

The Role of McKinsey's 7S Model in Driving Digital Innovation and Enhancing Organizational Agility: Evidence from Saudi Enterprises

Rahma Elhag Mohamed Elhag

Imam Mohamed Ibn Saud Islamic University, (IMSIU), Email: rahama2011@gmail.com

Abstract

Background: Businesses need to compete, adopt digital solutions, and increase resilience. McKinsey 7S model is one of the strategic tools that help to match an organization and its elements for the highest efficiency. It has been adopted worldwide, but its effects concerning digital transformation and competitiveness with Saudi enterprises, specifically within Vision 2030, are yet unknown.

Objective: The study aims to explore the distinctiveness of employing McKinsey's 7S Model for advancing digital innovation and the organization of Saudi enterprises.

Methodology: The study used a quantitative research design utilizing a survey method. The data was gathered through self-completed questionnaires administered to a sample of managers in Saudi-based companies. The questionnaire reflected McKinsey model dimensions, Digital innovation and Organizational Agility. Descriptive and Pearson correlation tests were used, and data was analyzed with Statistical Package for the Social Sciences (SPSS).

Results: The study findings showed evidence of the link between the McKinsey model implementation and improved digital innovation and organizational flexibility. Data showed that Saudi companies applying the McKinsey model were better at embracing innovative tools and responding to new conditions.

Conclusion: This study established that the McKinsey 7S model is an effective paradigm for facilitating innovation and dynamism among Saudi enterprises. Future research should investigate the operational challenges and potential cost-savings, where all the seven dimensions of the proposed model when implemented in the Saudi environment is concerned and associated with Vision 2030.

Keywords: McKinsey's 7S Model, Digital Innovation, Organizational Agility.

Introduction

Strategic frameworks are effective management tools which help organizational systems solve problems, improve processes and obtain competitive advantage. While, many organisations have established good business strategies, the execution of such strategies is usually problematic and faces major barriers to success. Unfortunately, this management domain has not received the attention it deserves over the years, and many industries neglected it (Mamun et al., 2020). The frameworks that have been developed to help address organizational success

have been found to be strongly conveyed, among which the McKinsey 7S framework is especially revered and credible. The McKinsey 7S model has been developed by Tom Peters, Richard Pascale, and Robert Waterman. This model reviews an organization based on seven principles within its framework (Kumar, 2019).

The McKinsey 7S Model is a comprehensive framework that assesses organizational effectiveness by focusing on seven interconnected elements: Strategy, Skills, Shared Values, Style, Staff, Systems and Structure. These elements are interlinked and dynamic, so altering one element would also lead to changes in the others (Aminatuz Zuhriah, 2020). Unlike other models that will work with one aspect of operation while dismissing the rest, McKinsey 7S will allow for an overall assessment of the internal structure of any firm. It also means that it is beneficial in detecting organizational friction in operations, encouraging cooperation between functional units, and improving general performance (Masfi et al., 2020). Therefore, the framework's application has been tested in various organizations, including public and private sectors and businesses.

The increasing importance of digital innovation in the recent past has boosted the importance of strategic frameworks such as the McKinsey 7S Model. Currently, information technology is a crucial factor for organizations. Organizations can conduct the day-to-day operations develop and implement strategies for their business ventures (Velyako & Musa, 2024). However, the digital transformation of organizations and their businesses is not a mere technologically unique process; it requires significant organizational culture changes and managerial flexibility (Fadhina et al., 2022). The McKinsey 7S Model has been seen as a useful method for applying digital innovation in creating strategic goals. With the help of new technologies like data analytics, automation, and others, the framework increases organizational effectiveness and opens up new perspectives on customer values (Fox, 2024). Another significant advantage of applying the McKinsey 7S Model is that it helps organizations navigate the digitalization process for their business and make it consistent with the top management's vision and strategy. The model also provides for the formulation of action plans that cover issues to do with recruitment, training and incentivizing of employees that should ensure that the individuals who are going to drive the digital processes are well equipped (Wang, 2024). Furthermore, the framework represents the maturity assessment of an organization in relation to digital transformation. Thus, as a working tool and assessing model simultaneously, the McKinsey 7S Model is an essential reference for practitioners and academic researchers (Demir & Kocaoglu, 2019).

However, the innovation in digital platforms has proved to be another critical success factor defining organizational agility in today's complex business world. On the other hand, organizational agility means adjusting to emerging market conditions and adapting and acting quickly (Jun et al., 2024). That involves several aspects: adaptability, responsiveness, and flexibility, all of which are viewed increasingly as a source of competitive advantage (Duffy, 2018; Qaid & Tawaf, 2024). The McKinsey 7S Model is closely connected with increasing organizational flexibility and ensuring that strategic processes are consistent with its goals and objectives. Studies have found that the above framework boosts several aspects of agility and thus presents a significantly valuable tool for organizations striving to operate in innovative-driven markets .

This paper argues that the Kingdom of Saudi Arabia constitutes an ideal subject for analyzing the utility of the McKinsey 7S Model, especially in view of the country's ongoing Vision 2030 process. This national strategy is to help spread the economy, reform the business sector, and position Saudi Arabia as a technological kingdom (Jaradat et al., 2024). Nevertheless, based on the analysis of Saudi Vision 2030 experience, numerous organizations in Saudi Arabia still experience critical issues in matching their internal environment to digital transformation requirements. These challenges are compounded by heightened market competition, which calls for embracing digital development and flexibility to optimize operations and customer experiences (Aloulou et al., 2024). However, Saudi Arabia has a different socio-economic and cultural environment. Hence, it is crucial to consider the modification approach of applying frameworks such as the McKinsey 7S Model as a subject of further research.

Therefore, the issue herein is the lack of knowledge on how the McKinsey 7S Model can be used to support the concept of digital innovation and improve the agility of Saudi enterprises. Although the evolved framework has often been used to measure an organization's relative success, its use in the context of Saudi Arabia and for advancing digital transformation and organizational agility remains relatively uncharted. It is also essential to understand that this gap must be filled to allow Saudi organizations to capitalize on emerging opportunities, gain on competitors, and become market leaders.

Thus, this research provides essential theoretical and practical contributions. Theoretically, it develops a new interpretation of the McKinsey 7S Model for digital innovation and organizational flexibility. It suggests how it might be considered in several national contexts with different cultures and economies. In practice, it helps business managers and policymakers understand how the organizational system's components can be matched with technological developments in the external environment. This synchronization is of prime importance in achieving the intended objectives or digital endeavours and sustaining competitiveness in an ever-tightening digitalized global economy. Therefore, the study aims to explore the distinctiveness of employing McKinsey's 7S Model for advancing digital innovation and organization of Saudi enterprises.

Research Questions

The study addresses the following research questions:

1. To what extent have the Saudi Companies adopted the McKinsey 7S Model?
2. To what extent are Saudi companies digitally innovative?
3. To what extent Saudi organizations are agile?

Literature Review

Introduction to McKinsey's 7S Model

Therefore, Organizational change is inevitable for firms to continue competing in the current challenging business environments. To aid this process and improve strategy execution, different frameworks have been created to help management structure, evaluate, organize, and maintain change initiatives. Amongst these, the most used is the McKinsey 7-S model, which is used in determining an organization's condition and areas of weakness and analyzing the effects of changes made in the organization (Keček et al., 2023). PORTER'S Competitive

advantage model has since gained prominence in the strategic management literature as a reliable tool for analyzing and delivering strategic fit.

Tom Peters, Richard Pascale and Robert Waterman of McKinsey & Company first formulated the 7S Model in their survey of numerous companies across the world aimed at capturing best practices and then by conducting surveys among senior executives and executives to be alongside state-of-the-art theories of management thought leaders such as Chester Barnard and Herbert Simon. This has enhanced the theoretical norms and positions it as a critical paradigm in strategic management (Channon & Caldart, 2015). This makes the model applicable to both the public and private sectors and helpful in solving various problems across sectors (Suwanda & Nugroho, 2022).

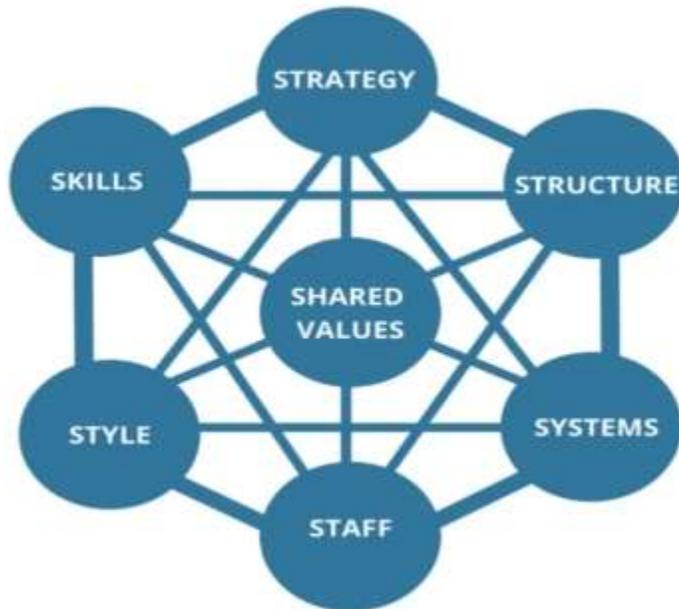
At the core of the McKinsey 7S framework are seven interdependent components: The seven S's: Strategy, Structure, Systems, Skills, Style, Staff and Shared Values. These dimensions, in turn, refer to 23 organizational aspects, such as project sponsors, information technologies, business processes, cultures, leadership competencies, and human resources (Badi & Nasaj, 2024; Shiri et al., 2015). Integrating all these elements contributes to organizational transformation, performance optimization, and the strengthening of the implementation of strategies or plans (Kumar, 2019).

The McKinsey 7S model uses two elements, usually termed 'hard' and 'soft'. Strategy, Structure and Systems, often called the 'Hard' factors, are more definable, visible, quantifiable and regulable than the 'Soft' factors. In contrast, the soft factors of shared values, style, skills, and staff are all in the firm domain and are thus hard to model in terms of duration but create sustainable organizational competitive advantages. Soft factors may refer to elements that make up organizational culture and bearings to delivering sustainable organizational success (Ravanfar, 2017).

Each of the seven components plays a vital role in organizational success:

- Strategy: Refers to a coherent and long-term plan that helps organizations achieve competitive advantage. However, the effectiveness of a strategy depends on its alignment with other organizational components. For instance, a short-term strategy can yield positive outcomes if harmonized with the other six elements.
- Structure: Represents the organizational hierarchy, division of roles, and communication channels. The structure is one of the most visible and modifiable components.
- Systems: Refers to the daily processes and procedures that govern decision-making and operational activities. Systems are often the focal point during organizational transformations as they determine how work is conducted (Ravanfar, 2017).
- Style: Denotes leadership and management styles, significantly influencing strategic direction and organizational performance.
- Staff: Includes recruitment, morale, motivation, and workforce capabilities. Staff development is integral to aligning human resources with organizational goals.
- Skills: Reflect the organization's core competencies and the capabilities of its workforce. Updating outdated skills and acquiring new ones are essential for achieving strategic objectives.

- Shared Values: Constitute the foundational beliefs and cultural ethos that bind the organization. Shared Values are guiding principles for decision-making and strategy execution (Channon & Caldart, 2015) (Figure 1).
- **Figure**



- **Figure 1 McKinsey 7S model**

The interplay of these elements ensures that any change in one dimension influences the others, making the McKinsey 7S model a robust tool for diagnosing and addressing organizational challenges.

McKinsey's 7S Model and Digital Innovation

Digital innovation has become one of the most significant factors in organizational performance in the 21st century. Digital technologies enable the improvement of business processes and value creation for customers, as well as the ability to sustain the competitive position of firms in dynamic environments. The McKinsey 7S model offers a logical structure to evaluate and enhance digital readiness inside an organization while relating inner factors to outer technological developments. Thus, according to the model Strategy, Structure, Systems, Skills, Style, Staff, and Shared Values facilitate maximization of the opportunities provided by digital transformation (Demir & Kocaoglu, 2019).

The model sustains digital innovation by integrating components for modifying new tools and processes into crucial organizational roles. This alignment ensures flexibility and adaptability and creates a Lean culture. For instance, the model indicates that the visions and missions of a company will align with the digital business strategy to provide architectural guidance in the improvement programs within the firm (Wang, 2024).

Key contributions of the McKinsey 7S model to digital innovation include:

- **Digital Business Strategy:** Aligns technological initiatives with the organization's long-term goals and market positioning.

- Finance Strategy: Focuses on budget allocation and funding mechanisms for digital projects.
- Leadership Strategy: Promotes leadership styles that encourage innovation and adaptability.
- Organizational Structure Strategy: Restructure roles and decision-making processes to accommodate digital advancements.
- Process Strategy: Streamlines organizational processes, including risk management and resource allocation, to support transformation.
- Skill Strategy: Enhances workforce capabilities to meet the demands of digital technologies.
- Culture Strategy: Fosters a culture of innovation, collaboration, and openness to change (Wang, 2024).

This research highlights the McKinsey 7S model as one of the most valuable frameworks for digital transformation. Similarly, Demir and Kocaoglu (2019) employed the model to assess an organization's digital innovation maturity level (Demir & Kocaoglu, 2019). This level of readiness they highlighted in their research indicated that organizations are about 78% and hence have not fully embraced Digital technologies. Similarly, Putri et al. (2021) described how the model helps identify the gap –talent management frameworks – and get the best suggestions (Putri et al., 2021).

Another supporting factor particular to digital innovation is the focus on Shared Values and the processes related to the organizational culture. In matching cultural strategies to business requirements, the McKinsey 7S model ensures that organisations set a context that accommodates experimentations as well as collaborations besides embracing knowledge-sharing(Liu, 2020). They enable firms to successfully coordinate the several factors that characterise digital transformation hence attaining sustainable success.

McKinsey's 7S Model and Organizational Agility

Organizational agility defined as the organization's capacity to move and operate consistently throughout dynamic environments is deemed an important competitiveness pillar in modern markets. The McKinsey 7S model helps in attaining responsiveness as internal parts are made aligned in order to make fast decisions, reduce information latency and respond proactively to the market (Shiri et al., 2015).

As the 7S model shows these dimensions are interrelated which provides companies with a flexible tool that underlines the relationships between resources, capabilities and values and the outside environment. For example, linking strategy to systems and staff means that firms are well placed to effectively address the market changes that are expected to manifest in the future (Tilila, 2023).

The model also has a key consideration in the management of crises in that any organization can easily determine its weak areas and develop a plan that fits its needs. McKinsey 7S framework can be applied during economic shocks, disruptions, and technological revolutions, help rebuild the firm's structure, enhance employees' skills, and prioritize crucial activities (Demir & Kocaoglu, 2019).

Subsequent framework developments have also added further focus on agility to the organization's framework. Shiri et al. (2014) introduced the idea that the so-called "9S model

with self-assessment and supportive systems would run continuously and offer flexibility in feedback (Shiri et al., 2015). This improved structure enables firms to assess their preparedness for adopting the agile system and to address changes in the environment effectively. However, the use of the McKinsey 7S model for digital transformation has been discussed in detail in the literature. For instance, Demir and Kocaoglu (2019) stressed that establishing the connection between strategy, culture, and technology is essential to facilitate an organization's flexibility (Demir & Kocaoglu, 2019). However, these findings emphasize specific areas concerning which research should be done between flexibly and innovatively creating capabilities in volatile contexts.

Implementation of McKinsey's 7S Model in Saudi Enterprises

Saudi Arabia will find a way to dominate the world economy in the future through Vision 2030, which aims to diversify the sectorial division of the nation's economy while encouraging technology. In the work, the method used was the McKinsey 7S model, which has been widely used to determine various issues that Saudi enterprises face, including those related to digitalization, flexibility, and competitiveness.

Saudi cement Industry 4.0 readiness was assessed by the 7S Model and the PDCA cycle (Plan-Do-Check-Act) among Saudi cement companies (Mahnashi et al., 2023). The study identified the current state of firms. It introduced the concept of organizational enablers, and the opportunities and gaps firms had to offer to develop perspective digital transformation strategies.

Mukherjee and Joseph (2024) analyzed the use of the McKinsey 7S model in the telecom industry of Saudi Arabia (Mukherjee & Joseph). Their results also emphasized that using the model promoted strategic fit and robustness within changing contexts. In addressing and managing all seven dimensions, the telecom sector enhanced competitiveness and better positioning for technological breakthrough changes.

McKinsey 7S model has also been used to evaluate the performance of Saudi ready-mix concrete amenities. Hussien et al. (2023) also highlighted the need to improve systems, staff competencies, and strategies to increase efficiency and effectiveness (Hussien et al., 2023). These findings show that the model can be applied practically to address different issues in organizations from diverse sectors in Saudi Arabia.

Hypotheses of the Study

The study is guided by the following hypotheses, which explore the relationships between the McKinsey 7S model, digital innovation, and organizational agility:

H1: There is a significant and positive relationship between using the McKinsey 7S model and the degree of digital innovation among Saudi companies.

H2: There is a positive relationship between using the McKinsey 7S model and the degree of organizational agility in Saudi organizations.

Methodology

Research Design

This research uses a quantitative approach to enable the collection of data from a large sample size. The descriptive method is used to study the phenomenon precisely to establish the research objectives.

Study Population and Sample

The study population comprises managers who worked in Saudi companies. A random sampling procedure was adopted to ensure that the sample used was probably proportional to the population. The present study was comprised of 288 managers, which gives a more diversified view. This approach was used to minimize selection bias and increase the external validity of the findings (**Table 1**).

Table 1 Sample Characteristics

Gender	Frequencies	Percentage %
Male	171	%59.4
Female	117	%40.6
Total	288	%100
Qualification	Frequencies	Percentage %
Bachelor's degree	158	%54.9
Master's degree	83	%28.8
Ph.D.	47	%16.3
Total	288	%100
Number of years of experience	Frequencies	Percentage %
Less than 5 years	113	%39.2
From 5 to 10 years	93	%32.3
More than 10 years	82	%28.5
Total	288	%100

Research Instrument

A structured questionnaire was used as the key data collection instrument. The questionnaire was developed to provide detailed data and included two sections. The first part was related to the demographic profile of the participants, including gender, educational standard, and years of working experience. The second part consisted of three axes: McKinsey's 7S Model, Digital Innovation, and Organizational Agility. McKinsey's 7S Model was represented by seven dimensions: Strategy, Structure, Systems, Skills, Staff, Management Style, and Shared Values, with 42 statements. There were 10 statements relating to digital innovation and 10 to organizational agility, making the overall number of items in the questionnaire 62. Responses were measured using a five-point Likert scale of 1-strongly disagree; 2-disagree; 3-neutral; 4-agree; 5-strongly agree (see supplementary table 1).

Validity and Reliability

The validity and reliability of the questionnaire used in this study were established correctly. The questionnaires were developed to correspond with the research objectives, and expert validation was done by forwarding the questionnaires to academic and professional reviewers to verify the linguistic correctness and comprehensiveness of the questionnaires. Finally, reviewers' feedback was considered, and 80% of the reviewers endorsed the final copy of the questionnaire. Reliability analysis was also conducted to assess internal consistency using Pearson's coefficient to determine the relationship between statements and their dimensions. P values of all the correlations were less than 0.01, indicating internal consistency. Reliability was assessed using Cronbach's alpha coefficients, which demonstrated high reliability for the overall questionnaire (0.973) and its axes: McKinsey's 7S Model with an accuracy level of 0.953, digital innovation with a level of 0.976, and organizational agility with an accuracy of 0.952. The validity and reliability of the questionnaire can be seen from the findings of this study.

Data Analysis

Data was analyzed using the Statistical Package for the Social Sciences (SPSS) software. Further, the frequencies, corresponding percentages, and mean standard deviation were employed to quantify the study participants' responses. Similarly, the relationship between the dimensions of McKinsey's 7S Model, the aspect of digital innovation, and organizational agility was also evaluated using Pearson's correlation coefficient. Linear regression analysis was used to measure the moderating effect of the components that constitute McKinsey's 7S model on digital innovation and organizational agility. Cronbach's alpha coefficients were used to determine the reliability of the responses to the questionnaire. The following statistical methods enabled this research to analyze the most reliable and comprehensive data.

Ethical Considerations

Ethical considerations were addressed in the participant's consent, participant identity, anonymity, non-disclosure of data, and proper storage of collected data. The response was elicited through informed consent, and subjects had the right to withdraw at any time without prejudice. The study complied with data protection laws, reduced bias, and caused no harm to the participants, ensuring fairness and transparency throughout the research process.

Results

Research Question 1: To what extent have the Saudi Companies adopted the McKinsey 7S Model?

To evaluate the level of application of the McKinsey model in Saudi companies, the means and standard deviations of the seven dimensions of the McKinsey model were calculated. These dimensions were ranked in descending order based on their mean values. **Table 2** summarizes the findings.

Table 2 Means and Standard Deviations for Dimensions of the McKinsey Model

Ser.	Dimensions of the McKinsey Model	Mean	Standard Deviation	Rank	Response Score
1	Strategy	4.15	0.859	1	High
2	Systems	4.07	0.718	2	High
3	Shared Values	3.97	0.575	3	High
4	Structure	3.83	0.610	4	High
5	Skills	3.74	0.651	5	High
6	Employee	3.67	0.958	6	High
7	Management Style	3.51	1.196	7	High
	Overall Average	3.85	0.543	--	High

The overall average for the McKinsey model dimensions was 3.85, with a standard deviation of 0.543. This indicates a “High” response degree, suggesting a substantial application of the McKinsey model in Saudi companies. Among the dimensions, strategy ranked highest (mean = 4.15, SD = 0.859), highlighting its significant emphasis within organizations. Systems (mean = 4.07, SD = 0.718) and Shared Values (mean = 3.97, SD = 0.575) followed as other highly rated dimensions. In contrast, Management Style ranked lowest (mean = 3.51, SD = 1.196), indicating a weaker focus on company leadership approaches.

The findings underscore the broad adoption of the McKinsey model across Saudi organizations. Companies emphasize the clarity of strategic plans, defining main and sub-goals, and developing comprehensive work standards. Furthermore, the focus on administrative systems suggests that companies are well-structured, with well-defined processes for task execution and policy adherence.

Research Question 2: To what extent are Saudi companies digitally innovative?

The second research question aimed to determine the extent of digital innovation within Saudi companies. The means and standard deviations for the statements related to digital innovation were calculated and ranked in descending order of their means. Table 3 provides a summary of these findings.

Table 3 Means and Standard Deviations for Digital Innovation

Ser.	Statements of Digital Innovation	Mean	Standard Deviation	Rank	Response Score
1	Seizing opportunities through innovation	4.31	1.198	1	Very High
2	Communication with employees	4.26	1.221	2	Very High
3	Technology in marketing	4.18	1.330	3	High
4	Competitive advantage through innovation	4.12	1.334	4	High
5	Enhancing customer experience	4.08	1.403	5	High
6	Encouraging employee creativity	3.97	1.453	6	High
7	Automating tasks through digital tools	3.90	1.502	7	High

8	Anticipating market trends	3.80	1.577	8	High
9	Technology in production	3.77	1.596	9	High
10	Sustainable development through technology	3.50	1.749	10	High
Overall Average		3.99	1.025	--	High

The overall average for digital innovation was 3.99, with a standard deviation of 1.025, corresponding to a “High” response degree. The statement Seizing opportunities through innovation ranked the highest (mean = 4.31, SD = 1.198), followed by communication with employees (mean = 4.26, SD = 1.221). These results highlight the active role of digital innovation in enabling Saudi companies to seize opportunities and maintain effective internal communication.

Statements such as Sustainable development through technology (mean = 3.50, SD = 1.749) received lower scores, indicating areas where digital innovation strategies could be further developed, particularly in long-term sustainability.

Research Question 3: To what extent Saudi organizations are agile?

The third research question assessed organizational agility by analyzing relevant statements' means and standard deviations. These were ranked in descending order of their means, as summarized in **Table 4**.

Table 4 Means and Standard Deviations for Organizational Agility

Ser.	Statements of Organizational Agility	Mean	Standard Deviation	Rank	Response Score
1	Modifying systems easily	4.54	0.712	1	Very High
2	Adapting to internal and external changes	4.48	0.818	2	Very High
3	Modifying strategies per market changes	4.35	0.969	3	Very High
4	Continuity during changes	4.23	1.131	4	Very High
5	Dealing flexibly with unexpected events	4.48	1.140	5	High
6	Updating devices and systems regularly	4.10	1.077	6	High
Overall Average		4.16	0.664	--	High

The overall average for organizational agility was 4.16 (SD = 0.664), with a response degree of “High.” The highest-rated statement was Modifying systems quickly (mean = 4.54, SD = 0.712), indicating strong capabilities in adapting systems to changing conditions. This was closely followed by Adapting to internal and external changes (mean = 4.48, SD = 0.818).

These results reflect the ability of Saudi companies to respond effectively to dynamic market conditions and unexpected events, demonstrating robust organizational flexibility.

Hypothesis 1: Correlation Between the McKinsey Model and Digital Innovation

The first hypothesis proposed that there is a correlation between the application of the McKinsey model and digital innovation in Saudi companies. Pearson's correlation coefficient was used to test this hypothesis, and the results are presented in **Table 5**.

Table 5 Correlation Between the McKinsey Model and Digital Innovation

McKinsey Model	Digital Innovation
Correlation Coefficient	0.372
Statistical Significance	0.000

A statistically significant positive correlation was observed ($r = 0.372$, $p < 0.01$). This indicates that implementing the McKinsey model is positively associated with Saudi companies adopting digital innovation strategies.

Hypothesis 2: Correlation Between the McKinsey Model and Organizational Agility

The second hypothesis suggested a correlation between the application of the McKinsey model and organizational agility in Saudi companies. Pearson's correlation coefficient was again used to test this hypothesis, as shown in **Table 6**.

Table 6 Correlation Between McKinsey Model and Organizational Agility

McKinsey Model	Organizational Agility
Correlation Coefficient	0.462
Statistical Significance	0.000

A statistically significant positive correlation was observed ($r = 0.462$, $p < 0.01$). This indicates that the McKinsey model enhances organizational agility, enabling companies to adapt effectively to changing conditions.

Discussion

The discussion elaborately answers the research questions and hypotheses highlighted in the study and situates the results in the literature. It also emphasizes the extensive use of the McKinsey model, the ongoing adoption of digital innovation and the strong organizational resilience in Saudi companies. These insights are highly relevant to theory and practice, particularly in managing modern organizations and their environment.

The findings prove that Saudi companies overdepend on the McKinsey model, with a mean score of 3.85. Significantly, the most effective score out of the 7S Model was given to strategy, supporting that strategy's direction and objectives are the key. This view aligns with Kumar and Geetika (2019), who posited that organizational strategy offers the firm a solid structure based on which it can rebuild coherently and offer direction (Kumar, 2019). Saudi organizations pay much attention to developing effective organizational goals and robust and practical strategies that help secure the right resources and activities in every department at the highest level to make a strategic vision a reality. It empowers organizations to stay relevant to such inexorable business forces, thereby making them more purposeful and responsive to dynamic business realities.

Two more aspects were rated high – Systems and Shared Values, proving the need for well-organized processes and a strong company culture to contribute to outstanding performance. Effective systems promote the existence of format when implementing tasks, adherence to policy and correct utilization of resources. In contrast, common purposes inculcate teamwork with the organization's common aim and goal so that employees function optimally towards realizing their endorsed objectives. The results above support Zuhriah and her co-authors (2020), who emphasized the integration between the McKinsey model dimensions as contributing to increased organizational performance. By highlighting such elements, Saudi companies prove that they can establish highly integrated systems at the workplace with heightened productivity (Aminatuz Zuhriah, 2020).

Nonetheless, the results of the lower management style reveal the potential for enhancing management practices. While the overall response for this dimension has been high, much variability is depicted here that warrants that managerial approaches should be more dynamic and involving. The most relevant application of leadership is coordinating the employees' work, cultivating an innovation culture, and adapting to changing conditions. Fox (2024) pointed out leadership's mobility in a situation often described as the vortex of uncertainty within the contemporary business environment (Fox, 2024). Some areas where Saudi companies can profit from investing in leadership development are flexibility, diversity, and anticipatory decision-making. Building on this dimension would make it easier for organizations to counter-fit changes and exploit added opportunities within shorter periods. The study also revealed that Saudi Arabia is keen on the use of digital innovation, with an average mean score of 3.99. The most highly endorsed statement, namely, Seizing Opportunities through Innovation, has underlined the exploitation of technology in identifying chances in the market. In this regard, the present research supports Velyako & Musa (2024), who also highlighted the effectiveness of digital tools in supporting organizational competitiveness and resilience (Velyako & Musa, 2024). The Saudis' attention to Communication with Employees also indicates a clear application of technological strategies for boosting internal organizational communication. According to Fadhina et al. (2022), communication channels are one of the most critical organizational context elements, enhanced by digital innovation, that contribute to enhancing organizational integration and work performance (Fadhina et al., 2022).

Additionally, technology is prioritized in two strategic priorities: Technology in Marketing and Enhancing Customer Experience, which reflects a focus on customers and corresponds with the international trends in digital business. Through technology-enabled service delivery and actionable customer experiences, Saudi companies optimize the level of customer satisfaction and customer loyalty. Nevertheless, a significantly lower SDT score reveals an essential absence of sustainability-centered digital initiatives. Wang (2024) reported a similar finding where, although organizations implement digital technologies for effectiveness, few organizations apply these technologies to systematic sustainable development (Wang, 2024). Closing such a gap could help Saudi organizations to converge with the global sustainability goals, thus attaining sustainable operations and competitive advantage.

The work also reveals higher general levels of organizational agility in Saudi firms, with a mean rating of 4.16. The highest score component, Modifying Systems Easily, underscores the responsiveness of these organizations to conditions. This result extends Koçyiğit & Akkaya

(2020), who found that operational flexibility is one of the components of organizational agility (Koçyiğit & Akkaya, 2020). Other highly rated themes, including Adapting to Internal and External Changes and Modifying Strategies per Market Requirements, also support the increased capability of Saudi companies to change and adapt to changing market conditions. These findings further affirm the arguments made by Qaid and Tawaf (2024) that flexibility and dynamism are essential for sustaining competitiveness, especially in consumer-risk environments (Qaid & Tawaf, 2024).

The importance of Continuity during Change captures the robustness of Saudi companies in a way that allows them to continue with operations during change. However, the weak Updating Devices and Systems Regularly score means that more resources should be put into actualizing technological enhancement. Charette (2023) pointed out that learning was continuous, with constant technological change as the key determinant that enabled organizations to stay agile (Charette, 2023). Thus, attracting more investments in high technologies allows Saudi companies to enhance their ability to adapt to customer trends and manage threats and opportunities.

The study provided additional evidence for the positive relationship between the application of the McKinsey model and both digital innovation and organizational agility. This result indicates the applicability of the McKinsey model in promoting digital innovation, as the correlation coefficient of 0.372 is statistically significant ($p < 0.01$). This equation is supported by Fox (2024) who observes that McKinsey distinguishes digital tools in the organization with high levels of precision (Fox, 2024). In this regard, the model of engaging strategy, system, and shared value guarantees the integration of a digital plan to achieve organizational objectives, resulting in improved operational flow, customer satisfaction, and organizational adaptability to technology advancement.

The relatively low coefficient points to the fact that, although digital innovation is possible with the help of the McKinsey model, other important determinants include organizational culture, leadership, and staff engagement. Demir and Kocaoglu (2019) highlighted the importance of supporting culture in innovation (Demir & Kocaoglu, 2019). Building upon this relationship may require support for creativity, skills, experience, leadership, and the backing of high advancement/ innovations.

The validity of the McKinsey model for enhancing organizational agility was discovered through a positive linear relationship between the two variables ($r = 0.462$, $p < 0.01$). This is consistent with Koçyiğit & Akkaya (2020), who concluded that the Meyer-McKinsey model strengthens agility by aligning internal processes with strategic objectives (Koçyiğit & Akkaya, 2020). Strategy, system, and skill are resources that can respond quickly to a change and maintain performance so that organizational performance can be sustained, while the values that are shared are a cultural resource. These results support Kumar and Geetika's (2019) claims that shared values can also influence the facilities and responsiveness of a system (Kumar, 2019).

The theoretical contributions of the study are expanding the McKinsey model to digital innovation and agility while offering ideas for how this model can be used to meet modern business needs. Regarding practical implications, the research guides Saudi managers on improving leadership, applying diversity management, incorporating sustainability into digital

plans, and developing and sustaining a culture of innovation to boost the wheel of competitiveness and sustainability in the long run.

Conclusion

McKinsey's 7S model was the focus of this research, particularly emphasizing companies in Saudi Arabia and their connection to digital innovation and organizational agility. The study outcome showed a high degree of implementation of the McKinsey 7S model, especially in strategy and system, which provided strong evidence of internal practice in line with the model. Saudi companies were identified to embrace digital with efforts to embrace current technologies to optimize their operations, customer satisfaction and competitiveness. The organizational agility was also well defined, and where companies demonstrated their ability and willingness to react to the change. The study found positive correlations at the .001 level, supporting the McKinsey model as a mechanism that proposes innovation and responsiveness regarding digital innovation and organizational agility. Whereas the findings suggest the relevance of the McKinsey model in delivering strategic goals, the study also reveals gaps that include the need to advance management orientations, extend sustainability considerations into digital frameworks, and increase technological adaptability. These findings help deepen the knowledge of structural frameworks in the process of organizations' development, as well as present the advices for Saudi businesses that attempt to meet the objectives of Vision 2030 and remain competitive in the context of transforming global markets.

Future Recommendations

Based on the conclusion of this study, some recommendations were developed to strengthen organizational performance and inform subsequent research in Saudi organizations. In practice, the McKinsey 7S model can be recommended as a complex instrument for performance increase and for establishing organizational objectives, defining strategic directions, and sharing them with the audience. Applying the model to strength and weakness determination enables the create a competent framework that can effectively address new challenges within an organization. Employees' training requirements should be determined, courses to enhance performance should be developed, and values should be promoted among employees. It is also advisable that companies adopt the latest technology to improve managerial tasks and productivity and embrace technological advancement to increase competitive advantage.

Furthermore, creating other contingencies to counter unexpected situations will improve organizational flexibility. From a research perspective, future work can extend the investigation of the McKinsey model in determining competitive advantages to Saudi companies, analyze the issues and benefits involved with the implementation of the model in its seven elements, and make a study on the application of the Model in Light of Vision 2030. These suggestions are practical applications and research-based proposals that can be beneficial for the strategic improvement of Saudi companies and enhance the knowledge of the effects of the McKinsey model on organizational performance and growth.

List of References

1. Aloulou, W. J., Alsadi, A. K., Ayadi, F. M., & Alaskar, T. H. (2024). Exploring the Effects of Entrepreneurial and Digital Orientations on the Competitive Advantage of Saudi Firms: Is Strategic Agility the Missing Link? *Administrative Sciences*, 14(11), 306.
2. Aminatuz Zuhriah, T. Y. R. S., Deddy Dewanto, Ratna Indrawati L. (2020). HR Planning using the McKinsey 7S Model Concept for Start-Up
3. Maternity Clinic. Proceedings of the 1st International Conference on Recent Innovations (ICRI 2018), 499-505. <https://www.scitepress.org/Papers/2018/99510/99510.pdf>
4. Badi, S., & Nasaj, M. (2024). Cybersecurity effectiveness in UK construction firms: an extended McKinsey 7S model approach. *Engineering, Construction and Architectural Management*, 31(11), 4482-4515.
5. Channon, D., & Caldart, A. (2015). McKinsey 7S model. *Wiley encyclopedia of management*.
6. Charette, J. A. (2023). *Strategies Leaders of Small Businesses Use to Improve Organizational Performance* [Walden University].
7. Demir, E., & Kocaoglu, B. (2019). The use of McKinsey's 7S framework as a strategic planning and economic assessment tool in the process of digital transformation. *PressAcademia Procedia*, 9(1), 114-119.
8. Duffy, M. (2018). *A new model for capturing the key attributes of organisations and driving change* [University of Sunderland].
9. Fadhina, H. R., Fauzi, N., Siskawati, E., Sakti, M. R. P., & Aziz, N. A. A. (2022). Change management on digital transformation in vehicle tax payment process: An understanding from institutional analysis. *Economics, Business, Accounting & Society Review*, 1(3), 167-178.
10. Fox, G. (2024). *McKinsey 7s Model – Guide, Examples and Templates*. <https://www.garyfox.co/mckinsey-7s-model/>
11. Hussien, S. G., Al-Zwainy, F. M., & Manogaran, G. (2023). Critical Review to Evaluate Performance of Ready-Mix Concrete Production Plant. *Al-Nahrain Journal for Engineering Sciences*, 26(3).
12. Jaradat, Z., AL-Hawamleh, A., & Hamdan, A. (2024). Examining the integration of ERP and BI in the industrial sector and its impact on decision-making processes in KSA. *Digital Policy, Regulation and Governance*.
13. Jun, W.-S., Yi, H.-T., & Amenuvor, F. E. (2024). The effect of startup marketing agility on new product creativity and new product performance: the moderating effect of technological turbulence. *Marketing Intelligence & Planning*, 42(8), 1494-1521.
14. Keček, D., Vuković, D., & Balić, D. (2023). Implementation Of Organizational Changes According To The McKinsey 7S Model. *Journal of Pharmaceutical Negative Results*, 524-529.
15. Koçyiğit, Y., & Akkaya, B. (2020). The role of organizational flexibility in organizational agility: A research on SMEs. *Business Management and Strategy*, 11(1), 110-123.
16. Kumar, S. (2019). The McKinsey 7S Model helps in Strategy implementation: A Theoretical Foundation. *Tecnia Journal of Management Studies*, 14(1).
17. Liu, H. (2020). Research on library data management reform: discussion on McKinsey 7S System Thinking Model. 2020 6th International Conference on Information Management (ICIM),

18. Mahnashi, I., Salah, B., & Ragab, A. E. (2023). Industry 4.0 Framework Based on Organizational Diagnostics and Plan–Do–Check–Act Cycle for the Saudi Arabian Cement Sector. *Sustainability*, 15(14), 11261.
19. Mamun, M., Pusaka, S., Darmansyah, H., & Purnama, S. (2020). Implementation of Concepts Management Strategy 7s Mckinsey for Start-up Business: Fruit Combining.
20. Masfi, A., Sukartini, T., & Hidayat, A. A. A. (2020). Performance improvement model utilizing the mckinsey 7S approach for public health centers in sampang regency of Indonesia. *International Journal of Scientific and Technology Research*, 9(3), 5073â.
21. Mukherjee, D., & Joseph, R. P. Exploring the Impact of Digital Transformation through D'Aveni's New 7S Framework—A Case Analysis.
22. Putri, A. D., Ghazali, A., & Ahluwalia, L. (2021). Analysis of company capability using 7s mckinsey framework to support corporate succession (case study: PT x Indonesia): analisa kapabilitas perusahaan dengan menggunakan framework 7s mckinsey untuk mendukung kesuksesan perusahaan (Studi Kasus: Pt x Indonesia). *Manajemen Bisnis*, 11(1), 44-53.
23. Qaid, N. M. A., & Tawaf, A. K. H. M. (2024). أثر الرقابة التنظيمية في المرونة التنظيمية في البنك المركزي اليمني. *Journal of Arts*, 12(2), 222-266.
24. Ravanfar, M. M. (2017). Analyzing Organizational Structure based on 7s model of McKinsey. *International Journal of Academic Research in Business and Social Sciences*.
25. Shiri, S., Anvari, A., & Soltani, H. (2015). Identifying and prioritizing of readiness factors for implementing ERP based on agility (extension of McKinsey 7S model). *European Online Journal of Natural and Social Sciences: Proceedings*, 4(1 (s)), pp. 56-74.
26. Suwanda, & Nugroho, B. Y. (2022). Literature reviews: McKinsey 7S model to support organizational performance. *Technium Soc. Sci. J.*, 38, 1.
27. Tilila, T. (2023). The main strategic pillars for an organizational agility in times of economic and health crises. *African Scientific Journal*, 3(16), 399-399.
28. Velyako, V., & Musa, S. (2024). The relationship between digital organizational culture, digital capability, digital innovation, organizational resilience, and competitive advantage. *Journal of the Knowledge Economy*, 15(3), 11956-11975.
29. Wang, K. (2024). Capturing the Dynamics in Organizational Digital Transformation Using System Dynamics Modelling University of Twente].