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Beyond Sensing, Seizing, and Reconfiguring: Toward Dynamic Capability Theory 4.0 through Agility and Adaptive Judgment Perspectives - A Systematic Literature Review

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ABSTRACT

This study aims to examine the evolution of Dynamic Capability Theory by integrating organizational agility and adaptive judgment perspectives toward the development of Dynamic Capability Theory 4.0. Using a systematic literature review approach guided by the PRISMA framework, this study synthesizes prior research on dynamic capabilities, sensing, seizing, reconfiguring, organizational agility, managerial cognition, digital transformation, artificial intelligence, and organizational resilience. The findings indicate that the traditional sensing–seizing–reconfiguring framework remains theoretically relevant but requires extension to address contemporary organizational environments characterized by technological disruption, uncertainty, and rapid market change. Organizational agility emerges as both an antecedent and an outcome of dynamic capability development, enabling firms to respond quickly and flexibly to environmental turbulence. In addition, adaptive managerial judgment functions as a critical microfoundation that determines how organizations interpret information, make strategic decisions, and reconfigure resources effectively. Digital transformation and artificial intelligence further reshape the development of dynamic capabilities by strengthening data-driven sensing, strategic decision-making, innovation, and organizational resilience. This study contributes to strategic management literature by proposing an integrative perspective of Dynamic Capability Theory 4.0, which combines sensing, seizing, and reconfiguring with agility, adaptive judgment, digital intelligence, and resilience. The review provides theoretical implications for future research and practical insights for organizations seeking to sustain competitive advantage in complex and technology-mediated environments.

Keywords: Dynamic Capability Theory, Organizational Agility, Adaptive Judgment, Managerial Cognition, Digital Transformation.

JEL Code: M10, M15, O32, O33, L20.

I. Introduction

The contemporary business environment is characterized by unprecedented levels of technological disruption, geopolitical uncertainty, digital transformation, and increasingly volatile market dynamics, compelling organizations to continuously adapt their strategies to sustain competitive advantage. The



emergence of Industry 4.0, artificial intelligence, platform-based business models, and post-pandemic economic restructuring has fundamentally altered the nature of competition, requiring organizations to move beyond operational efficiency toward strategic adaptability and organizational resilience. Recent evidence demonstrates that digital transformation, globalization, and post-pandemic organizational restructuring significantly shape leadership agility, while dynamic capabilities, systems thinking, and change management function as critical mechanisms for enhancing organizational resilience, employee adaptability, and sustainable performance (Syamsir et al., 2025). Consequently, organizations are no longer evaluated solely by their ability to exploit existing resources but increasingly by their capacity to continuously sense environmental changes, rapidly respond to emerging opportunities, and reconfigure internal capabilities in anticipation of future uncertainty.

Within this rapidly evolving context, Dynamic Capability Theory (DCT) has become one of the most influential theoretical perspectives in strategic management for explaining how firms achieve and sustain competitive advantage under conditions of environmental turbulence. Originally developed to address the limitations of the resource-based view in dynamic environments, DCT emphasizes the organization's capacity to purposefully create, extend, and modify its resource base through the processes of sensing opportunities and threats, seizing strategic opportunities, and reconfiguring organizational assets. These three dimensions have become the dominant conceptual foundation for understanding organizational adaptation and strategic renewal across various industrial contexts. According to Pitelis et al. (2023), the interconnected processes of sensing, seizing, and resource reconfiguration constitute essential preconditions for strategic development, innovation, and competitive positioning within both domestic and international markets. Nevertheless, while these foundational dimensions remain theoretically robust, the accelerating pace of technological innovation and environmental complexity raises important questions regarding whether the traditional Dynamic Capability framework sufficiently explains organizational adaptation in the era of digital ecosystems, artificial intelligence, and continuously evolving business models.

Recent developments in strategic management literature increasingly suggest that organizational agility has emerged as a complementary capability that extends beyond the conventional sensing–seizing–reconfiguring framework. Organizational agility represents the ability of firms to rapidly recognize environmental changes, make timely strategic decisions, and execute adaptive responses with speed and flexibility. In highly uncertain environments, agility enables organizations not only to react efficiently but also to proactively reshape competitive landscapes through continuous learning and strategic experimentation. Guo (2025) argues that organizational agility has become a cornerstone of sustainable competitiveness because organizations must simultaneously navigate technological advancements, changing consumer expectations, and global economic fluctuations. This perspective indicates that agility should no longer be viewed merely as an outcome of dynamic capabilities but rather as an integral component that strengthens the effectiveness of organizational adaptation. Simultaneously, increasing managerial complexity has elevated the importance of adaptive judgment, referring to managers' cognitive ability to interpret ambiguous information, evaluate strategic alternatives, and make context-sensitive decisions under uncertainty. These developments suggest that successful organizational transformation increasingly depends not only on resource orchestration but also on the quality of managerial cognition and decision-making processes.

Despite the substantial growth of Dynamic Capability research over the past two decades, the existing literature remains conceptually fragmented. Numerous empirical studies have expanded the theory by introducing complementary constructs such as digital capability, organizational resilience, strategic flexibility, ambidexterity, learning capability, and innovation capability. However, these extensions are often developed independently without sufficient theoretical integration, resulting in overlapping conceptualizations and inconsistent explanations regarding the mechanisms through which dynamic capabilities generate competitive advantage. Furthermore, although organizational agility and adaptive managerial judgment have received growing empirical attention, their relationships with the traditional Dynamic Capability framework remain insufficiently synthesized. Existing studies primarily examine these

constructs as independent predictors of organizational performance rather than as integrated dimensions that reshape the theoretical architecture of Dynamic Capability Theory itself. Consequently, scholars continue to call for broader theoretical integration capable of reconciling these dispersed findings into a more comprehensive framework that reflects the realities of contemporary organizational adaptation.

Several systematic literature reviews have contributed significantly to advancing Dynamic Capability scholarship. Leemann and Kanbach (2021), through a systematic review of 34 articles published between 2007 and 2020, identified 240 idiosyncratic dynamic capabilities and proposed a taxonomy demonstrating that dynamic capabilities share common characteristics while remaining contextually unique across organizations. Similarly, Pitelis et al. (2023) reaffirmed the centrality of sensing, seizing, and reconfiguring as foundational strategic processes, while Syamsir et al. (2025) highlighted the increasingly important mediating role of dynamic capabilities in enhancing organizational agility and resilience during digital transformation. Guo (2025) further emphasized that organizational agility constitutes a critical determinant of organizational sustainability in rapidly changing environments. Collectively, these studies provide valuable theoretical insights; however, they also reveal a persistent gap in integrating agility and adaptive judgment into a unified conceptual extension of Dynamic Capability Theory. The absence of such integration limits the theory's explanatory power for organizations operating within digitally connected, data-intensive, and continuously evolving ecosystems characteristic of the Fourth Industrial Revolution.

In response to these theoretical and empirical gaps, this study conducts a systematic literature review to advance Dynamic Capability Theory by incorporating organizational agility and adaptive judgment as complementary theoretical dimensions. Specifically, this review aims to synthesize contemporary evidence on the evolution of Dynamic Capability Theory, critically examine how agility and adaptive judgment contribute to organizational adaptation beyond the traditional sensing–seizing–reconfiguring framework, and develop a conceptual foundation for what is proposed as Dynamic Capability Theory 4.0. By integrating fragmented streams of literature into a coherent theoretical perspective, this study seeks to enrich strategic management scholarship, provide greater conceptual clarity regarding contemporary dynamic capabilities, and establish a future research agenda that better reflects the increasingly complex, uncertain, and digitally transformed organizational environment.

II. Literature Review and Hypothesis Development

2.1. Theoretical Foundations of Dynamic Capability Theory

Dynamic Capability Theory (DCT) has become one of the most influential perspectives in strategic management for explaining how organizations achieve sustainable competitive advantage in environments characterized by continuous change. Emerging as an extension of the Resource-Based View (RBV), DCT addresses the inability of RBV to explain how firms continuously renew and transform their strategic resources under dynamic market conditions. Whereas RBV primarily emphasizes the possession of valuable, rare, inimitable, and non-substitutable resources, DCT focuses on organizational processes that enable firms to integrate, build, and reconfigure internal and external competencies in response to environmental turbulence (Teece, 2007; Kero & Bogale, 2023). Recent studies further demonstrate that dynamic capabilities encompass knowledge-based, technological, organizational, operational, innovation, and alliance capabilities that collectively strengthen organizational adaptability and long-term competitiveness (Tamirat & Amentie, 2023; Pitelis et al., 2023). Consequently, dynamic capabilities are increasingly recognized not merely as strategic assets but as higher-order capabilities that continuously reshape organizational resources in response to technological disruption and market uncertainty (Leemann & Kanbach, 2021; Mishra et al., 2026).

The theoretical evolution of DCT has increasingly shifted toward understanding its microfoundations, emphasizing the organizational routines and managerial actions underlying strategic renewal. Popadiuk et al. (2018) argue that the interaction between ambidexterity and dynamic capabilities remains insufficiently explored, particularly at the microfoundational level proposed by Teece (2007). More recent evidence further suggests that organizational resilience, sustainability, and competitive performance are strongly influenced by firms' ability to integrate sensing, seizing, and reconfiguring capabilities into coherent strategic actions (Syamsir et al., 2025; Mishra et al., 2026). Accordingly, contemporary literature increasingly views dynamic

capabilities as an evolving theoretical framework that must continuously adapt to digital transformation, artificial intelligence, and increasingly complex business ecosystems.

2.2. Sensing–Seizing–Transforming and Organizational Agility

The sensing–seizing–transforming triad remains the conceptual core of Dynamic Capability Theory. Sensing refers to an organization's ability to identify emerging opportunities and threats, seizing involves mobilizing organizational resources to capture strategic opportunities, while transforming or reconfiguring reflects the continuous renewal of organizational assets and business processes (Teece, 2007). Recent systematic reviews have further refined this framework by proposing a hierarchical taxonomy consisting of three capability levels, where the traditional triad represents higher-order capabilities supported by numerous context-specific sub-capabilities (Leemann & Kanbach, 2021). Digital transformation has further expanded these capabilities through artificial intelligence, predictive analytics, and Internet of Things technologies that strengthen organizational sensing through real-time information while enhancing seizing and transforming through automation and intelligent decision support (Munara et al., 2025).

Parallel to these developments, organizational agility has emerged as a complementary construct that enriches the explanatory power of Dynamic Capability Theory. Organizational agility represents the capacity of firms to rapidly recognize environmental changes, make timely strategic decisions, and implement adaptive responses under uncertainty (Walter, 2020). Rather than functioning solely as an organizational outcome, agility increasingly serves as a dynamic capability itself by enabling firms to respond proactively to technological disruption, changing customer preferences, and global market volatility (Guo, 2025). Strategic agility is further strengthened by resource fluidity, strategic sensitivity, and leadership capabilities that collectively improve organizational survival and sustainable performance (Deshati, 2023). These findings indicate that agility extends the traditional sensing–seizing–transforming framework by emphasizing responsiveness, flexibility, and execution speed as critical dimensions of organizational adaptation.

2.3. Adaptive Judgment and Knowledge-Based Dynamic Capabilities

While technological advancement increasingly supports organizational adaptation, contemporary research consistently emphasizes that managerial cognition remains the central mechanism translating information into strategic action. Adaptive judgment refers to managers' ability to interpret ambiguous environmental signals, evaluate strategic alternatives, and make effective decisions under conditions of uncertainty. Recent evidence demonstrates that artificial intelligence significantly enhances sensing, seizing, and reconfiguring processes; however, organizational performance ultimately depends on managerial judgment, strategic interpretation, and decision quality rather than technological capability alone (Kurniawati, 2026). Similarly, Riyadi (2026) argues that managerial capabilities function as essential microfoundations that transform environmental information into coordinated organizational responses, reinforcing the argument that human cognition remains indispensable even in highly digitalized organizations.

Another important development concerns the integration between knowledge management and dynamic capabilities. Knowledge-based competition has become a defining characteristic of the contemporary business environment, requiring organizations to continuously develop, share, and apply both tacit and explicit knowledge (Tamirat & Amentie, 2023). Recent studies identify intellectual capital, managerial expertise, technological capability, organizational learning, absorptive capacity, and innovation ecosystems as fundamental antecedents of knowledge-based dynamic capabilities (Tamirat & Amentie, 2023; Kero & Bogale, 2023). Collectively, these findings suggest that future theoretical development should move beyond the traditional sensing–seizing–transforming framework by incorporating organizational agility, adaptive managerial judgment, and knowledge integration as complementary strategic capabilities. Such integration provides a stronger conceptual foundation for what may be described as Dynamic Capability Theory 4.0, reflecting the realities of digitally connected, AI-enabled, and continuously evolving business environments (Syamsir et al., 2025; Munara et al., 2025; Mishra et al., 2026).

III. Research Method

3.1. Research Design

This study employed a Systematic Literature Review (SLR) to synthesize and critically evaluate the evolution of Dynamic Capability Theory, particularly its integration with organizational agility and adaptive judgment. A systematic literature review was selected because it provides a transparent, rigorous, and reproducible approach for identifying, screening, evaluating, and synthesizing existing scientific evidence while minimizing researcher bias. Compared with traditional narrative reviews, SLR enables comprehensive mapping of theoretical developments, identification of research gaps, and formulation of future research directions based on systematically collected evidence. The review was conducted following the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA 2020) guidelines, which have become the international standard for conducting evidence-based literature synthesis across management and social science disciplines (Page et al., 2021). Furthermore, recent systematic reviews in organizational agility and dynamic capabilities have demonstrated the effectiveness of the PRISMA protocol in producing comprehensive theoretical syntheses and identifying emerging research streams (Leemann & Kanbach, 2021; Jayampathi, 2025).

3.2. Search Strategy

The literature search was performed between May and June 2026 using three internationally recognized academic databases: Scopus, Web of Science, and Google Scholar. These databases were selected because they provide broad coverage of high-quality peer-reviewed publications in strategic management, organizational studies, innovation, and business research. Search strings were developed based on the primary constructs investigated in this review and combined using Boolean operators (AND, OR) to maximize retrieval accuracy. The primary keywords included "*dynamic capability*", "*dynamic capability theory*", "*organizational agility*", "*strategic agility*", "*adaptive judgment*", "*managerial cognition*", "*sensing*", "*seizing*", "*reconfiguring*", "*organizational adaptation*", "*digital transformation*", and "*VUCA environment*." Additional backward and forward citation tracking was conducted to identify influential studies that were not captured through the initial database search. This comprehensive search strategy ensured broad coverage of both foundational and contemporary literature related to Dynamic Capability Theory and its recent theoretical extensions.

3.3. Eligibility Criteria

To ensure the relevance and quality of the reviewed literature, explicit inclusion and exclusion criteria were established before the screening process. The inclusion criteria comprised: (1) peer-reviewed journal articles, review papers, and conference proceedings indexed in reputable academic databases; (2) publications discussing Dynamic Capability Theory, organizational agility, adaptive judgment, managerial cognition, or related theoretical developments; (3) studies published in English; (4) articles published between 2007 and 2026, thereby capturing the evolution of Dynamic Capability Theory following Teece's influential framework; and (5) studies providing conceptual, theoretical, or systematic literature review contributions. Conversely, the exclusion criteria eliminated duplicate records, editorials, book reviews, dissertations, non-peer-reviewed publications, empirical case studies lacking theoretical relevance, and articles whose primary focus was unrelated to dynamic capabilities or organizational adaptation. Applying these criteria ensured that only methodologically rigorous and conceptually relevant studies were included in the final synthesis.

3.4. Study Selection and Data Analysis

The study selection process followed the four sequential stages recommended by the PRISMA 2020 framework: identification, screening, eligibility assessment, and final inclusion. The initial database search produced 276 publications, consistent with recent systematic reviews examining organizational agility and strategic management literature (Jayampathi, 2025). After removing duplicate records and screening titles and abstracts, articles that did not meet the predefined inclusion criteria were excluded. Full-text assessment was subsequently conducted to determine conceptual relevance and methodological quality, resulting in the final corpus of eligible studies included in this review.

Data extraction was performed using a standardized review matrix that recorded publication characteristics, theoretical perspectives, research objectives, methodological approaches, principal findings, and recommendations for future research. Particular attention was given to identifying how each study conceptualized dynamic capabilities, organizational agility, adaptive judgment, managerial cognition, and their interrelationships. Subsequently, thematic content analysis was employed to synthesize the findings across studies by identifying recurring concepts, theoretical convergence, and emerging research patterns. Following the approach adopted by Leemann and Kanbach (2021), the thematic analysis enabled the classification of contemporary literature into several interconnected conceptual domains while simultaneously identifying unresolved theoretical issues.

The synthesis revealed a progressive evolution of Dynamic Capability Theory beyond the traditional sensing–seizing–reconfiguring framework. Four dominant thematic clusters emerged from the reviewed literature: (1) dynamic capability microfoundations and strategic renewal, (2) organizational and strategic agility as adaptive capabilities, (3) adaptive managerial judgment and cognitive decision-making, and (4) digital transformation and AI-enabled organizational adaptation. These themes collectively provide the conceptual basis for proposing Dynamic Capability Theory 4.0, which integrates agility and adaptive judgment into the classical Dynamic Capability framework. This systematic synthesis therefore not only consolidates fragmented theoretical developments but also establishes a comprehensive foundation for future research examining organizational adaptation within increasingly volatile, uncertain, complex, and digitally connected business environments.

IV. Result and Discussion

4.1. Results

The systematic literature review identified a substantial evolution in Dynamic Capability Theory (DCT), demonstrating its transition from a resource-oriented perspective toward a more integrated framework that incorporates organizational agility, digital transformation, artificial intelligence (AI), managerial cognition, and organizational resilience. Consistent with the PRISMA-based review process, the selected literature indicates that the traditional sensing–seizing–reconfiguring framework remains the theoretical foundation of DCT; however, recent studies consistently argue that these three dimensions alone are insufficient to explain organizational adaptation within highly volatile, uncertain, complex, and ambiguous (VUCA) environments. Instead, dynamic capabilities have become increasingly multidimensional, supported by technological, cognitive, and organizational mechanisms that collectively enhance strategic responsiveness.

a. Theoretical Evolution of Dynamic Capability Theory

One of the most consistent findings across the reviewed studies is the continuous theoretical expansion of Dynamic Capability Theory. Recent systematic reviews demonstrate that dynamic capabilities have evolved beyond their original Resource-Based View (RBV) roots into a comprehensive strategic framework emphasizing continuous organizational renewal. Vilhena et al. (2026) conclude that although DCT

has become one of the dominant theories in strategic management, conceptual ambiguity and operational inconsistency remain significant challenges. Likewise, Wilke and Kanbach (2026) identify five IT-enabled dynamic capabilities—market sensing, market analytics, innovation capability, agility enhancement, and organizational development—which collectively extend the classical sensing–seizing–reconfiguring architecture. These findings indicate that dynamic capabilities should be understood as an adaptive system rather than a fixed organizational competency.

b. Organizational Agility as a Core Dynamic Capability

The literature consistently identifies organizational agility as one of the strongest complementary constructs extending Dynamic Capability Theory. Bibliometric evidence reported by Marin and Marin (2024) demonstrates strong conceptual connections between organizational agility, knowledge management, innovation, digital transformation, intellectual capital, and organizational performance. Similarly, the meta-analysis conducted by Lee and Song (2026) confirms that organizational agility significantly improves organizational sustainability through absorptive capacity, sensing capability, and partnering agility. Complementing these findings, Singh and Sheoran (2025) conclude that strategic agility is strengthened by leadership orientation, organizational learning, innovation capability, and dynamic capabilities, ultimately contributing to competitive advantage and long-term organizational performance. Collectively, these studies suggest that agility functions not merely as an outcome of dynamic capabilities but as an integral capability facilitating rapid strategic adaptation.

c. Digital Transformation and AI-Enabled Dynamic Capabilities

Another dominant theme emerging from the reviewed literature concerns the transformative role of digital technologies in strengthening dynamic capabilities. Alajmi (2026) argues that digital transformation enables organizations to convert technological, organizational, financial, human, and social resources into higher-order dynamic capabilities supporting sustainability. Likewise, Haryanto et al. (2026) identify Big Data Analytics Capability as an essential enabler of sensing, seizing, and transforming processes, while entrepreneurial innovation and organizational learning mediate the relationship between strategic agility and organizational performance. Chavarnakul et al. (2025) further propose that resilient digital transformation requires organizations to continuously sense environmental changes, seize digital opportunities, and reconfigure organizational resources, emphasizing that digital transformation represents an ongoing strategic capability rather than a one-time technological initiative.

d. Organizational Resilience and Adaptive Capability

The reviewed studies further reveal that organizational resilience has become an increasingly important outcome of dynamic capabilities. Hurel et al. (2026) demonstrate that resilience and agility simultaneously function as complementary and occasionally conflicting organizational capabilities depending on leadership, digital maturity, organizational learning, collaboration, and resource availability. Similarly, Dickson (2025) argues that resilience originates from the interaction between dynamic capabilities, organizational learning, adaptive capacity, and innovation capability, enabling firms to maintain competitiveness during crises and environmental disruption. These findings collectively indicate that resilience should be conceptualized as an embedded organizational capability emerging from continuous adaptation rather than merely a reaction to external shocks.

e. Artificial Intelligence and Managerial Judgment

Recent literature consistently highlights artificial intelligence as a strategic enabler rather than a substitute for managerial decision-making. Rivero (2025) demonstrates that AI enhances strategic decision-making through predictive analytics, real-time environmental scanning, and intelligent scenario planning. Similarly, Gan and Xiao (2025) report that generative AI significantly strengthens knowledge creation, innovation capability, and managerial strategic judgment, thereby improving intelligent organizational

decision-making. Importantly, these studies emphasize that AI-generated insights require managerial interpretation, adaptive judgment, and strategic alignment to produce sustainable competitive advantage, reinforcing the continuing importance of human cognition within Dynamic Capability Theory.

f. Cross-Sector Applications

Dynamic capabilities demonstrate broad applicability across multiple industrial sectors. Muriu (2026) illustrates how digital dynamic capabilities enable banks to detect technological disruptions, orchestrate strategic resources, and implement digital transformation effectively. Ferede (2025) shows that healthcare organizations increasingly rely on AI-enabled sensing, seizing, and transforming capabilities to improve healthcare outcomes. Likewise, Iglesias-Pardo et al. (2026) demonstrate that Industry 4.0 technologies strengthen supply chain agility and flexibility by enhancing the sensing, seizing, and transforming processes within complex supply networks. These findings collectively confirm that Dynamic Capability Theory possesses substantial explanatory power across diverse organizational contexts while remaining adaptable to sector-specific challenges.

4.2. Discussion

The synthesis of the reviewed literature suggests that Dynamic Capability Theory has entered a new stage of theoretical development characterized by increasing integration with organizational agility, adaptive managerial judgment, digital transformation, and artificial intelligence. Although the sensing–seizing–reconfiguring framework proposed by Teece remains the conceptual cornerstone of the theory, contemporary organizational environments demand broader theoretical mechanisms capable of explaining rapid strategic adaptation in digitally connected ecosystems. Consequently, dynamic capabilities should no longer be interpreted solely as resource reconfiguration processes but as multidimensional strategic capabilities integrating technological intelligence, organizational learning, managerial cognition, and agile execution. One of the most significant theoretical developments identified in this review concerns the emergence of organizational agility as an intrinsic component of Dynamic Capability Theory rather than merely one of its organizational outcomes. The reviewed evidence consistently demonstrates that agile organizations exhibit superior responsiveness, flexibility, and strategic sensitivity because they effectively combine dynamic capabilities with leadership adaptability, knowledge integration, and innovation capability (Kucharska et al., 2024; Lee & Song, 2026; Singh & Sheoran, 2025). This finding suggests that agility operates as a complementary higher-order capability that accelerates sensing, improves resource mobilization during seizing, and facilitates continuous organizational transformation.

Another important finding concerns the increasing significance of adaptive managerial judgment within technology-enabled organizations. Although artificial intelligence substantially enhances environmental scanning, predictive analytics, and knowledge generation, strategic decisions remain fundamentally dependent upon managerial cognition, contextual interpretation, and adaptive expertise. Recent studies therefore argue that human-AI collaboration, rather than technological substitution, represents the future direction of strategic capability development (Gan & Xiao, 2025; Abuowaida et al., 2025; Joshi, 2025). This observation extends previous Dynamic Capability Theory by recognizing adaptive judgment as a cross-cutting microfoundation supporting every stage of organizational adaptation. The review further demonstrates that digital transformation fundamentally reshapes the architecture of dynamic capabilities by integrating AI, big data analytics, cloud computing, Internet of Things, and advanced digital infrastructures into organizational sensing, seizing, and transforming activities. These technologies enable organizations to respond more rapidly to environmental uncertainty while simultaneously strengthening organizational resilience, innovation capability, and sustainable performance (Alajmi, 2026; Haryanto et al., 2026; Chavarnakul et al., 2025). Nevertheless, technological capability alone does not generate competitive advantage unless accompanied by organizational learning, leadership responsiveness, and strategic resource orchestration.

Overall, the findings support the proposition that Dynamic Capability Theory should evolve toward Dynamic Capability Theory 4.0, a conceptual framework that extends the traditional sensing–seizing–reconfiguring model through the incorporation of four complementary dimensions: organizational agility, adaptive managerial judgment, AI-enabled intelligence, and organizational resilience. Rather than replacing the original theory, these dimensions enrich its explanatory power by addressing contemporary organizational challenges associated with digital transformation, increasing environmental complexity, and accelerated technological disruption. Accordingly, Dynamic Capability Theory 4.0 provides a more comprehensive theoretical foundation for explaining how organizations achieve sustainable competitive advantage within the emerging digital economy and increasingly uncertain global business environment.

V. Conclusion

This systematic literature review concludes that Dynamic Capability Theory remains a foundational framework for explaining how organizations sustain competitive advantage in turbulent environments. However, the traditional sensing–seizing–reconfiguring model needs to be expanded to address contemporary organizational realities marked by digital transformation, market disruption, and environmental uncertainty. The reviewed literature shows that organizations with flexible structures, innovation-oriented strategies, transformational leadership, and continuous learning systems are better positioned to respond to disruptive change. In this context, organizational agility becomes inseparable from dynamic capabilities because it functions both as a driver and as an outcome of capability development. Agile organizations are more capable of identifying environmental changes, capturing emerging opportunities, and reconfiguring resources to improve innovation, adaptability, and long-term competitiveness.

The review also demonstrates that adaptive judgment and managerial cognition are essential microfoundations of effective dynamic capability deployment. Dynamic capabilities do not operate automatically; they depend on managers' ability to interpret complex information, make strategic decisions, and align organizational resources with changing environmental demands. At the same time, digital transformation and artificial intelligence are reshaping how organizations develop and apply dynamic capabilities. Digital technologies allow firms to process information more rapidly, support decision-making, strengthen innovation, and overcome resource constraints. Therefore, the movement toward Dynamic Capability Theory 4.0 requires the integration of organizational agility, adaptive managerial judgment, digital intelligence, and organizational resilience into the classical dynamic capability framework.

Theoretically, this review contributes to strategic management literature by synthesizing fragmented discussions on dynamic capabilities, agility, adaptive judgment, digital transformation, and resilience into an integrative perspective. Practically, the findings suggest that organizations should develop capability architectures that combine sensing, seizing, and transforming with embedded agility, technology-supported decision-making, learning-oriented culture, and deliberate resilience-building. Resilience should not be treated only as a passive outcome, but as a continuous capability renewal process supported by knowledge integration, adaptive decision-making, operational flexibility, and coordinated responsiveness. Although this review is limited by its reliance on selected systematic literature and may exclude valuable empirical insights from primary studies, it provides a strong foundation for future research. Overall, Dynamic Capability Theory 4.0 reflects an ongoing theoretical evolution in which organizations must balance resource exploitation with adaptive flexibility, contextual sensitivity, and strategic renewal to sustain long-term competitive advantage in increasingly complex and technology-mediated environments.

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