) ○ Negative impact was brought by devaluation, lack of cash, and urgent payments (R111)
	➤ Fluctuating Oil Prices	<ul style="list-style-type: none"> ○ KZ income is over 60% related to oil/petrol, so, previously, the oil price was over 100\$ for burl, but nowadays the price of oil is around 60\$, so it means, KZ income decreased (R74)
	➤ Political Conflicts	<ul style="list-style-type: none"> ○ There was a devaluation in 2015, political conflict between Russia and Ukraine regarding Crimea, which caused uncertainty (R2)
	➤ Seasonal Demands	<ul style="list-style-type: none"> ○ But in terms of business, this contract is seasonal (R12)
	➤ Changing Tariffs	<ul style="list-style-type: none"> ○ The market before the customs union was good because there was a customs clearance of 5% plus VAT. After the customs union customs clearance, there is 20 plus VAT (R42)
	➤ Global Recession	<ul style="list-style-type: none"> ○ Due to the global economy... another fall in the global economy (R11)
	➤ Increasing Competition	<ul style="list-style-type: none"> ○ There are many more factors. The first factor is, of course, the competitive environment. For three years, a lot of companies have appeared (R10)
2) Network-Level Enablers	➤ Seeking information from suppliers and partners, social networks	<ul style="list-style-type: none"> ○ We were one of the first to respond to these changes because information is transmitted quickly from suppliers (R72) ○ First of all, we received information from our suppliers; they called and warned that their prices are completely changing due to the rise in the price of the dollar (R72) ○ We tried to talk with our wholesale customers and learned about the preferences of customers (R83) ○ We have clients from different industries, and while working with them, we see in which direction they are headed. Thus, we understand the trends of the market...(R2) ○ Our brand manager communicates with suppliers...he understood what was happening; suppliers had raised prices (R51)
	➤ Learning from foreign firms	<ul style="list-style-type: none"> ○ We're working with a large American firm, and well, they had a whole structure, and so we have learned a lot from them (R11)
	➤ Learning from competitors	<ul style="list-style-type: none"> ○ Customer behavior and competitor behavior... we are monitoring our competitors because this market is small market... we notice that all competitors are doing the same; they are trying to reduce costs and closing

		<p>their branches; unfortunately, people are just decreasing the number of staff, some companies are decreasing the salaries even (R73)</p> <ul style="list-style-type: none"> ○ We looked at the competitors and saw how our main competitors did things (R92)
	➤ Learning from networks	<ul style="list-style-type: none"> ○ I have a lot of friends of entrepreneurs and businessmen with whom I consulted and learned. How they hire people, how they fire people, how many partners they have (R10)
	➤ Continuous learning	<ul style="list-style-type: none"> ○ More encouragement to experiment, that is, we try to look at what we can improve, our capabilities, culture, openness to change to learning (R51) ○ We have meetings where we constantly discuss the tasks, problems, difficulties, and what prevents us from achieving success. It is also important to have a friendship (R92) ○ Everything happens cohesively, with trust, and is easy to solve (R72)
3) Firm-Level Enablers	➤ Autonomy - delegating decision-making, making it more transparent	<ul style="list-style-type: none"> ○ We have several bosses; they together solve any problems, but emotions are always present; if a problem arises, they consider who is right, consider the general benefit, and make a decision (R71) ○ We make decisions independently, and this improves our work, saving the client's time; the client sees seriousness, quick response, and decisiveness in this, and clients trust us with ease (R72) ○ I believe that the senior management gave us responsibilities and gave us a chance to make our decisions, and because decisions were made easily, this helped us to some extent (R82)
	➤ Encouraging constructive conflicts	<ul style="list-style-type: none"> ○ We know how to conflict constructively. This is one of the key criteria for dialogue within our company. We can argue, and we can speak with raised voices sometimes to defend the best idea for a solution. And sometimes, I provoke such constructive conflicts. Because simply to say that you are good, and we are fine, the company will not grow (R91)
	➤ Collective/Team decision-making – compromise for the overall benefit when there are disputes	<ul style="list-style-type: none"> ○ Between our leaders, when solving problems, in case of disputes, we always come to a compromise for the sake of a common solution (R83) ○ Decisions were not taken unilaterally; we discussed all the actions: every process, every decision. And in the end, we all got to vote. Collectively (R41)
	➤ Open consultation and dialogues	<ul style="list-style-type: none"> ○ Conflicts often arise because of mistakenly evaluated problems by one of the team members. It is better to talk and explain what went wrong, then they can reconsider the problem and accept the mistake. Dialogs face to face helps a lot (R2) ○ Open conversations... nothing is concealed; if there are any problems or something else – it must be reported. There should be a specific conversation, a consultative dispute. If you do not like something, then immediately talk about it. No offence (R92)
4) Individual-Level Enablers	➤ Ability to make risky and difficult decisions	<ul style="list-style-type: none"> ○ We were not afraid to take risks; first of all, those who do not take risks do not reap the rewards (R71)
	➤ Friendly and warm demeanor	<ul style="list-style-type: none"> ○ If you are constantly walking with your head down, whine, and blame everyone around you, then all people will run away. No matter how hard it was for me, I always smiled, I was always well dressed... trying to keep a positive image (R42) ○ The leader knows everyone by name... when it was their birthday... always sincere relations (R51)
	➤ Support employees	<ul style="list-style-type: none"> ○ I try to support emotionally and spiritually; I always try to create a warm atmosphere (R83)

	➤ Result oriented and Problem-solving	<ul style="list-style-type: none"> ○ A leader's values are very important... first, a cohesive team... The second is honesty, then professionalism, self-development, and result-oriented (R91) ○ An accomplished, result-oriented, globalist...as a leader... then all this will be reflected in the company and the team (R91)
	➤ Confident, calm, and positive	<ul style="list-style-type: none"> ○ Our founders are very easy-going, easily solve any problems, always on the positive; when the leadership is on the positive, then the team is good (R42)
	➤ Ambitious and Tolerant	<ul style="list-style-type: none"> ○ Leaders should possess qualities such as ambition.... You have to be a champion (R41) ○ Decisions are ambitious, difficult, and risky (R92)
Mechanisms of Strategic Agility		
1) Sensing Mechanisms (Perceive/ Interpret)	➤ Monitoring customer and competitor behavior	<ul style="list-style-type: none"> ○ Customer behavior and competitor behavior... we are monitoring our competitors, because this market is small market... we notice that all competitors are doing the same, they are trying to reduce costs, closing their branches, unfortunately people are just decreasing number of staff, some companies are decreasing the salaries even (R73) ○ we are observing...to survive... we need to decrease our costs, not to lose our customers, because we have some competitors, since they decrease their prices, we also have to decrease, through big discounts... so, this is our observation; we look to our competitors' reactions (R36) ○ We looked at the competitors and saw how our main competitors did things (R59)
	➤ Investigating specific markets for a service or product - without engaging in formal market research	<ul style="list-style-type: none"> ○ We have clients from different industries, and while working with them we see in which direction they are headed. Thus, we understand the trends of the market... (R65) ○ He is responsible for market, he is watching what's going on, meets people and does his analysis. (about the owner of the company) (R71)
	➤ Analysing the markets based on incoming requests and orders – understanding emerging trends and risks	<ul style="list-style-type: none"> ○ We receive a certain number of monthly requests for development, sometimes it happens that there are a lot of them on a certain topic or we notice that there are fewer requests (R26) ○ Our market is very sensitive and we quickly feel it by the number of orders and the number of requests... we noticed in different periods over these 10 years that there were different flows... waves of investors (R79) ○ we look at the situation, how the client behaves, how trade, sale, what products are in greater demand (R82)
	➤ Acquiring analytics and statistics knowledge	<ul style="list-style-type: none"> ○ We have branches around the country. There are 10 branches and when the information flows from sales directors of each branch (to the headquarter) ... analysis can be done.. (R49) ○ Sales director may receive and gather information needed...it is about tendency or trends...Sales department always delivers information on trend and proposes new product. (R14) ○ We receive a certain number of monthly requests for development, sometimes it happens that there are a lot of them on a certain topic or we notice that there are fewer requests (R19)

	<ul style="list-style-type: none"> ➤ Exploring Western trends and observing the actions of Western firms 	<ul style="list-style-type: none"> ○ Director began to travel to Italy, visit the best exhibitions throughout Europe... new furniture models were presented at the exhibitions. we brought them to the market here and we were the first, this was our advantage (R94) ○ Product design has changed, by 80%, there was a classic now more luxury modern. We are one of the first who curtained such a product (R40) ○ We studied what other jewelry companies, foreign ones, did to stay afloat during the crisis. And I realized that those who were engaged in the jewelry business remained narrowly focused, they survived... (R23)
	<ul style="list-style-type: none"> ➤ Learning from international firms – how markets are evolving, management strategies, and necessary facilities 	<ul style="list-style-type: none"> ○ Foreign companies have everything ... We look at them as well and we learn from their experience and implement them. Some things we try and implement, some things we scrap (R75) ○ We're working with a large American firm, and well, they had a whole structure and so we have learned a lot from them (R41) ○ "I have a lot of friends of entrepreneurs, businessmen with whom I consulted and learned. How they hire people, how they fire people, how many partners they have (R89)
	<ul style="list-style-type: none"> ➤ Keeping an eye on new trends in Instagram and social networks 	<ul style="list-style-type: none"> ○ Marketing and advertising have improved... social networks have been added....many people prefer to use social networks rather than go shopping. Clients leave feedback in social networks, due to which we determine their preferences. We also started doing Instagram advertising, attracting customers with promotions during the holidays (R18) ○ We set up social networks, we didn't have this before, after the change we began to advertise on Instagram, by the way it went well, since the Instagram is popular (R37) ○ A large team was created, which engaged in intensive advertising, filmed videos, photos, which was presented on Instagram & social networks, also distributed various flyers, all kinds of advertising productions were launched to attract more customers (R44)
	<ul style="list-style-type: none"> ➤ Collecting information from suppliers regarding price increases and market trends 	<ul style="list-style-type: none"> ○ First of all, we received information from our suppliers, they called and warned that their price is completely changing due to the rise in price of the dollar (R53) ○ Our brand manager, communicates with suppliers...he understood what was happening; suppliers had raised prices (R16)
2) Coping Mechanisms (Absorb shock and Adjust)	<ul style="list-style-type: none"> ➤ Reducing structure 	<ul style="list-style-type: none"> ○ We cut down the structure... because we had to.. We had a recession and so, we changed the whole structure (R31) ○ During the last two years, we significantly reduced expenses and administrative costs Focused on staff reduction (R14) ○ We had to reduce our staff from 180 people to 140 (R29)
	<ul style="list-style-type: none"> ➤ Retaining core staff while laying off support and administrative staff 	<ul style="list-style-type: none"> ○ Unfortunately, after this crisis, we have to close all our branches; now we have only headquarter in Almaty (R63) ○ We started selling stores. We sold up to 5 stores...After the devaluation, when sales were very badly hit, we started to buy less and less (R57)
	<ul style="list-style-type: none"> ➤ Delaying price increases until customers adjust to the impact of devaluation 	<ul style="list-style-type: none"> ○ We couldn't raise prices right away, we waited a while until people got used to it, and then hopelessly raised prices, because it was impossible to work at a loss (R28)

		<ul style="list-style-type: none"> ○ First of all, we raised prices, then to attract customers, we made a discount on goods purchased before the devaluation (R68) ○ When we increased prices, customers began to take less, and then when they recognized the taste; so slowly they began to actively take our products (R77)
	➤ Operating on reduced margins or losses	<ul style="list-style-type: none"> ○ I wouldn't say devaluation of currency affected negatively on our costs, but there is influence on profits, as they have reduced very much (R14) ○ Cost matters, if we bought one item for \$10 before, after devaluation we paid \$20... losses were inevitable and there were debts (R25) ○ We are flexible to sell with discounts or even a loss... and also sure about earning from another source (R48)
	➤ Negotiating improved payment terms with suppliers and contractors	<ul style="list-style-type: none"> ○ We began to work with our suppliers, contractors, to direct them to the policy of postponement and payment in our direction (R56) ○ We have built friendly relations with suppliers so that it is easier to solve problems (R62)
3) Adaptive Mechanisms (Modify/Reconfigure/Transform)	➤ Resorting to more cost-effective maintenance	<ul style="list-style-type: none"> ○ We looked for other ways of income and financing... there was mainly emphasis on internal projects, more attention was paid to technical support, technical support which brings a stream of money on a monthly basis (R53) ○ We had to look for other ways...to provide services, that we did not provide or we were not strong in. We are still trying to stick to our segment. But I think we need to adapt (R41)
	➤ Seeking alternative contracts abroad, exploring different sources of income, and adjusting positioning by switching to new product or service lines	<ul style="list-style-type: none"> ○ We expanded the number of customers and tried for international projects (R94) ○ We seek for that exact product and market and try to find it in Turkey, if not then travel to Russia (R59) ○ Tried to find alternative contracts. then the contracts that give the order all year round (R64)
	➤ Striving to create unique solutions that competitors lack by collaborating with overseas firms	<ul style="list-style-type: none"> ○ We proved to be reliable suppliers, provided good service, were very flexible in terms of plans, we were ready to give some projects almost for free only to get involved only with this major supplier who has many active projects (R78) ○ Director began to travel to Italy, visit the best exhibitions throughout Europe... we brought them to the market here and we were the first, this was our advantage (R37) ○ changed the products, accordingly we changed the suppliers, we also began to work with Italy (R17)
	➤ Adapting to new emerging trends	<ul style="list-style-type: none"> ○ Product design has changed, by 80%, there was a classic now more luxury modern. ○ Product design has completely changed, suppliers have changed, added new lines, improved the trend. ○ We improved the service in the first place, we always try to use the novelty, new products and trends that our brand offers (R64) ○ We focused on designers who, in turn, offered us new models of furniture that were trending in Europe, which were not in Kazakhstan, we took a chance and brought this furniture.
	➤ Advertising on social media (Instagram, Yandex, etc.) with	<ul style="list-style-type: none"> ○ We started moving towards SMM, because it started developing.

<p>intensive promotions linked to holidays, employing promoters, targeting affluent customers, and utilising celebrity endorsements</p>	<ul style="list-style-type: none"> ○ Marketing and advertising have improved... social networks have been added....many people prefer to use social networks rather than go shopping. ○ We set up social networks, we didn't have this before, after the change we began to advertise on Instagram, by the way it went well (R39) ○ A large team was created, which engaged in intensive advertising, filmed videos, photos, which was presented on Instagram & social networks. ○ We also started doing Instagram advertising, attracting customers with promotions during the holidays. ○ Clients leave feedback in social networks, due to which we determine their preferences.
<p>➤ Offering new products/services of higher quality</p>	<ul style="list-style-type: none"> ○ we increased our assortment and increased the quality of our products, we had regular customers, they began to take more and more products ○ We improved the service, we hired craftsmen who additionally provide a one-year warranty from the store. ○ We started to provide first extended warranty, deferred payment to compete with our competitors who cannot provide such services (R85) ○ Service delivery has improved; the lead time was reduced, it was 3 months, now two months. ○ accelerated the service terms and improved the quality of service by 70%. ○ improved the quality and variety of the product lines in order to attract customers so that they continued to purchase goods.
<p>➤ Placing more emphasis on customer engagement – listening, attracting, and being flexible to their needs</p>	<ul style="list-style-type: none"> ○ We try to listen to the opinions of our customers and fulfill their needs. ○ We learned about the preferences of customers, whether to increase the assortment or change the taste, and based on these surveys, we adjusted and made changes (R24) ○ We tried to talk with our wholesale customers, learned about the preferences of customers.
<p>➤ Hiring specialist trainers to instruct staff on managing customer relations during difficult periods</p>	<ul style="list-style-type: none"> ○ Trainers and psychologists periodically work with our designers and managers, conduct trainings, teaching how to properly interact with clients. ○ We try to do training all the time... We conduct training every day in the sales department, with some cards, scripts, something else. ○ from time to time, we are trying to give the sales staff some education, some small courses, to increase their product knowledge. ○ We send them to training, buy books for the library ○ We started recruiting people in the market .. for those who stayed with us, we started working hard to conducting training sessions (R46)
<p>➤ Justifying price increases with better quality and service</p>	<ul style="list-style-type: none"> ○ When we increased the price, it was necessary to justify the improvement in quality and diversity...this succeeded (R38) ○ When we increased prices, customers began to take less, and then when they recognized the taste; so slowly they began to actively take our products (R47)

Response to Turbulence		
1) Resource Fluidity	➤ Flexibility	<ul style="list-style-type: none"> ○ Flexibility helped us respond to this disruption (R76) ○ Thanks to flexibility...we're not broken...we did our best taking projects, that we knew we could do with this team (R31)
	➤ Reduce costs	<ul style="list-style-type: none"> ○ We had to reduce our staff from 180 people to 140 (R11) ○ The first thing we did was to cut costs...we focused more on Just in Time (R6) ○ During the last two years, we significantly reduced expenses and administrative costs ... focused on staff reduction (R122) ○ We started selling stores. We sold up to 5 stores...After the devaluation, when sales were very badly hit, we started to buy less and less (R42)
	➤ Timely reaction to changes around	<ul style="list-style-type: none"> ○ When we increased prices, customers began to take less, and then when they recognized the taste so slowly, they began to actively take our products (R83) ○ But during the devaluation crisis, we had to close almost all our stores and then open new ones, start everything from scratch - this was the most crucial and difficult (R41)
	➤ Resilience	<ul style="list-style-type: none"> ○ If we need to shrink, we'll shrink. It's all under control (R11) ○ We needed to keep prices low for about a year and a half; our expenses were higher, rents, etc., but took the losses... and then we raised prices (R42) ○ If sales deteriorate, we then have less production, and vice versa (R83) ○ We couldn't raise prices right away; we waited a while until people got used to it, and then hopelessly raised prices, because it was impossible to work at a loss (R52)
	➤ Contract management	<ul style="list-style-type: none"> ○ Tried to find alternative contracts... then the contracts that give the order all year round (R12) ○ We approach the clients and try to help...we are already starting to work even without contracts (R32)
	➤ Cross-utilization of staff across departments	<ul style="list-style-type: none"> ○ It is not a problem to reduce the number of staff in one project and contribute to another one (R112)
2) Leadership Unity	➤ Shared and Collective decision-making	<ul style="list-style-type: none"> ○ between our leaders, when solving problems, in case of disputes, we always come to a compromise for the sake of a common solution.” ○ decisions were not taken unilaterally, we discussed all the actions: every process, every decision. And in the end, we all put to the vote. Collectively (R103) ○ We have several bosses, they together solve any problems, but emotions are always present, if a problem arises, they consider who is right, and consider the general benefit, and make a decision ○ we have no disagreements when making decisions... we make decisions independently, and this improves our work, saving the client's time, the client sees seriousness, quick response, decisiveness in this, and clients trust us with ease (R61)
	➤ Constructive dialogue	<ul style="list-style-type: none"> ○ we know how to constructively conflict. This is one of the key criteria for dialogue within our company. We can argue, we can speak with raised voices sometimes for defending the best idea for a solution. And sometimes I provoke such constructive conflicts (R105)

		<ul style="list-style-type: none"> ○ Conflicts often raise because of mistakenly evaluated problem by one of the team members. It is better to talk and explain what went wrong, then he or she can reconsider the problem and accept the mistake. Dialogs face to face helps a lot. ○ We know how to constructively conflict ... Because simply to say that you are good, and we are fine, the company will not grow.
	➤ Open communication and transparency	<ul style="list-style-type: none"> ○ Open conversations... nothing is concealed, if there are any problems, or something else – it must be reported. There should be a specific conversation, a consultative dispute. If you do not like something, then immediately talk about it. No offence (R56) ○ Right then and there, if everyone's got the same meaning, then you got a team. But, nevertheless, it's not the only goal, but also the relationship with each other; if it is built this way, then you got mutual trust. ○ We have meetings where we constantly discuss what tasks there are, the problems, what are the difficulties, what prevents us from achieving success. It is also important to have a friendship. ○ We listen to the opinion of each employee. He said: 'I'm paying you for that. you give me the idea. If you have some thoughts, express it. I'm ready to listen.'
Manifestations of Strategic Agility		
1) Marketing Agility	➤ Renewed focus on promotions and advertising	○ First of all, we raised prices, then to attract customers, we made a discount on goods purchased before the devaluation, made a lot of advertising, hired promoters, and made promotions (R71)
	➤ Growing reliance on social media and social networks	○ Marketing and advertising have improved... social networks have been added...many people prefer to use social networks rather than go shopping. Clients leave feedback on social networks, which is why we determine their preferences. We also started doing Instagram advertising, attracting customers with promotions during the holidays (R71)
	➤ Seeking customer preferences and feedback proactively	<ul style="list-style-type: none"> ○ We are more flexible than before, we are very patient with our customers (R121) ○ We try to listen to the opinions of our customers and fulfill their needs (R82)
	➤ Proactively seeking new customers	<ul style="list-style-type: none"> ○ We expanded the number of customers and tried for international projects (R111) ○ We find clients based on recommendations. This is primarily the result of the company's reputation (R10) ○ We do not sit and do not wait for someone to come knocking on our door... on the contrary, we find customers (R6)
	➤ Quickly adjust to customer's changing requirements	<ul style="list-style-type: none"> ○ We learned about the preferences of customers, whether to increase the assortment or change the taste, and based on these surveys, we adjusted and made changes (R83) ○ When the customer base decreased...we added new services, and lured people in every possible way (R52) ○ We had to look for other ways...to provide services, that we did not provide or we were not strong in. We are still trying to stick to our segment. But I think we need to adapt (R10) ○ We also started taking special orders... our designers began to work with customers for this (R72)
	➤ Seeking alternate markets/segments	○ We seek that exact product and market and try to find it in Turkey. If not, then travel to Russia (R122)

2) HR Agility	➤ Training to serve customers better	<ul style="list-style-type: none"> ○ Trainers and psychologists periodically work with our designers and managers, conduct training, teaching how to properly interact with clients (R71) ○ When people are constantly pumped, they are in good shape; in principle, they are ready (R92) ○ Those who have no aim and wish to improve lose their position (R112)
	➤ Retrain and replace - upskill/upgrade knowledge and capability	<ul style="list-style-type: none"> ○ Focus on good people management... we are one team, one family; we always try to develop the knowledge and competencies of our workers (R71) ○ We pay more attention to technical skills, pay more attention to technical knowledge... Now, the trend is that your emotional intelligence is more important than your professional skills (R10) ○ My goal was to increase their interest in work, to handle them, and to increase their efficiency. I understood how to effectively develop specialists' skills (R2)
	➤ Motivate using financial and non-financial incentives	<ul style="list-style-type: none"> ○ Our main resource is human resources... You need to have motivational programs. Some of the employees became shareholders of the company (R10) ○ We have a very competent system of bonuses and motivation. And due to this, we have reduced staff turnover (R10)
	➤ Provide a supportive and friendly work environment	<ul style="list-style-type: none"> ○ We try to give bonuses to our employees, financially support them, we also have warm, friendly relations at work... we try to create a family atmosphere... we motivate employees (R83) ○ Teams are motivated by their managers or general directors. Certainly, it is a financial incentive. Secondly, it is the working environment. Friendly, polite, and non-conflict atmosphere keep staff working here (R122)
3) Product/Service or Offering Agility	➤ Improve product designs and range	<ul style="list-style-type: none"> ○ We decided to import more economical furniture, rather than luxury furniture since we cannot sell such luxury furniture like previously (R73)
	➤ Adapt to new product trends from overseas markets	<ul style="list-style-type: none"> ○ We focused on designers who, in turn, offered us new models of furniture that were trending in Europe, which were not in Kazakhstan; we took a chance and brought this furniture; it interested customers, and the number of customers increased (R71) ○ The director began to travel to Italy and visit the best exhibitions throughout Europe... new furniture models were presented at the exhibitions... we brought them to the market here, and we were the first; this was our advantage... the latest models, the latest designs, the opportunity to learn about the innovation, introduce the market to new products, diversify the market, differ from competitors (R72)
	➤ Improve product quality	<ul style="list-style-type: none"> ○ We increased our assortment and increased the quality of our products; we had regular customers, they began to take more and more products (R83) ○ Improved the quality and variety of the product lines to attract customers so they continued to purchase goods. When we increased the price, it was necessary to justify the improvement in quality and diversity... this succeeded (R81)
	➤ Improve customer service quality – extended warranty, free delivery, deferred payment	<ul style="list-style-type: none"> ○ We started to provide first extended warranty and then deferred payment to compete with our competitors who cannot provide such services (R10) ○ Service delivery has improved; the lead time was reduced; it was 3 months, now two months (R71)

	➤ Provide new services	○ We looked for other ways of income and financing... there was mainly emphasis on internal projects, more attention was paid to technical support, technical support which brings a stream of money (R32)
4) Relational Agility	➤ Expand networks and new international suppliers	○ We have built friendly relations with suppliers so that it is easier to solve problems (R71) ○ We found good suppliers and concluded a contract, and we work with them (R82)
	➤ Develop long-term, stable relationships with high-quality suppliers and partners	○ We need to have a good attitude not only with clients but also with suppliers, partners, logisticicians, lawyers, accounting, and everyone associated with the company (R41) ○ Through personal communications, build contacts... I would even rephrase that the next stage is relationships with partners, clients, other companies, and suppliers with whom you can build long-term relationships with your qualities. If you are focused on a win-win strategy, then in the long run, you win. These are accumulated investments over the years (R91)
	➤ Build trust and mutual understanding with partners	○ We didn't change networks; we are working with only a few stable suppliers (R51) ○ Stable suppliers gave us discounts, for example, when we urgently needed it... because we have been working together for many years (R42) ○ We began to work with our suppliers and contractors to direct them to the policy of postponement and payment in our direction (R10) ○ Networking, we are well developed. Especially with our clients, our former employees, who have become our clients (R10)