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Research Article

Strategic Resilience as a Predictor of Firm Performance: Evidence from a Systematic Literature Review

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Abstract

Organizations across the world continue to face increasing volatility, uncertainty, complexity, and ambiguity. These systemic forces expose firms to disruptions that make it difficult to generate and sustain competitive advantage. Consequently, organizations are required to develop strategic capabilities that enable them to sense and seize emerging opportunities and threats, as well as reconfigure resources to maximize value and strengthen strategic positioning. Strategic resilience has emerged as a critical capability that enables organizations to detect environmental turbulence and risks, absorb shocks arising from disruptions, adapt to changing conditions, and sustain long-term performance. Although scholarly interest in strategic resilience within the strategic management literature has grown, findings on its relationship with firm performance remain fragmented and inconsistent. This reflects underlying conceptual ambiguity and theoretical tension between static resource-based explanations and dynamic capability perspectives. This study adopts a literature review approach to examine conceptual, theoretical, and empirical evidence on the relationship between strategic resilience and firm performance, with the aim of identifying research gaps and developing a conceptual framework to guide future studies. The review focuses on studies published between 2000 and 2025 and draws from major academic databases to ensure methodological rigor and comprehensiveness. Strategic resilience is conceptualized as a composite construct comprising anticipatory capability, adaptive capacity, absorptive capacity, and strategic renewal, while firm performance is viewed as a multidimensional outcome encompassing both financial and non-financial indicators. The Dynamic Capabilities Theory and the Resource-Based View provide the theoretical foundation for explaining how strategic resilience influences firm performance. Accordingly, the study proposes a synthesized conceptual model linking strategic resilience and firm performance. The model uniquely integrates composite resilience capabilities with multidimensional performance metrics, which serves as a foundation for future empirical research aimed at enhancing understanding of how organizations can build and sustain competitive advantage in fast-changing and unpredictable environments.

Keywords

Strategic Resilience, Firm Performance, Dynamic Capabilities, Resource-Based View, Adaptive Capacity, Strategic Renewal, VUCA Environment

1. Introduction

Scholarly evidence consistently indicates that the primary objective of organizations is to achieve strong and sustainable performance [6, 75]. Within the strategic management literature, firms draw on established theoretical foundations to create

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value, build competitive advantage, and sustain superior performance through the alignment of resources and capabilities with environmental trends and forces. In contemporary business environments characterized by volatility, uncertainty, complexity, and ambiguity (VUCA), organizations are increasingly exposed to disruptive pressures that threaten continuity and competitiveness. Recent developments such as rapid digital transformation, global supply chain disruptions, changing tax laws, and geopolitical instability have intensified environmental turbulence, laying bare the flaws of conventional strategic frameworks that rely on stable and predictable conditions [25, 54]. To survive and thrive under such conditions, firms must go beyond operational efficiency and develop innovative, adaptive, and well-integrated strategic architectures.

Firm performance is widely recognized as a key outcome variable in strategic management because it reflects the extent to which organizational strategies are translated into desired results. It is a multidimensional construct comprising both financial and non-financial indicators, including profitability, customer satisfaction, service responsiveness, and employee capabilities [44, 89]. However, a performance paradox is evident, where resource-rich firms may underperform during disruptions while more adaptive firms outperform them, highlighting the limits of resource possession alone [88, 91]. Financial measures capture the realized outcomes of strategic decisions, while non-financial measures reflect forward-looking capabilities that underpin long-term competitiveness. Accordingly, firm performance extends beyond an accounting perspective to encompass how effectively organizations acquire, transform, and renew resources in response to evolving environmental demands.

In recent decades, strategic resilience has gained increasing prominence in strategic management due to rising environmental turbulence and frequent external shocks affecting organizations globally [25, 54]. Strategic resilience extends beyond operational continuity and crisis management to represent a higher-order capability that enables firms to anticipate disruptions, absorb shocks, adapt to environmental shifts, and renew strategic direction while maintaining long-term coherence. In this regard, embedding strategic resilience within organizational strategic architecture is essential for sustaining adaptability and aligning internal capabilities with external demands, thereby enhancing firm performance.

From the Resource-Based View (RBV) and Dynamic Capabilities perspective, superior performance is not determined solely by the possession of valuable resources, but by the ability to integrate, reconfigure, and redeploy those resources in response to change [88, 91]. This reflects a shift from static strategic fit to dynamic fit, where performance depends on the speed and effectiveness of adaptation. Firms must therefore develop capabilities that enable them to sense opportunities and threats, seize emerging prospects, and transform existing competencies to maintain strategic fit. Strategic resilience embodies this adaptive orientation by institutionalizing processes of anticipation, absorption, adaptation, and renewal.

However, the presence of strategic resilience alone does not guarantee improved firm performance. Converting adaptive capacity into tangible performance outcomes requires effective managerial mechanisms that translate flexibility into value creation. Organizational leaders play a critical role in making timely strategic decisions, reconfiguring resources, and fostering innovation in response to environmental shifts [21, 38]. Through these mechanisms, firms develop dynamic capabilities that enable them not only to respond to change but also to proactively shape their strategic trajectories [83].

2. Statement of the Problem

Organizations continue to operate in volatile, uncertain, complex, and ambiguous (VUCA) environments characterized by persistent disruptions that threaten sustainability and long-term competitiveness. To navigate such turbulence, firms are increasingly required to develop strategic resilience and institutionalize its core dimensions within their strategic architectures. However, empirical evidence on the relationship between strategic resilience and firm performance remains inconclusive, with studies reporting mixed and sometimes contradictory findings. In addition, key constructs are not always clearly defined or consistently operationalized, limiting clarity on how strategic resilience translates into firm performance outcomes [25, 54]. Strategic resilience is conceptualized as a trait, a process, and a capability, resulting in measurement incongruities that contribute to discordant performance findings [25, 54-55]. This inconsistency in findings undermines the practical applicability of existing knowledge for managerial decision-making. Consequently, there is limited consensus on how strategic resilience influences firm performance [37].

Firm performance has been extensively examined in strategic management literature. Early studies conceptualized it as a multidimensional construct comprising both financial and non-financial indicators such as profitability, market share, innovation, and customer satisfaction [44, 75, 89]. However, subsequent research has often relied on narrower operationalizations, focusing predominantly on either innovation outcomes or selected non-financial indicators [13, 76]. Additionally, overdependence on financial performance metrics exhibits a constraint, as such measures are intrinsically lagging metrics that fail to capture forward-looking capabilities such as adaptability, learning, and resilience [44, 88]. This constrained measurement approach limits a holistic understanding of firm performance and creates an evidence gap arising from overreliance on non-financial measures. It also reveals a conceptual gap due to insufficient integration of both financial and non-financial dimensions in performance measurement frameworks.

Strategic resilience and its related constructs have also attracted considerable scholarly attention. Studies have highlighted its role in enabling organizations to respond effectively to environmental changes and sustain performance [25, 35, 46,

57, 93]. However, many of these studies incorporate alternative constructs such as leadership styles and talent management as explanatory variables, rather than examining strategic resilience directly as a predictor of firm performance, thereby revealing a theoretical gap. Furthermore, the dimensions of strategic resilience, namely anticipatory capability, adaptive capacity, absorptive capacity, and strategic renewal, are not consistently integrated across studies, resulting in conceptual inconsistencies in how the construct is operationalized. This limitation is amplified by the heavy reliance on RBV, which explains firm performance based on the possession of valuable, rare, inimitable and organized (VRIO) resources but presents insufficient insight into how firms adapt and reconfigure these resources under continuous environmental change, thereby necessitating integration with Dynamic Capabilities Theory [88, 91].

Given these gaps and the persistent challenges posed by VUCA environments, there is a need to further clarify how strategic resilience influences firm performance [25, 37, 88]. Without such clarity, organizations risk investing in resilience-building initiatives without a full understanding of how these capabilities translate into performance outcomes. Accordingly, this study seeks to review and synthesize conceptual, theoretical, and empirical literature to clarify the relationship between strategic resilience and firm performance and to propose a coherent conceptual framework that can guide future empirical research in dynamic and emerging market contexts [54, 57, 63].

3. Conceptual Literature

A review of existing conceptual literature was conducted to identify key insights into the constructs of strategic resilience and firm performance, as well as their interrelationships within the strategic management domain.

3.1. Concept of Firm Performance

Firm performance reflects a firm's ability to translate strategies into desired outcomes that sustain competitive advantage [75, 89]. While often associated with financial success, it also captures broader aspects such as market position, organizational adaptability, and operational effectiveness [6, 38]. Accordingly, firm performance is a multidimensional construct encompassing both financial and non-financial indicators of organizational success [44]. It is commonly conceptualized in terms of business performance, organizational effectiveness, and financial performance, highlighting its complexity and sensitivity to both internal capabilities and external environmental conditions [59, 89].

Empirical literature further operationalizes firm performance using indicators such as market-based outcomes, growth, and profitability [20]. Performance outcomes emerge from the interaction between managerial decisions and strategic resources, which jointly shape competitive positioning [67]. From an RBV perspective, firm performance is not only a function of resource efficiency but also of differentiation and strategic fit within the market [6, 49, 51]. In addition, contemporary studies increasingly incorporate sustainability-related indicators, including governance quality, environmental stewardship, and corporate social responsibility, as integral components of firm performance [26].

Firm performance depends on a firm's ability to sense and seize opportunities and threats in the environment and to reconfigure its resources accordingly [83]. Firms with strong sensing, seizing, and reconfiguring capabilities are therefore more likely to achieve superior performance outcomes. From this perspective, firm performance is not merely an end state of strategic action but an ongoing process of aligning capabilities, goals, and resources within a dynamic environment [27, 38, 75, 89, 92]. Overall, literature coalesces on firm performance as a multidimensional construct amalgamating stakeholder value, adaptive capabilities, and financial outcomes [44, 75, 89].

3.1.1. Perspectives of Firm Performance

Firm performance has been conceptualized and examined across multiple disciplines, including organizational theory, finance, and strategic management. [75, 89] describe organizational success as a complex idea that includes both financial and non-financial factors. Market share, customer satisfaction, capacity for innovation, and staff engagement are all examples of non-financial performance criteria for businesses. The Balanced Scorecard improved our understanding of how well an organization is doing by combining views on customers, learning and growth, internal business processes, and financial performance [43].

Financial performance viewpoint assesses the effectiveness with which businesses use their resources to generate profits, utilizing standard indicators such as return on equity, earnings per share, and return on assets [30]. In today's VUCA world, it's crucial to include forward-looking measures that show how well an organization can learn, come up with new ideas, and deal with changes in the environment [6, 88]. From a strategic performance perspective, firm performance is perceived through the lens of competitive advantage and strategic fit. Strong firm performance emanates from attaining either differentiation or cost leadership, having VRIO resources and developing sensing, seizing and reconfiguration capabilities [6, 27, 68, 71, 83].

Operational performance perspective focuses on productivity, process optimization, and efficiency. It is precipitated by speed, quality, cost efficiency, flexibility and dependability [78]. These five performance goals are important for judging how well things are progressing and figuring out how much value internal procedures offer to larger strategic goals. Innovation and learning perspective rides on the principle that firm performance is pegged to a firm's ability to generate and use knowledge to create new processes, services, and products. Knowledge creation is the background of firm performance

and competitiveness in dynamic environments [82].

Stakeholder performance perspective views performance beyond the stockholders to incorporate the interests and demands of stakeholders including customers, employees, communities and suppliers [26, 29]. Integrative perspective of performance plays an important role in ensuring better performance in all facets of the organization. The perspective champions for a holistic review of firm performance by evaluating operational, strategic, stakeholder and financial indicators of performance. Performance Prism supports integrative perspective of firm performance by combining organizational processes, stakeholder satisfaction, firm capabilities, strategy and firm contributions into one model [64].

3.1.2. Measurement of Firm Performance

With increasing emphasis on firm performance, organizations have developed systematic approaches to measure it for strategic planning, monitoring, and control purposes. Firm performance indicators provide executives with essential information for assessing operational effectiveness, setting strategic priorities, and aligning internal capabilities with external environmental demands [75]. Accordingly, firm performance is best evaluated from both financial and non-financial perspectives to capture the drivers of long-term sustainability [39, 43-44, 85]. Performance measurement enables firms to benchmark their current position against competitors, thereby supporting strategic planning and decision-making [10]. It also facilitates the identification of market opportunities by revealing patterns in innovation, profitability, and efficiency. In addition, performance systems help organizations diagnose strengths, weaknesses, and capability gaps, while also assessing the likely success of new initiatives and strategic interventions [13, 43-45, 76].

Financial performance perspectives use indicators such as profitability, return on assets, return on investment, sales growth, and revenue growth to assess economic outcomes and strategic effectiveness [13, 75]. Strategic performance focuses on competitive positioning, sustained competitive advantage, and market share, reflecting how effectively firms deploy resources and capabilities [6, 30, 48, 50, 61-62]. Operational performance emphasizes productivity, service quality, efficiency, flexibility, and responsiveness [10, 78]. Innovation and learning performance captures outcomes such as new product development, process innovation, and commercialization of ideas, reflecting how knowledge is transformed into organizational value [25, 37, 76]. Stakeholder performance focuses on employee development, customer satisfaction, and retention, highlighting value creation for key stakeholders [26, 29, 38], while integrative approaches combine multiple dimensions to provide a holistic assessment of firm performance [64].

Firm performance is critical across industries as organizations seek financial success, operational efficiency, and sustainable competitive positioning while minimizing long-term vulnerabilities. [89] emphasize that firms continuously examine the determinants of performance to remain competitive. However, performance outcomes are also shaped by behavioral and cognitive factors, as managerial judgment, perceptions, and emotions influence interpretation and decision-making processes. Optimistic managers tend to interpret outcomes more favorably, while negative emotional states may lead to distorted or overly cautious evaluations [98]. Success may reinforce overconfidence, while failure may trigger defensive reasoning and cognitive bias in strategic decisions [41].

Attribution processes further shape how performance is interpreted, particularly in terms of causality and controllability. While managers often recognize external environmental forces, their judgments about responsibility influence strategic responses. Poor performance may be attributed to external shocks rather than internal inefficiencies, thereby affecting corrective actions [28]. Additionally, perceptions of fairness and transparency in performance systems influence employee motivation and organizational commitment. Employees evaluate whether performance expectations are reasonable, whether evaluation processes are fair, and whether rewards are equitably distributed [19].

High levels of firm performance are associated with sustained competitive advantage. Performance above industry averages enhances organizational reputation, strengthens strategic credibility, and fosters stakeholder loyalty [6]. However, achieving superior performance alone is insufficient; firms must sustain it over time to build resilience and maintain competitiveness. Sustained performance requires customer responsiveness, operational discipline, and strategic alignment. Although no single approach guarantees superior performance, organizations must prioritize customer orientation, strengthen stakeholder relationships, anticipate market changes, develop strong value propositions, and continuously enhance operational and strategic efficiency [30, 65, 72].

3.2. Concept of Strategic Resilience

Strategic resilience is a dynamic capability that enables firms to anticipate, absorb, and adapt to environmental disruptions while sustaining long-term performance and strategic direction. The concept has gained prominence in strategic management largely due to the increasing volatility, uncertainty, complexity, and ambiguity (VUCA) characterizing the global business environment [25, 55]. Beyond managing short-term crises and ensuring operational continuity, strategic resilience reflects an organization's ability to continuously realign its processes, structures, and strategies to remain competitive under changing conditions [31, 36, 94]. However, excessive emphasis on strategic resilience may result in inefficiencies and escalate operational costs, pointing to competing priorities between strategic resilience and efficiency [25, 54, 70, 93-94].

The evolution of strategic thinking provides the theoretical foundation for this concept. Early works by Chandler and Ansoff emphasized the deliberate alignment of strategy and

structure with environmental opportunities and threats [4, 15]. This view was extended by Andrews, who conceptualized corporate strategy as a mechanism for matching internal strengths with external conditions to achieve sustainability, while Porter further advanced the discussion through competitive positioning and industry structure, arguing that superior performance depends on effective responses to competitive forces [3, 71]. However, increasing environmental turbulence revealed the limitations of static strategic fit. The RBV addressed internal sources of advantage by emphasizing valuable, rare, inimitable, and non-substitutable resources [6, 91], but it remained limited in explaining how firms sustain advantage under continuous change. This limitation led to the development of the Dynamic Capabilities Theory, which explains how firms sense opportunities and threats, seize them, and reconfigure resources to maintain competitiveness in dynamic environments [83].

Within this evolution, strategic resilience emerged as a natural extension of dynamic capability thinking, representing an organization's capacity to adapt, renew, and sustain performance in the face of environmental turbulence. It integrates ideas of strategic fit, adaptation, and renewal into a unified framework that explains how firms not only survive but also improve performance in changing contexts [4, 15, 25, 54, 90]. Accordingly, strategic resilience is widely viewed as a process-based capability that enhances adaptive and innovative capacity, thereby supporting sustained competitive advantage [25].

Strategic resilience is conceptualized as a process comprising three interrelated phases: anticipation, coping, and adaptation [25]. The anticipation phase involves environmental scanning and risk identification to prepare for potential disruptions. The coping phase focuses on managing and responding effectively to crises as they occur. The adaptation phase emphasizes learning and capability development to strengthen future responsiveness. Through these interconnected phases, strategic resilience evolves as an organizational learning capability that strengthens over time as firms accumulate experience and knowledge in dealing with uncertainty.

3.2.1. Perspectives of Strategic Resilience

Strategic resilience can be explained through multiple complementary perspectives that examine how organizations anticipate, respond to, and recover from environmental disruptions. These perspectives include the adaptive capacity perspective, transformational renewal perspective, collaborative systems perspective, cognitive and learning perspective, strategic foresight perspective, and absorptive capacity perspective [25, 54]. Collectively, they explain the mechanisms through which organizations develop resilience and sustain performance in volatile, uncertain, complex, and ambiguous (VUCA) environments.

The adaptive capacity perspective conceptualizes strategic resilience as the ability of an organization to reconfigure resources and operations in response to environmental change. It emphasizes flexibility, learning, and responsiveness as essential conditions for sustaining performance under turbulent conditions [55, 83, 88]. In contrast, the transformational renewal perspective views strategic resilience as the ability to undergo deep strategic realignment following disruption. It focuses on how firms redefine priorities, rebuild capabilities, and renew core competencies to match evolving environmental conditions [37, 55, 57]. Rather than returning to a prior state, resilience in this view reflects organizational evolution toward more robust and adaptive configurations, achieved through strategic renewal, restructuring, and resource reallocation [24, 31, 83].

The collaborative systems perspective frames strategic resilience as an emergent capability developed through coordination among firms and external actors within networks and ecosystems. It emphasizes that resilience extends beyond organizational boundaries and is co-created through shared learning, trust, and coordinated adaptation [24, 54, 96]. Similarly, the cognitive and learning perspective highlights the role of interpretation, sensemaking, and knowledge acquisition in building resilience. It stresses mindfulness, feedback loops, and reflection as mechanisms that enable firms to detect weak environmental signals and enhance adaptive learning over time [25, 32, 79, 81, 90].

The strategic foresight perspective defines resilience as the capacity to anticipate disruptions through proactive environmental scanning, scenario planning, and early warning systems. This anticipatory capability enables organizations to prepare for uncertainty before crises materialize, thereby strengthening preparedness and responsiveness [12, 25]. Anticipatory capacity is demonstrated through processes such as early warning systems, environmental scanning, strategic foresight and scenario planning that enable firms to sense risks and opportunities before they get out of hand. It relies on proactive preparedness and ensuring foresight practices are institutionalized in the organization to ensure readiness for uncertainty.

The absorptive capacity perspective conceptualizes strategic resilience as a mechanism through which firms transform external knowledge and organizational learning into strategic action. These interrelated processes enable firms to convert insights gained from environmental scanning and learning activities into strategic responses that strengthen both resilience and firm performance [25, 90]. The absorptive capacity perspective explains resilience as the ability to acquire, assimilate, transform, and exploit external knowledge to inform strategic responses. Through these processes, firms convert environmental information into actionable strategies that enhance both resilience and performance outcomes [25, 90].

3.2.2. Dimensions of Strategic Resilience

Strategic resilience is a multifaceted concept that reflects an organization's ability to anticipate, respond to, and adapt to environmental changes while maintaining its competitive advantage and strategic objectives [25, 57]. It integrates a range

of capabilities, including operational, structural, technological, and cognitive competencies, which enable firms to continuously adjust within volatile, uncertain, complex, and ambiguous (VUCA) environments. In addition, a firm's resource base, organizational norms, and values collectively shape how it interprets environmental changes and responds to disruptions, thereby influencing its ability to survive and thrive during periods of turbulence [17, 54, 90]. Organizations should continuously strengthen strategic resilience and embed its dimensions across all functional areas to enhance adaptability and long-term sustainability [96].

Technological and operational dimensions of strategic resilience emphasize how organizations survive and adapt within continuously evolving environments. They highlight the importance of leveraging technology, flexibility, and adaptive systems to enhance organizational agility. In this context, strategic resilience supports the development of sensing, seizing, and transforming capabilities that enable firms to respond effectively to environmental change. Technological resilience requires firms to detect shifts, seize emerging opportunities, and reconfigure resources accordingly, allowing rapid adjustment of resource configurations to align with environmental demands [83]. Similarly, operational strategic resilience focuses on maintaining critical organizational functions amid disruption by enhancing flexibility, efficiency, and redundancy within the value chain, thereby ensuring continuity and stability during environmental turbulence [9].

Operational strategic resilience integrates environmental scanning, supply chain adaptability, and real-time decision-making systems to ensure organizational continuity in volatile, uncertain, complex, and ambiguous (VUCA) environments [57]. Recent empirical evidence shows that firms investing in process automation and digital transformation develop stronger recovery and learning capabilities following environmental disruptions [40, 93]. In addition, technologically driven strategic resilience enables organizations to anticipate potential crises by leveraging predictive analytics and incorporating both reactive and proactive feedback mechanisms into strategic planning [37].

The technological and operational dimensions of strategic resilience are anchored on the premise that operations and technology constitute the structural backbone of resilience. Within this dimension, process flexibility and information visibility serve as critical enablers that enhance an organization's ability to respond effectively to disruptions. The primary outcomes of this dimension are sustained productivity and strategic continuity, particularly in environments characterized by cyber threats, geopolitical shocks, and pandemics. Technological and operational strategic resilience not only supports organizational survival but also enables firms to capitalize on emerging opportunities through continuous innovation and the development of new business models [87].

The cognitive and behavioral dimension of strategic resilience reflects the collective mindset that enables organizations to anticipate, interpret, and respond effectively to adversity [31, 54, 81]. It is both adaptive and anticipatory, grounded in organizational mindfulness, leadership cognition, knowledge integration, and continuous learning. It emphasizes how firms interpret environmental cues, share information across hierarchical levels, and transform challenges into opportunities through reflective learning and open communication [36, 55]. The primary outcome of this dimension is adaptive strategic renewal, as organizations with strong cognitive and behavioral resilience are better able to reconfigure their understanding of threats and convert them into strategic opportunities. It is shaped by shared cognitive schemas that influence how leaders and employees perceive opportunities and threats, thereby guiding decision-making under uncertainty [90]. Behaviorally resilient firms are typically characterized by optimism, coordinated improvisation, and strong commitment, while cognitively resilient organizations demonstrate sensemaking agility, creative problem-solving, and a strong learning orientation [14, 25, 78].

In contrast, the structural dimension of strategic resilience focuses on redundancy, resource configuration, and design flexibility that enable firms to realign their structures without losing strategic intent [94]. Such buffers function as strategic reserves that enhance organizational functioning during periods of turbulence while enabling the recombination of capabilities [54]. Empirical evidence further shows that organizations increasingly integrate contingency planning into strategic management processes to strengthen preparedness and responsiveness [35]. It is closely linked to strategic agility, particularly the ability to reorganize resources, accelerate decision-making, and renew strategic direction in response to environmental shifts [24]. Through structural flexibility, organizations maintain alignment between strategy and structure even under changing conditions, thereby sustaining resilience and performance over time [42].

To prevent systemic collapse, structurally resilient firms rely on modularity and decentralization to manage specific units effectively, while maintaining central integration to ensure coherence in decision-making [9]. This duality of integration and differentiation enables organizations to detect environmental disruptions while preserving overall strategic direction. As a result, the structural dimension forms the architectural foundation of strategic resilience by enabling flexibility, coordination, and resource reconfiguration. Its primary outcomes are sustained competitiveness and long-term strategic continuity.

In contemporary strategy literature, ambidexterity is closely associated with strategic resilience. Organizations must balance exploration of new opportunities with exploitation of existing resources [66, 68]. Firms that develop ambidextrous structures institutionalize both innovation and efficiency, enabling them to pivot strategically without undermining operational stability. In this sense, ambidexterity strengthens long-term viability by supporting continuous strategic renewal.

The relational and social capital dimension of strategic resilience emphasizes a firm's ability to leverage partnerships,

stakeholder relationships, and networks to absorb shocks and recover from disruptions. Strategic resilience is therefore embedded not only within firms but also within their relational systems, which provide access to information, legitimacy, and collaborative support [55]. These interorganizational relationships facilitate resource sharing and collective sensemaking, enhancing adaptive capacity across networks [96]. Trust and reciprocity are central to this dimension, as they create strategic reserves that enable coordinated responses under uncertainty [93]. Empirical evidence further shows that dense, cooperative networks improve recovery speed and innovation following disruptions [18], particularly in supply chains where collaboration enhances visibility, coordination, and risk mitigation [11, 69]. At the interorganizational level, transparent communication and aligned incentives further strengthen resilience by enabling joint problem-solving and reducing opportunistic behavior [12]. In this dimension, network embeddedness provides the foundation, information exchange and trust act as enabling mechanisms, and cooperative adaptability represents the key outcome.

Overall, strategic resilience dimensions are highly interdependent in practice, although they can be analytically distinguished. Duchek's 2020 three-stage model that encompasses anticipation, coping, and adaptation, highlights the dynamic interaction among these capabilities rather than their isolation. Cognitive capabilities support coping, structural elements enable adaptation, technological systems facilitate responsiveness, and relational capital sustains renewal. This multidimensional view extends the RBV and Dynamic Capabilities Theory by embedding adaptation within cognitive, structural, and relational systems [87]. It also positions strategic resilience as a proactive strategic orientation that integrates operational reliability with long-term strategic renewal rather than merely serving as a defensive mechanism. These dimensions are interrelated, with anticipation grounding absorption and adaptation, although in fast-evolving environments, they may occur concurrently, with renewal as a resulting outcome [25, 83].

3.2.3. Adoption and Outcomes of Strategic Resilience in Strategic Management

Strategic resilience has become a central element of contemporary strategic management because it enables organizations to withstand disruptions, maintain strategic direction, and exploit emerging opportunities in volatile environments [25, 54]. Grounded in the Dynamic Capabilities Theory, it supports firms in continuously reconfiguring resources to sustain competitive advantage over time [88]. Strategic resilience reflects a proactive capability that aligns strategic objectives with flexible organizational processes, ensuring continuity between strategy and operations even under conditions of disruption [37].

The relationship between strategic resilience and firm performance has been widely examined in strategic management literature. Firms with strong strategic resilience capabilities achieve superior financial and non-financial performance due to their ability to rapidly adjust strategies in response to environmental change [37]. Resilient firms outperform less resilient counterparts during periods of turbulence [96]. Strategic resilience is linked to dynamic capabilities of sensing, seizing, and reconfiguring, which collectively enhance sustained performance outcomes [83].

Strategic resilience is further associated with organizational adaptability and strategic renewal. Resilient organizations are able to realign structures, processes, and strategies in response to environmental shifts, thereby strengthening competitive advantage [57]. Strategic resilience enhances strategic flexibility, enabling firms to continuously renew their positioning in dynamic markets [24]. This adaptability is reinforced through organizational learning systems that support innovation and problem-solving in response to environmental challenges [57, 76]. Resilient organizations are more capable of mitigating supply chain risks and maintaining operational continuity [18, 93].

Moreover, strategic resilience contributes to organizational learning and crisis recovery. Resilient firms develop mindful organizing practices that support learning from failures and improve recovery capacity [90]. Resilience is conceptualized as a process of anticipation, coping, and adaptation through which organizations learn from shocks and strengthen future responsiveness [25]. In this regard, flexibility, regeneration, and continuity remain central strategic goals for managers across industries [60, 93]. Human resource practices such as participatory leadership, knowledge sharing, and cross-functional training strengthen adaptive capacity [55]. Mindful organizing is positioned as a mechanism for detecting weak signals and enhancing collective responsiveness [90]. These perspectives align with Teece's (2007) Dynamic Capabilities Theory, which stresses the importance of sensing, seizing, and reconfiguring as core processes of resilience.

Finally, various frameworks have been developed to conceptualize strategic resilience. Kantur and İşeri-Say propose behavioral, cognitive, process, and contextual dimensions, while Williams et al. integrate resilience with strategic renewal, crisis management, and organizational learning [42, 96]. Wieland and Wallenburg further emphasize that communication and internal collaboration are critical enablers of resilience, reinforcing the importance of coordination and shared understanding in building resilient organizations [94].

4. Literature Review

An in-depth review of relevant theoretical and empirical literature was conducted, guided by the key constructs of this study, namely strategic resilience and firm performance.

4.1. Theoretical Review

RBV and Dynamic Capabilities Theory were adopted to

provide a comprehensive lens for explaining how strategic resilience relates to firm performance. RBV and Dynamic Capabilities Theory are synergistic, with RBV expounding the strategic resources that sustain advantage, while Dynamic Capabilities expounds how these resources are reshaped by change [88, 91]. However, both theories face shortcomings in uncertain and fast-changing emerging market settings, where volatility and resource constraints may erode the efficacy of structured capabilities [25, 54].

4.1.1. Dynamic Capabilities Theory

Teece and Pisano are widely credited with laying the groundwork for the development of the Dynamic Capabilities Theory, while Teece is also recognized for its early conceptual foundations through his examination of organizational adaptation and the limitations of traditional economic theory in explaining firm-level strategic change [82, 86]. The theory was later formally advanced by Teece, Pisano and Shuen who extended RBV by emphasizing a firm's ability to sense, seize, and reconfigure internal and external competencies in response to environmental turbulence [88]. In this context, dynamism refers to the organization's capacity to renew competencies to maintain alignment with environmental change, while capabilities denote the routines, processes, and structures that enable adaptation and transformation.

Dynamic Capabilities Theory distinguishes between ordinary and higher-order capabilities. Ordinary capabilities refer to the routine resources and operational competencies such as human capital, financial resources, processes, and infrastructure that support day-to-day organizational functioning but do not necessarily generate sustained competitive advantage. In contrast, higher-order or strategic capabilities enable firms to integrate, recombine, and transform these ordinary resources in response to changing environmental conditions [83, 88]. The theory assumes that firms achieve sustained performance in dynamic environments by continuously sensing opportunities and threats, seizing valuable opportunities through effective resource mobilization, and reconfiguring resources to maintain strategic fit [83, 99].

Scholarly work has further refined the hierarchy of capabilities. Danneels distinguishes first-order capabilities as those that support the modification of existing operational routines, while higher-order capabilities enable the development of new competencies [22]. Similarly, Winter categorizes dynamic capabilities as higher-level learning-based competencies, contrasted with ordinary operational capabilities that support routine production and service delivery [97].

Dynamic Capabilities Theory has been widely applied in empirical research to explain the relationship between organizational capabilities and performance. Eisenhardt and Martin demonstrate that dynamic capabilities enable firms to recombine and redeploy resources effectively, thereby enhancing performance in rapidly changing environments [27]. Teece further showed that firms with strong sensing, seizing, and reconfiguring capabilities are better positioned to achieve sustained competitive advantage under conditions of environmental dynamism [83].

Empirical studies also link dynamic capabilities to strategic resilience and firm performance. Duchek conceptualizes organizational resilience within dynamic capabilities theory, emphasizing anticipation, coping, and adaptation as key processes that enhance learning and long-term performance [25]. Similarly, Hillmann and Guenther find that dynamic capabilities underpin strategic resilience and enable firms to sustain performance under high environmental volatility [37]. Wilden, Devinney and Dowling further showed that dynamic capabilities enhance firms' ability to withstand market shocks, with sensing and reconfiguring capabilities being particularly critical for superior performance outcomes [95]. Lengnick-Hall, Beck and Lengnick-Hall also demonstrate that dynamic capabilities foster organizational resilience by strengthening sensing and transformation capacities, thereby improving recovery from disruptions [55]. In digital contexts, Lin and Wu find that dynamic capabilities significantly enhance strategic resilience in technology-driven firms, improving crisis responsiveness and adaptation [56].

Despite its widespread application, Dynamic Capabilities Theory has been criticized for conceptual ambiguity and challenges in measurement, as dynamic capabilities are often embedded in organizational routines and difficult to isolate empirically [1]. It has also been argued that the concept is overly broad and at times overlaps with ordinary operational flexibility. Nonetheless, the theory remains highly influential in explaining how strategic resilience contributes to organizational effectiveness, reinforcing the view that sustained competitiveness depends on continuous capability renewal in dynamic environments.

4.1.2. Resource-Based View

RBV traces its origins to Edith Penrose's 1959 seminal work, The Theory of the Growth of the Firm, which conceptualized firms as bundles of productive resources [67]. This perspective was later formalized by Wernerfelt in his influential article, "A Resource-Based View of the Firm," which shifted attention to internal firm resources as the primary source of competitive advantage [91]. Building on this foundation, Barney introduced the Valuable, Rare, Inimitable and Non-Substitutable (VRIN) framework, arguing that valuable, rare, inimitable, and non-substitutable resources enable firms to achieve sustained competitive advantage [6].

Early RBV literature emphasized that sustained firm performance depends on the possession of VRIN resources [6]. However, this perspective was later refined to incorporate the role of organizational processes and structures in effectively deploying these resources. Barney, Ketchen and Wright extended the framework to VRIO, adding the dimension of organization to highlight that value creation depends not only on possessing strategic resources but also on the firm's ability to

organize and exploit them effectively [8]. This refinement underscored that resource possession alone is insufficient unless supported by appropriate organizational mechanisms.

RBV explains performance differences among firms based on heterogeneity in internal resources rather than industry structure [47, 68]. Capabilities and competencies reflect a firm's ability to allocate and utilize resources effectively [7]. Firm-specific competencies, including knowledge, skills, and experience, are essential for sustained performance [2, 58]. Intangible resources such as organizational culture, brand equity, and internal processes are particularly critical for generating sustained competitive advantage [53]. In addition, flexible processes, decentralized decision-making systems, and adaptive routines function as strategic resources that enhance firm performance [34], while knowledge, creativity, and technological capabilities further strengthen organizational outcomes [5, 16, 33].

Further developments in the RBV highlight the importance of dynamic and evolving resource configurations. Helfat and Peteraf argue that such configurations represent evolutionary assets that enable firms to adapt over time and sustain performance under uncertainty [34]. Hitt, Ireland and Hoskisson extend the theory by emphasizing managerial orchestration of resources as central to strategic resilience and renewal [87]. Similarly, effective knowledge management is recognized as a key strategic resource that enhances firm performance [23], while intellectual capital, particularly human and social capital, supports both exploratory and exploitative innovation [8, 80].

RBV has been widely applied in empirical research to explain firm performance outcomes. Crook, Combs and Shook demonstrate that firms possessing VRIN resources tend to outperform competitors [20]. Saunila found that strategic resilience positively influences innovation performance [76], while Camisón and Villar-López showed that organizational learning capability enhances innovation and overall firm performance [13]. Sirmon et al. further established that effective resource management practices such as structuring, bundling, and leveraging resources significantly improve firm value creation [77].

Despite its strong influence, RBV has faced criticism for assuming resource stability and for overstating the direct link between resource endowments and firm performance [51-52, 74]. Critics also argue that it underemphasizes external environmental forces such as industry dynamics, technological change, and institutional constraints, which are critical in shaping competitive advantage [21, 73]. Furthermore, challenges in operationalizing key constructs have raised concerns regarding tautology and empirical testability, leading to calls for integration with dynamic and contingency-based perspectives to better account for environmental uncertainty [84].

4.2. Empirical Literature Review

Lengnick-Hall, Beck and Lengnick-Hall conducted an empirical study on strategic resilience as a firm-level capability by examining how organizations develop the capacity to respond to environmental change and sustain performance [55]. The study, based on multiple organizational cases in the United States operating in dynamic environments, adopted a conceptual-empirical approach. Findings revealed that firms with strong strategic resilience experience faster recovery from disruptions, improved adaptability, and enhanced long-term performance. The study also showed that strategic resilience enables organizations to anticipate threats and exploit emerging opportunities. However, the absence of rigorous quantitative testing weakens the statistical strength of the conclusions, creating an evidence gap in the relationship between strategic resilience and firm performance.

Herbane examined strategic resilience within the context of business continuity management, focusing on how resilience is embedded in organizational strategy to sustain performance over time [35]. Conducted among organizations in developed economies using case-based and empirical observations, the study found that strategic resilience enhances preparedness, supports continuity, and stabilizes performance outcomes. However, the construct was not clearly operationalized into measurable dimensions such as anticipatory, absorptive, and adaptive capabilities. This limits empirical precision and creates a methodological gap in validating its relationship with firm performance.

Vogus and Sutcliffe studied resilience as an organizational capability in high-reliability settings such as healthcare and aviation [90]. Their findings showed that resilience enhances organizations' ability to anticipate disruptions, maintain operational continuity, and sustain performance under uncertainty. However, the study largely emphasizes operational reliability rather than explicitly linking strategic resilience to multidimensional firm performance, creating a conceptual gap in the performance linkage.

Burnard and Bhamra investigated the development of strategic resilience in organizations exposed to environmental shocks using qualitative case studies in the United Kingdom [12]. The findings indicated that proactive and adaptive strategies enable firms to maintain stability, respond effectively to disruptions, and sustain performance. However, reliance on qualitative evidence limits generalizability and statistical validation, resulting in a methodological gap in establishing the resilience–performance relationship.

Kareem, Reddy and Kolloju examined anticipatory capability and firm performance across 198 organizations in developing economies using a survey design and PLS-SEM analysis [46]. The findings revealed that anticipatory capability positively influences firm performance, particularly in service quality, responsiveness, and adaptability. However, performance was measured using non-financial indicators only, limiting comprehensiveness. In addition, anticipatory capability was not decomposed into structured mechanisms such as environmental scanning or scenario planning, creating a conceptual gap in construct operationalization.

Wheelen and Hunger analyzed adaptive capacity and supply chain performance using data from 297 European firms through structural equation modeling [93]. Results showed a significant positive relationship between adaptive capacity and performance, particularly in customer satisfaction and responsiveness. However, adaptive capacity was largely proxied through supply chain efficiency, narrowing its conceptual scope and limiting its application to broader firm-level performance, thereby creating a conceptual gap.

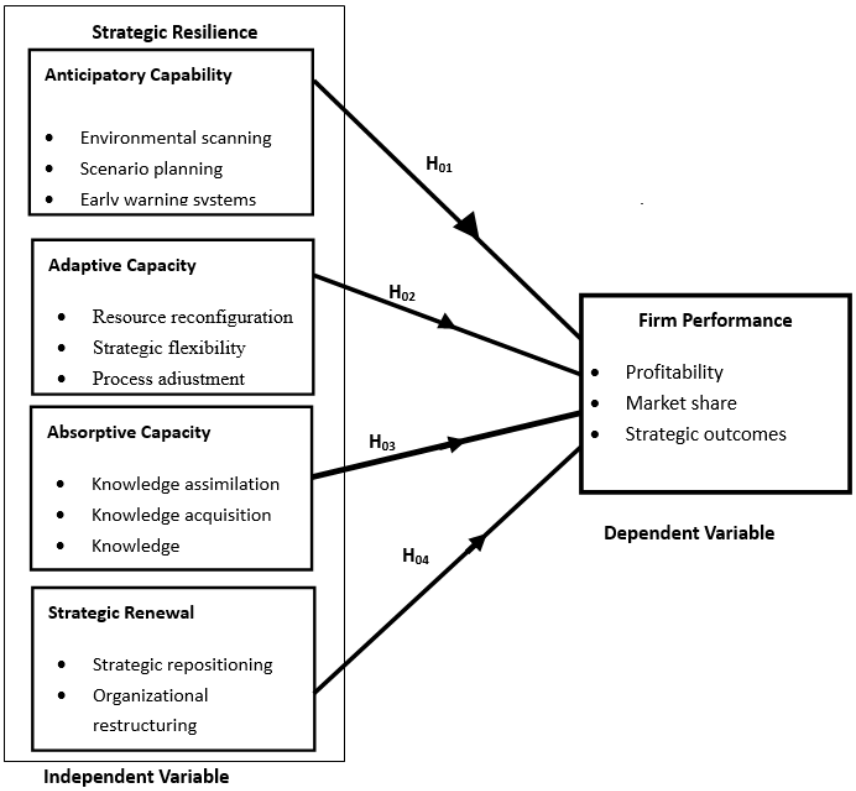
Duchek examined strategic resilience through a learning-oriented perspective using a mixed-method approach [25]. Findings showed that firms capable of anticipating, coping, and adapting achieve superior performance due to their ability to acquire, assimilate, and apply knowledge. However, absorptive capacity was not independently operationalized, making it difficult to isolate its specific contribution to firm performance and creating a conceptual gap in measurement clarity.

Linnenluecke conducted a systematic review of 339 studies on strategic renewal and resilience between 1977 and 2014 [57]. The review found that firms that continuously adapt and renew their strategies demonstrate improved performance under crisis conditions. However, the reliance on secondary literature rather than primary empirical testing means that the relationship between strategic renewal and firm performance is inferred rather than statistically validated, resulting in an evidence gap.

Recent studies have expanded the application of strategic resilience and dynamic capabilities within emerging market contexts, emphasizing the role of institutional volatility and resource constraints in shaping performance outcomes [47-49].

4.3. Proposed Conceptual Model

The relationship between strategic resilience and firm performance may be mediated by factors such as organizational agility, innovation capability, and learning orientation, which translate strategic resilience into performance outcomes. It can also be moderated by contextual factors such as environmental dynamism, organizational culture, and market conditions, which influence the strength or direction of the relationship. This study adopts a conceptual model to explain the relationships among the study variables. The model illustrates how strategic resilience influences firm performance through its various dimensions. Figure 1 presents a graphical representation of the proposed linkages.



Source: Author (2026)

Figure 1. *Proposed Conceptual Model.*

Strategic resilience is the primary independent variable in this study, reflecting an organization's ability to anticipate risks, respond effectively to disruptions, adapt to changing conditions, and recover while maintaining or adjusting its

long-term strategic direction. In VUCA environments, organizations increasingly rely on resilience-oriented strategies to sustain operations and enhance long-term performance. By developing strategic resilience, firms are better positioned to prepare for environmental shifts and respond proactively rather than reactively after disruptions occur.

Anticipatory capability enables firms to monitor their external environment, interpret weak signals, and proactively address potential challenges, thereby reducing performance volatility. In volatile contexts, firms must remain agile to respond swiftly to changing environmental demands, ensuring financial sustainability and operational continuity. Adaptive capacity further enables organizations to reconfigure strategies, structures, and processes in response to environmental change, allowing them to align offerings with evolving customer preferences and market trends.

Absorptive capacity enhances organizational performance by enabling firms to acquire, assimilate, transform, and apply knowledge effectively. This capability improves operational efficiency and supports informed decision-making, thereby strengthening overall firm performance. Strategic renewal contributes by continuously updating strategies, processes, products, and structures, fostering innovation and enabling firms to realign their business models with emerging environmental demands. Collectively, these dimensions of strategic resilience strengthen organizational sustainability and competitive advantage.

5. Conclusion

This study examines the relationship between strategic resilience and firm performance. Its main objective is to review conceptual, theoretical, and empirical literature on this relationship in order to identify research gaps and justify the need for further investigation. This objective is achieved through a systematic review of relevant literature to clarify the dimensions of both strategic resilience and firm performance. The study is grounded in RBV and Dynamic Capabilities Theory, which provide the theoretical foundation for explaining how organizational capabilities influence performance outcomes.

The study proposes a conceptual model in which strategic resilience is the independent variable and firm performance is the dependent variable. Strategic resilience is operationalized through anticipatory capability, adaptive capacity, absorptive capacity, and strategic renewal, while firm performance is measured in terms of profitability, market share, and strategic outcomes. Accordingly, the study proposes the following null hypotheses for future empirical testing:

H_{01}: Anticipatory capability has no significant effect on firm performance.

H_{02}: Adaptive capacity has no significant effect on firm performance.

H_{03}: Absorptive capacity has no significant effect on firm performance.

H_{04}: Strategic renewal has no significant effect on firm performance.

The study emphasizes that organizations operating in VUCA environments must develop resilience to survive and remain competitive. This requires the ability to sense environmental opportunities and threats and respond effectively through appropriate strategic actions that enhance both responsiveness and sustainability.

The study makes a significant contribution to both theoretical and empirical literature by clarifying the relationship between strategic resilience and firm performance. It also provides a foundation for future research to examine contextual factors, such as organizational culture, that may influence this relationship using the proposed framework. In addition, the findings offer practical implications for policymakers, who can use the insights to design policies and regulations that strengthen organizational resilience and improve performance outcomes.

Future research should consider sector-specific analyses, especially in cross-industry comparisons between high-technology and traditional sectors, to reflect differences in strategic resilience dynamics across contexts. Methodologically, longitudinal-configurational methods such as fuzzy-set Qualitative Comparative Analysis (fsQCA) are advocated to better reflect the complex and evolving nature of the relationship between strategic resilience and firm performance.

Abbreviations

RBV	Resource-Based View
VRIN	Valuable, Rare, Inimitable and Non-Substitutable
VRIO	Valuable, Rare, Inimitable and Organized
VUCA	Volatility, Uncertainty, Complexity, Ambiguity

Author Contributions

Fredrick Ambani Mwale: Conceptualization, Formal Analysis, Investigation, Methodology, Resources, Writing – original draft, Writing – review & editing

Godfrey Muigai Kinyua: Supervision, Validation

Conflicts of Interest

The authors declare no conflicts of interest.

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