Navigating Turbulent Environments: How Intellectual Capital and Organisational Agility Drive Excellence

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Abstract:

Purpose: This study examines how intellectual capital (IC) and organisational agility (OA) relate to organisational excellence (OE) in large UAE public-sector organisations. It also assesses whether environmental turbulence (ET) moderates these relationships. Thus, it addresses the lack of integrated, component-level evidence on IC, OA, ET, and OE in non-Western public-sector settings.

Design/Methodology/Approach: The study uses a quantitative cross-sectional survey design. Data from 403 managers and executives across public organisations in Abu Dhabi, Dubai and Sharjah were analysed using variance-based structural equation modelling (PLS-SEM) in SmartPLS with a two-stage disjoint approach for the higher-order constructs. Assessments of measurement quality, structural paths, moderation, effect sizes, and out-of-sample predictive relevance were also conducted.

Findings: IC (β = 0.384) and OA (β = 0.299) are positively and significantly associated with OE, although this effect is modest. Both are also positively associated with perceived ET (β = 0.317 and β = 0.244, respectively), and ET shows a small positive association with OE (β = 0.101). The associations are statistically reliable but modest in practical terms: effect sizes are small, and explained variance is weak-to-moderate (R^2 ≈ 0.14-0.19 at the dimension level; R^2 = 0.435 in the higher-order model). ET did not moderate the IC–OE or OA–OE relationships, contrary to earlier studies; instead, it may act as an antecedent or a mediator, a proposition that future research should test.

Research Limitations/Implications: Claims of generalisability and causal inference are limited by the single-country, single-informant, cross-sectional design. Thus, the findings should be considered associational; longitudinal and multi-source research designs are needed.

Practical Implications: For UAE public-sector managers who operate under the Government Excellence frameworks, the results suggest targeted investment in human and social capital and in sensing/acting agility. However, they caution against expecting large improvements to excellence from any single capability.

Social Implications: Improving the capacity of public organisations to remain effective under turbulence supports continuity and quality of public services for citizens.

Originality/Value: The study contributes component-level evidence that links specific IC and OA dimensions to specific OE dimensions in a UAE public-sector context. It also shows that ET did not act as a moderator in this setting and identifies it as a candidate mediator or antecedent.

Keywords:

Intellectual capital, Organisational agility, Organisational excellence, Environmental turbulence, Public sector, UAE, PLS-SEM.