

SYSTEMATIC LITERATURE REVIEW (SLR): THE IMPORTANCE OF FLEXIBILITY AND ORGANIZATIONAL CULTURE FOR SMES TO SURVIVE IN A HIGHLY COMPETITIVE MARKET

Auliya Az Zahra^{1*}, Yani Dwi Restanti², A. Faiz Fadl.Lulloh³

^{1*}Faculty of Vocational Business Administration, Universitas Brawijaya

²Faculty of Administrative Sciences, Universitas Pawyatan Daha

³Faculty of Administrative Sciences, Universitas Pawyatan Daha

E-mail: aulyazahra93@ub.ac.id^{1*}, yanidwirestanti@updkediri.ac.id², f41z.nda@gmail.com³

Received: 05/03/2026 | Revised: 15/03/2026 | Accepted: 06/04/2026 | Published: 26/04/2026

Abstract

Operational flexibility is a critical factor enabling SMEs to adapt to market changes. This study aims to analyze how operational flexibility supports SMEs in navigating market dynamics while enhancing business efficiency, as well as to examine how the synergy between an adaptive organizational culture and operational flexibility can create a competitive advantage for SMEs. The method used is a Systematic Literature Review (SLR) of 18 sources selected based on quality and relevance criteria. The results show that operational flexibility enables SMEs to respond quickly to market changes through resource optimization and strategic decision-making, while improving efficiency through the application of innovative technologies and the adjustment of business strategies to market needs. Furthermore, the synergy between operational flexibility and an adaptive organizational culture characterized by the values of collaboration, innovation, and learning forms dynamic capabilities that strengthen SMEs' competitiveness. This study contributes by broadening our understanding of the strategic role of operational flexibility and an adaptive organizational culture in enhancing SME performance, and recommends integrating both as a comprehensive approach to strengthening competitive advantage amid increasingly complex market competition.

Keywords: *SMEs, Operational Flexibility, Adaptive Organizational Culture, Business Efficiency, Competitive Advantage.*

INTRODUCTION

Operational flexibility in the face of challenges is a critical core competency for SMEs. Operational flexibility enables SMEs to respond to market changes quickly and efficiently, for example by optimally utilizing available resources and making adjustments to ongoing business strategies or processes (Azeem et al., 2021). The ability to make quick and accurate decisions is also an integral part of this flexibility, which ultimately supports improved operational efficiency and strengthens SMEs' competitiveness in a competitive market (Al Azzani et al., 2024). In addition to operational flexibility, an adaptive organizational culture also plays a crucial role in helping SMEs navigate change. An organizational culture characterized by values such as innovation, collaboration, and learning provides a strong foundation for operational flexibility to thrive (Liu, 2021). By implementing this culture, SMEs can build dynamic capabilities that enable them to manage change effectively, both in facing challenges and in capitalizing on new opportunities emerging in the market. This not only helps SMEs remain relevant but also creates a competitive advantage in the long term (Onngam & Charoensukmongkol, 2023).

This systematic literature review is designed to evaluate the current state of knowledge regarding the importance of flexibility and organizational culture for SMEs in competitive markets. In accordance with The Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA), this study reviewed 18 articles as of December 7, 2024, based on a literature search of the Scopus database. This review examines how organizational culture and flexibility can help SMEs enhance their competitiveness by building strong market capabilities, creating competitive advantages, maintaining good relationships with customers, increasing employee loyalty, and boosting corporate trust and reputation. A positive organizational culture in SMEs can be fostered through effective leadership, a clear corporate vision and mission, a sense of unity between business owners and employees, and flexibility in business operations. This study aims to analyze how operational flexibility supports SMEs in coping with market

dynamics while improving business efficiency, as well as to examine how the collaboration between an adaptive organizational culture and operational flexibility can create a competitive advantage for SMEs. This study is expected to broaden insights into the strategic role of operational flexibility and adaptive culture in improving SME performance, as well as recommend the integration of both as a comprehensive approach to strengthening competitive advantage amid increasingly complex market competition.

LITERATURE REVIEW

Small and Medium-Sized Enterprises (SMEs) play a vital role in the economy, particularly in creating jobs and driving economic growth. However, SMEs face significant challenges in the form of rapidly changing market dynamics and increasingly intense competition. In this context, organizational flexibility and organizational culture are two key factors that determine business sustainability (Cardoni et al., 2020). Organizational flexibility refers to a company's ability to adapt to changes in the business environment, whether in terms of operational processes, strategy, or decision-making. This flexibility enables SMEs to respond more quickly and effectively to changes in market demand, technological advancements, and competitive pressures. Previous research indicates that SMEs with high levels of flexibility tend to be better able to maintain performance and improve business efficiency amid market uncertainty (Sánchez-Báez et al., 2020). In addition to flexibility, organizational culture also plays a crucial role in supporting business sustainability. Organizational culture reflects the values, norms, and practices embraced by the organization's members. A culture that is adaptive, innovative, and open to change can encourage employees to be more responsive to external challenges and enhance internal collaboration. Thus, a strong organizational culture can strengthen SMEs' ability to adapt and survive in a competitive market (Al Azzani et al., 2022).

The interaction between organizational flexibility and organizational culture has become an aspect receiving increasing attention in the literature. Flexibility supported by an adaptive organizational culture creates synergies that can enhance a company's competitiveness. Conversely, without a supportive culture, efforts to increase flexibility often do not yield optimal results. Therefore, the combination of the two is considered a source of sustainable competitive advantage (Sánchez-Báez et al., 2020). Based on research by Boccardelli & Magnusson (2006), in a highly competitive market environment, SMEs need to develop dynamic capabilities, the ability to integrate, build, and reconfigure internal and external resources. Organizational flexibility and an adaptive culture are crucial components of these capabilities, enabling companies not only to survive but also to thrive (Boccardelli & Magnusson, 2006). Based on a review of the literature, it can be concluded that organizational flexibility and organizational culture play a strategic role in enhancing the sustainability of SMEs. The two complement each other in helping SMEs adapt to changes in the business environment, improve efficiency, and create a competitive advantage in a dynamic market.

METHOD

Using a systematic literature review (SLR), this study aims to analyze how the interaction between organizational flexibility and corporate culture influences the competitiveness of SMEs in dynamic markets. SLR emphasizes a systematic process for literature search, abstraction, and synthesis (E. C. L. Yang et al., 2017b). In this study, the five steps of SLR were conducted, adapted from *The Benefits of Publishing Systematic Quantitative Literature Reviews for PhD Candidates and Other Early-Career Researchers.pdf*, n.d.) (Marek et al., 2009).

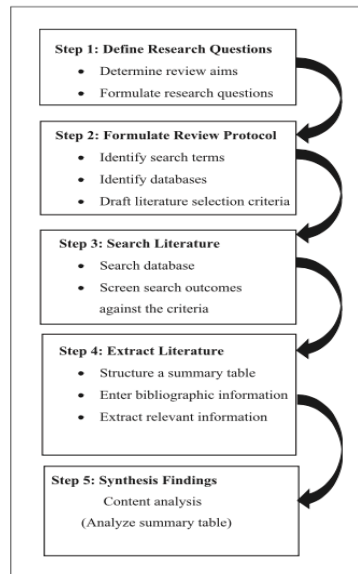


Figure 1. The SLR process, adapted from (Haddaway et al., 2022).

1. Literature Review Protocol

The review protocol includes a database, search terms, and literature selection criteria. The following search terms were used to identify studies exploring “Flexibility and Organizational Culture as Key Factors for SMEs in Competitive Markets” (“Small businesses” OR “SMEs” OR “small and medium enterprises” OR “entrepreneurship” OR “micro businesses”) AND (“competitive market” OR “market changes” OR “market competition” OR “market environment”) AND (“Flexibility” OR “Agility” OR ‘Adaptability’ OR “Resilience”). The data search for this study included study titles, keywords, abstracts, or full text, and focused on articles published in English-language academic journals between 2019 and 2024. English was selected as the language because it is the primary language of international academic publishing (E. C. L. Yang et al., 2017b).

2. Literature Screening

The literature screening was conducted using the PRISMA guidelines with the assistance of the Parsifal application to facilitate the selection process (Haddaway et al., 2022). The retrieved articles were then systematically reviewed based on the established criteria. In the final stage, one article was excluded because it did not align with the topic, resulting in 18 articles that met the criteria for analysis. The selection process is presented in Figure 2.

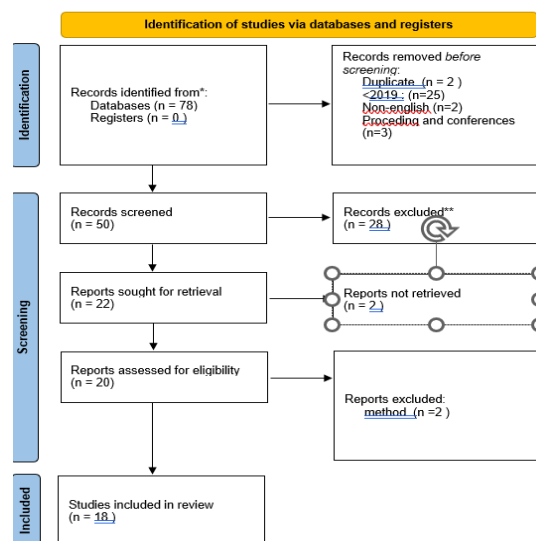


Figure 2. PRISMA Flowchart

3. Database Identification

a. Keywords and Search Strings

Some of the main keywords used include: “Operational flexibility,” ‘SMEs’ OR “Small and Medium Enterprises,” “Market dynamics,” “Business efficiency,” “Adaptability,” “Competitive advantage.” Search strings were combined using Boolean operators such as AND, OR, and NOT to optimize results. Example search string: (“Operational flexibility” AND (‘SMEs’ OR “Small and Medium Enterprises”) AND “Market dynamics”) OR (“Business efficiency” AND “Adaptability”)

b. Inclusion and Exclusion Criteria

Article selection is based on inclusion criteria, namely peer-reviewed articles, relevant to the topic of operational flexibility in SMEs, published between 2019 and 2024, and in English. Meanwhile, exclusion criteria include articles without a complete abstract, those irrelevant to SMEs, non-scientific articles (opinions/editorials), and duplicates.

c. Screening Process

The screening process was conducted in two stages: an initial screening based on titles and abstracts, and a subsequent screening through a review of the full text to ensure compliance with the established criteria.

4. Data Extraction

Once the relevant articles were identified, data was extracted using a structured template that included bibliographic information (author, year, title, and journal), research objectives, methodology, key findings, and the relationship between operational flexibility, market adaptation, and business efficiency.

RESULTS AND DISCUSSION

Overall, this study highlights that operational flexibility not only enhances business efficiency but also strengthens the competitiveness of SMEs through interaction with an adaptive organizational culture. These findings offer practical insights for decision-makers in SMEs on how to integrate operational flexibility with cultural values that support innovation and collaboration in order to ensure the sustainability of their businesses in an ever-changing market environment. In detail, the main findings can be summarized as follows:

Table 1. Analysis of All Articles

No	Author	Title	Description	Result
1	Muhammad Azeem, Munir Ahmed, Sajid Haider, Muhammad Sajjad, (2021).	Expanding competitive advantage through organizational culture.	Examining the relationship between organizational culture, knowledge sharing, and innovation	Organizational culture, knowledge sharing, and innovation have a positive influence
2	I Wayan Edi Arsawan, Ni Kadek Dessy Hariyanti, I Made Ari Dwi Suta, (2022).	Developing Organizational Agility in SMEs: An Investigation	Examining the relationships between social capital, knowledge-creation, collaboration, innovation, and organizational agility, as well as the moderating role of strategic flexibility.	Social capital influences knowledge-creation, collaboration, innovation, and organizational agility, but knowledge-creation and collaboration does not affect agility. Strategic flexibility does not moderate the relationship between innovation and agility
3	Calvin M.L. Chan, Say Yen Teoh, Adrian Yeow, Gary Pan, (2019).	Agility in responding to disruptive digital innovation: Case study of an SME	Examining how SMEs achieve agility in responding to disruptive digital innovations and developing an agility framework.	SMEs achieve agility by mitigating organizational rigidity through boundary openness, developing innovative capabilities through organizational adaptability, and balancing

SYSTEMATIC LITERATURE REVIEW (SLR): THE IMPORTANCE OF FLEXIBILITY AND ORGANIZATIONAL CULTURE FOR SMES TO SURVIVE IN A HIGHLY COMPETITIVE MARKET

Auliya Az Zahra et al

				ambidexterity to manage resource constraints.
4	Hsian-Ming Liu, (2021).	Effect of partnership quality on SMEs success: Mediating role of coordination capability and organisational agility	Examining the influence of partnership quality (PQ) on organizational performance (FP) through coordination capability (CC) and organizational agility (OA) in SMEs.	Partnership quality (PQ) enhances organizational performance (FP) through coordination capability (CC) and organizational agility (OA). SMEs need to maintain PQ to overcome resource constraints and create a competitive advantage in a dynamic market.
5	Paolo Boccardelli, and Mats G. Magnusson, (2006).	Dynamic Capabilities in Early-Phase Entrepreneurship	Investigating how startups align resources with market needs and the role of resource flexibility in that process.	Start-ups that shift their market focus tend to survive longer without needing to change their technological resources. Early dynamic capabilities are more akin to bricolage recombining existing resources to adapt to market demand. Resource flexibility and the role of entrepreneurs need to be incorporated into the dynamic capabilities framework.
6	Yang, Shuhe Shi, and Jingjing Wu, (2022).	Digital Financial Inclusion to Corporation Value: The Mediating Effect of Ambidextrous Innovation	Exploring the impact of digital financial inclusion on SME firm value, as well as the moderating roles of financial flexibility, corporate social responsibility, and market competition in ambidextrous innovation	Digital financial inclusion enhances exploitation innovation, with ambidextrous innovation acting as a partial mediator. Financial flexibility strengthens this relationship, while corporate social responsibility has a short-term negative impact but supports long-term firm value. Product market competition strengthens the relationship between digital financial inclusion and exploitative innovation.
7	Andrea Cardoni, Filippo Zanin, Giulio Corazza and Alessio Paradisi, (2020).	Knowledge Management and Performance Measurement Systems for SMEs' Economic Sustainability	Exploring the relationship between knowledge management (KM), performance measurement systems (PMS), and the economic sustainability of SMEs in the knowledge-based sector.	An exploratory KM approach has a positive effect on SME economic sustainability, and consistent PMS implementation strengthens this relationship. This study suggests that SMEs design a coherent KM approach

SYSTEMATIC LITERATURE REVIEW (SLR): THE IMPORTANCE OF FLEXIBILITY AND ORGANIZATIONAL CULTURE FOR SMES TO SURVIVE IN A HIGHLY COMPETITIVE MARKET

Auliya Az Zahra et al

				and implement appropriate PMS to support economic sustainability.
8	Teng Ma, Ya Liu, and Rongyan Jia, (2023).	Multiple Driving Paths of High-Tech SME Resilience from a “Resource–Capability–Environment” Perspective: An fsQCA Approach	Analyzing the drivers of organizational resilience in high-tech SMEs using a resource, capability, and environmental approach.	This study reveals that the organizational resilience of high-tech SMEs is influenced by the complex interaction of various factors and provides insights for managers on how to enhance resilience and sustainability.
9	Hamed Ali Al Azzani, Normal Mat Jusoh, and Aamir Abbas, (2024).	Market and Supply Chain Orientation; Dynamic Capabilities Leading to Innovation and Operational Capabilities	Analyzing the influence of supply chain and market orientation on SME performance in Oman, with innovation and operational capabilities mediating and strategic flexibility moderating.	Market and supply chain orientations enhance innovation and operational capabilities as well as SME performance. These capabilities mediate the relationship between market/supply chain orientations and SME performance; however, strategic flexibility does not moderate the influence of innovation capabilities.
10	Aqueeb Sohail Shaik, Monika Jain, Aparna Mendiratta, Ghadah Alarifi and Elisa Arrigo, (2023).	Role of strategic knowledge management practices in enhancing strategic perspectives of an organisation to improve entrepreneurial performance	This study examines the impact of strategic knowledge management (SKM) practices and organizational change capacity (OCC) on strategic thinking, strategic orientation, and entrepreneurial performance among SMEs.	The findings indicate that investments in SKM and OCC help SMEs adapt to market changes, develop effective strategies, and enhance entrepreneurial performance. This study emphasizes the importance of SKM and OCC in fostering a culture of innovation and agility, and provides policy recommendations to support SMEs in implementing these practices.
11	Worachet Onngam and Peerayuth Charoensukmongkol, (2023).	Effect of social media agility on performance of small and medium enterprises: moderating roles of firm size and environmental dynamism	Investigating the influence of social media agility on the business performance of SMEs in Thailand, as well as the impact of firm characteristics (such as size) and market dynamics as moderating factors.	This study shows that social media agility has a positive effect on the business performance of SMEs in Thailand, with small firms reaping greater benefits. Additionally, social media agility is more effective in markets with low dynamics.

SYSTEMATIC LITERATURE REVIEW (SLR): THE IMPORTANCE OF FLEXIBILITY AND ORGANIZATIONAL CULTURE FOR SMES TO SURVIVE IN A HIGHLY COMPETITIVE MARKET

Auliya Az Zahra et al

12	Qinghua Xia, Yi Xie and Shuchuan Hu, (2021).	Exploring how entrepreneurial orientation improve firm resilience in digital era: findings from sequential mediation and FsQCA	This study examines the relationship between entrepreneurial orientation (EO) and resilience (RE), taking into account the roles of digital business capabilities (DBC), digital business model innovation (DBMI), and environmental hazards (EH).	The findings indicate that EO has a positive effect on DBC and RE, with DBMI acting as a mediator. The EH factor amplifies the impact of EO on RE. The findings indicate that EO has a positive effect on DBC and RE, with DBMI acting as a mediator. The EH factor amplifies the impact of EO on RE. The findings indicate that EO has a positive effect on DBC and RE, with DBMI acting as a mediator. The EH factor amplifies the effect of EO on RE.
13	Hsian-Ming Liu, (2020).	Effect of partnership quality on SMEs success: Mediating role of coordination capability and organisational agility	This study shows that high partnership quality (PQ) can improve organizational performance (FP) by enhancing coordination capacity (CC) and organizational agility (OA).	Data collected from 257 SMEs in Taiwan reveal that PQ plays a crucial role in improving FP by facilitating internal coordination and agility in responding to market changes and customer needs.
14	Samuel Adomako a, Joseph Amankwah-Amoah b, Francis Donbesuur c, Mujtaba Ahsan d, Albert Danso e, Moshfique Uddin, (2022).	Data collected from 257 SMEs in Taiwan reveals that PQ plays a key role in improving FP by facilitating internal coordination and agility in responding to market changes and customer needs.	This study investigates the influence of firm capabilities and their relationship with strategic agility and the international performance of SMEs. Based on data from 233 international SMEs in Ghana, this study examines the direct relationship between SME capabilities and strategic agility, as well as the indirect relationship between technological and network capabilities and improved international performance through strategic agility.	The findings provide deeper insights into the relationship between firm capabilities, strategic agility, and the international performance of SMEs.

SYSTEMATIC LITERATURE REVIEW (SLR): THE IMPORTANCE OF FLEXIBILITY AND ORGANIZATIONAL CULTURE FOR SMES TO SURVIVE IN A HIGHLY COMPETITIVE MARKET

Auliya Az Zahra et al

15	Chrysovalantis Gaganis a, Fotios Pasiouras b,, Fotini Voulgari c, (2019).	Culture, business environment and SMEs' profitability: Evidence from	This study aims to examine whether and how specific country characteristics influence the profitability of SMEs.	It was found that freedom from corruption, conditions that facilitate access to credit, and fewer government regulations related to business establishment, operation, and closure are associated with increased profitability. National cultural dimensions also play a significant role, with individualism, masculinity, and long-term orientation having a positive impact on profitability, while power distance and avoidance of uncertainty have the opposite effect. The influence of national culture on profitability also depends on political stability and institutional quality.
16	Edgar Antonio Sánchez-Báez, José Fernández-Serrano, Isidoro Romero, (2019).	Organizational culture and innovation in small businesses in Paraguay	This study examines the influence of organizational culture on the implementation of innovation in small businesses. Cameron and Quinn's competing values framework was used to capture organizational culture.	Empirical analysis was conducted using a sample of 194 small businesses from two regions in Paraguay: the Asunción area and the Central Department. Organizational cultures with an external orientation (adhocratic and market) were found to have a significant positive impact on innovation. However, the influence of organizational culture on specific types of innovation (product, process, organizational, and marketing) varies. Hierarchical culture shows a positive influence on process innovation.
17	Kamila Malewska a, Szymon Cyfert a, Anna Chwiłkowska-Kubala a, Katarzyna Mierzejewska a, Witold Szumowski, (2024).	The missing link between digital transformation and business model innovation in energy SMEs: The role of digital organisational culture Kamila Malewska a,*,	This study examines how digital culture mediates the relationship between digital transformation and business model innovation in energy companies in Central	The results indicate that the direct impact of digital transformation on business model innovation in energy companies is limited, and is more often realized indirectly through digital organizational culture. This highlights the importance of

SYSTEMATIC LITERATURE REVIEW (SLR): THE IMPORTANCE OF FLEXIBILITY AND ORGANIZATIONAL CULTURE FOR SMES TO SURVIVE IN A HIGHLY COMPETITIVE MARKET

Auliya Az Zahra et al

		Szymon Cyfert a, Anna Chwiłkowska-Kubala a, Katrzyna Mierzejewska a,	and Eastern European (CEE) countries.	digital organizational culture in the success of business model transformation.
18	Samuel Omokhafe Yusuf, Remilekun Lilian Durodola, Godbless Ocran , Justina Eweala Abubakar, Amarachi Zita Echere and Adedamola Hadassah Paul-Adeleye Samuel Omokhafe Yusuf, Remilekun Lilian Durodola, Godbless Ocran, Justina Eweala Abubakar, Amarachi Zita Echere and Adedamola Hadassah Paul-Adeleye, (2024).	Samuel Omokhafe Yusuf, Remilekun Lilian Durodola, Godbless Ocran, Justina Eweala Abubakar, Amarachi Zita Echere, and Adedamola Hadassah Paul-Adeleye	Exploring the impact of digital transformation and artificial intelligence (AI) on SMEs across various continents, and identifying the challenges and drivers of AI adoption among SMEs based on regional contexts.	Research has found that the main challenges to AI adoption by SMEs include limited financial resources, a shortage of skilled workers, data security issues, and organizational resistance to change. These challenges vary by continent: SMEs in Africa face high costs and a lack of expertise, SMEs in Europe are hindered by regulations and infrastructure, while SMEs in Asia face sustainability issues and cultural barriers. Nevertheless, the potential of AI to improve operations and customer engagement is recognized globally. The research suggests the need for tailored policies, capacity-building initiatives, and cross-border collaboration to support AI adoption in SMEs.

Source: Data compiled by the researcher, 2024.

The Importance of an Adaptive Organizational Culture in Operational Flexibility

Research shows that a collaborative culture supports operational flexibility by enabling organizations to respond quickly to change, as decision-making processes become more decentralized and responsive to urgent situations (Sánchez-Báez et al., 2020). By instilling values of continuous learning, SMEs can enhance their employees’ capabilities to manage change and leverage new technologies. An adaptive organizational culture plays a crucial role in strengthening SMEs’ operational flexibility. Core values such as innovation, collaboration, learning, and calculated risk-taking help create an environment that supports flexibility. Innovation, for example, enables SMEs to continuously create new products or services that align with the ever-changing needs of the market (Gaganis et al., 2019). In many cases, this culture serves as the necessary foundation to ensure that operational flexibility can be effectively implemented.

The Interaction between Adaptive Culture and Operational Flexibility

Operational flexibility also plays a crucial role in supporting an organization’s cultural adaptation to market needs. In some cases, organizations can use operational flexibility to test new approaches or product prototypes, which ultimately helps them understand whether cultural changes are needed to support new strategies. This demonstrates that the interaction between operational flexibility and organizational culture is bidirectional: culture supports flexibility, but flexibility can also shape organizational culture (Chan et al., 2019). Operational flexibility provides SMEs with the ability to adapt quickly to market changes. By utilizing this flexibility, SMEs can manage internal and external resources more efficiently, respond to market dynamics, and capitalize on opportunities swiftly (Shaik et al., 2024). In the context of interaction with an adaptive organizational culture, operational flexibility acts

as a strategic tool that enables companies to translate their cultural values into concrete actions that support competitiveness (Arsawan et al., 2022). For example, in response to shifting consumer preferences, SMEs with a culture of innovation and operational flexibility can quickly develop new products or adapt their marketing strategies. This not only enhances their competitiveness in the market but also helps build customer loyalty by offering relevant and timely solutions (Malewska et al., 2024).

Sustainable Competitive Advantage

Research shows that a culture that supports innovation and learning, combined with operational flexibility, enables SMEs to continuously develop new products or services that meet the needs of an ever-changing market (Gaganis et al., 2019). For example, SMEs operating in the technology sector can leverage an innovation-driven culture to spur the development of new products, while operational flexibility allows them to quickly integrate customer feedback into product iterations. This process not only enhances their competitiveness but also builds customer loyalty by providing relevant and timely solutions (Malewska et al., 2024). Values such as cross-functional collaboration, innovation, and continuous learning create a unique advantage that is difficult for competitors lacking these cultural elements to match. Thus, this synergy not only provides a short-term advantage but also ensures the sustainability of SMEs' competitiveness (Liu, 2021).

Operational Flexibility as a Strategic Tool

Operational flexibility gives SMEs the ability to adapt quickly to market changes. By leveraging this flexibility, SMEs can manage internal and external resources more efficiently, respond to market dynamics, and capitalize on opportunities swiftly (Shaik et al., 2024). In the context of interaction with an adaptive organizational culture, operational flexibility acts as a strategic tool that enables companies to translate their cultural values into concrete actions that support competitiveness (Arsawan et al., 2022). For example, in the face of changing consumer preferences, SMEs with a culture of innovation and operational flexibility can quickly develop new products or adapt their marketing strategies. This not only enhances their competitiveness in the market but also helps build customer loyalty by offering relevant and timely solutions (Malewska et al., 2024).

Interactions That Create Dynamic Capabilities

The interaction between an adaptive organizational culture and operational flexibility creates dynamic capabilities that enable SMEs to respond more effectively to changes in the environment. These dynamic capabilities include the ability to sense opportunities or threats, seize those opportunities, and transform strategies or business models to adapt to market needs (Adomako et al., 2022). A culture that supports risk-taking, for example, allows SMEs to experiment with new strategies without fear of failure. Operational flexibility, on the other hand, provides the necessary structure to manage these risks effectively, ensuring that every strategic move is supported by adequate data and resources (Xia et al., 2024). This combination not only enables SMEs to respond to market changes but also to leverage those changes to create a competitive advantage.

Research Gaps and Practical Challenges

Most of the literature focuses on the individual effects of flexibility or organizational culture on SME performance, but rarely explores how the two interact in depth (Malewska et al., 2024). Furthermore, the lack of research conducted in emerging market contexts limits our understanding of how these elements function within more dynamic and challenging business environments (Al Azzani et al., 2024). Practical challenges also arise when SMEs attempt to integrate an adaptive culture with operational flexibility. Some SMEs may lack the resources or expertise to effectively implement an innovation culture, or they may face resistance from employees accustomed to traditional ways of working (Azeem et al., 2021). Therefore, more specific guidance and policy support are needed to help SMEs overcome these challenges. This study underscores the importance of the interaction between an adaptive organizational culture and operational flexibility in creating a competitive advantage for SMEs. However, the interaction between an adaptive organizational culture and operational flexibility provides SMEs with the ability not only to respond to these challenges but also to leverage them as opportunities to create sustainable added value.

CONCLUSION

This study confirms that operational flexibility is a key element for SMEs in coping with ever-changing market dynamics. This flexibility enables SMEs to respond quickly to market changes through efficient resource management and the implementation of relevant innovations. This not only improves business efficiency but also

helps SMEs maintain their competitiveness in a competitive business environment. Strategic agility, supported by innovation capabilities and digital technology, is a key factor in fostering operational flexibility, enabling SMEs to create sustainable value. The interaction between an adaptive organizational culture and operational flexibility has also been shown to create a competitive advantage for SMEs. An organizational culture that supports innovation, collaboration, and learning strengthens SMEs' adaptive capabilities, enabling them to capitalize on opportunities and manage market challenges more effectively. Values such as a willingness to take risks and a customer-centric orientation play a crucial role in strengthening SMEs' dynamic capabilities, making them better prepared to proactively address changes in the business environment. Overall, this study makes an important contribution to the literature by linking operational flexibility, adaptive organizational culture, and competitive advantage in the context of SMEs, particularly in emerging markets. From a practical perspective, this study offers insights for SME leaders and policymakers on integrating operational flexibility strategies with the development of an adaptive organizational culture, to ensure sustainability and competitiveness in an ever-changing global market.

REFERENCES

- Adomako, S., Amankwah-Amoah, J., Donbesuur, F., Ahsan, M., Danso, A., & Uddin, M. (2022). Strategic agility of SMEs in emerging economies: Antecedents, consequences and boundary conditions. *International Business Review*, 31(6), 102032. <https://doi.org/10.1016/j.ibusrev.2022.102032>
- Al Azzani, H. A., Mat Jusoh, N., & Abbas, A. (2024). Market and Supply Chain Orientation; Dynamic Capabilities Leading to Innovation and Operational Capabilities. *SAGE Open*, 14(2), 1–24. <https://doi.org/10.1177/21582440241248895>
- Arsawan, I. W. E., Hariyanti, N. K. D., Atmaja, I. M. A. D. S., Suhartanto, D., & Koval, V. (2022). Developing Organizational Agility in SMEs: An Investigation of Innovation's Roles and Strategic Flexibility. *Journal of Open Innovation: Technology, Market, and Complexity*, 8(3). <https://doi.org/10.3390/joitmc8030149>
- Azeem, M., Ahmed, M., Haider, S., & Sajjad, M. (2021). Expanding competitive advantage through organizational culture, knowledge sharing and organizational innovation. *Technology in Society*, 66(January), 101635. <https://doi.org/10.1016/j.techsoc.2021.101635>
- Boccardelli, P., & Magnusson, M. G. (2006). *Dynamic Capabilities in Early-Phase Entrepreneurship*. 13(3), 162–174. <https://doi.org/10.1002/kpm>
- BUKU 2 The benefits of publishing systematic quantitative literature reviews for PhD candidates and other early-career researchers.pdf.* (n.d.).
- Cardoni, A., Zanin, F., Corazza, G., & Paradisi, A. (2020). Knowledge management and performance measurement systems for SMEs' economic sustainability. *Sustainability (Switzerland)*, 12(7). <https://doi.org/10.3390/su12072594>
- Chan, C. M. L., Teoh, S. Y., Yeow, A., & Pan, G. (2019). Agility in responding to disruptive digital innovation: Case study of an SME. *Information Systems Journal*, 29(2), 436–455. <https://doi.org/10.1111/isj.12215>
- Gaganis, C., Pasiouras, F., & Voulgari, F. (2019). Culture, business environment and SMEs' profitability: Evidence from European Countries. *Economic Modelling*, 78(October 2018), 275–292. <https://doi.org/10.1016/j.econmod.2018.09.023>
- Haddaway, N. R., Page, M. J., Pritchard, C. C., & McGuinness, L. A. (2022). PRISMA2020: An R package and Shiny app for producing PRISMA 2020-compliant flow diagrams, with interactivity for optimised digital transparency and Open Synthesis. *Campbell Systematic Reviews*, 18(2), e1230. <https://doi.org/https://doi.org/10.1002/cl2.1230>
- Liu, H. M. (2021). Effect of partnership quality on SMEs success: Mediating role of coordination capability and organisational agility. *Total Quality Management and Business Excellence*, 32(15–16), 1786–1802. <https://doi.org/10.1080/14783363.2020.1773782>
- Ma, T., Liu, Y., & Jia, R. (2023). Multiple Driving Paths of High-Tech SME Resilience from a “Resource–Capability–Environment” Perspective: An fsQCA Approach. *Sustainability (Switzerland)*, 15(10). <https://doi.org/10.3390/su15108215>
- Malewska, K., Cyfert, S., Chwiłkowska-Kubala, A., Mierzejewska, K., & Szumowski, W. (2024). The missing link between digital transformation and business model innovation in energy SMEs: The role of digital organisational culture. *Energy Policy*, 192(June). <https://doi.org/10.1016/j.enpol.2024.114254>

SYSTEMATIC LITERATURE REVIEW (SLR): THE IMPORTANCE OF FLEXIBILITY AND ORGANIZATIONAL CULTURE FOR SMES TO SURVIVE IN A HIGHLY COMPETITIVE MARKET

Auliya Az Zahra et al

- Marek, S., Tervo-Clemmens, B., Calabro, F. J., Montez, D. F., Kay, B. P., & Hatoum, A. S. (2009). Prisma Group Reprint—preferred reporting items for systematic reviews and meta-analyses: the PRISMA statement. *Phys. Ther.*, 89, 873–880.
- Onngam, W., & Charoensukmongkol, P. (2023). Effect of social media agility on performance of small and medium enterprises: moderating roles of firm size and environmental dynamism. *Journal of Entrepreneurship in Emerging Economies*, 16(6), 1611–1633. <https://doi.org/10.1108/JEEE-11-2022-0331>
- Pahlevan-Sharif, S., Mura, P., & Wijesinghe, S. N. R. (2019). A systematic review of systematic reviews in tourism. *Journal of Hospitality and Tourism Management*, 39, 158–165.
- Samuel Omokhafa Yusuf, Remilekun Lilian Durodola, Godbless Ocran, Justina Eweala Abubakar, Amarachi Zita Echere, & Adedamola Hadassah Paul-Adeleye. (2024). Challenges and opportunities in AI and digital transformation for SMEs: A cross-continental perspective. *World Journal of Advanced Research and Reviews*, 23(3), 668–678. <https://doi.org/10.30574/wjarr.2024.23.3.2511>
- Sánchez-Báez, E. A., Fernández-Serrano, J., & Romero, I. (2020). Organizational culture and innovation in small businesses in Paraguay. *Regional Science Policy and Practice*, 12(2), 233–247. <https://doi.org/10.1111/rsp3.12203>
- Shaik, A. S., Jain, M., Mendiratta, A., Alarifi, G., & Arrigo, E. (2024). Role of strategic knowledge management practices in enhancing strategic perspectives of an organisation to improve entrepreneurial performance. *Journal of Knowledge Management*, 28(6), 1648–1675. <https://doi.org/10.1108/JKM-04-2023-0300>
- Xia, Q., Xie, Y., Hu, S., & Song, J. (2024). Exploring how entrepreneurial orientation improve firm resilience in digital era: findings from sequential mediation and FsQCA. *European Journal of Innovation Management*, 27(1), 96–122. <https://doi.org/10.1108/EJIM-12-2021-0593>
- Yang, E. C. L., Khoo-Lattimore, C., & Arcodia, C. (2017a). A systematic literature review of risk and gender research in tourism. *Tourism Management*, 58, 89–100. <https://doi.org/10.1016/j.tourman.2016.10.011>
- Yang, E. C. L., Khoo-Lattimore, C., & Arcodia, C. (2017b). A systematic literature review of risk and gender research in tourism. *Tourism Management*, 58, 89–100.
- Yang, Y., Shi, S., & Wu, J. (2022). Digital Financial Inclusion to Corporation Value: The Mediating Effect of Ambidextrous Innovation. *Sustainability (Switzerland)*, 14(24), 1–23. <https://doi.org/10.3390/su142416621>