

A REVIEW OF ORGANIZATIONAL AGILITY CONCEPT AND CHARACTERISTICS

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Abstract: *The current business environment has proven to be extremely interesting but difficult at the same time, with multiple challenges and opportunities, but also threats for some of those who are currently working. Organizational agility has become a necessary capability for organizations wishing to survive and succeed in an uncertain environment characterized by numerous and sudden changes. The present paper aims to present theoretically the concept of "organizational agility" by performing a synthesis and description of the definitions given to the term, which we find in the recent specialized literature. The purpose of this literature review is to capture what is the current state of knowledge, to establish correctly the conceptual framework, all with the idea of further formulation of its own definition, but also of undertaking a practical research in the future. To research, I've reported articles found on Google Scholar over the last 5 years, 2014-2018, focusing on those in which the authors formulated their own definition of the concept. The study has shown that although there is no unanimous definition of the concept of "organizational agility", it is approached as an absolute necessity for organizations seeking to be competitive in their field of activity. Most authors have defined organizational agility by reference to the role it plays in adapting to change or capitalize environmental opportunities, in gaining competitive advantage, and others have highlighted the need for agile human resources. At the same time, in a large number of works, organizational agility is defined by the presentation of its characteristics and the benefits that it presents compared to the traditional organization. By the way of realization, by presenting a sample of recent literature, the work contributes to the correct knowledge of the stage of defining the concept of "organizational agility", to establishing its own area of interest but also to others interested in the field, being the basis for carrying out a practical study future. Of course this review of literature is limited only to the definition of the concept of "organizational agility". Therefore, it cannot and does not attempt to be an examination of the whole field of literature, but a sampling of some representative works for the field.*

Keywords: *agility; agile organization; organizational agility; agile workforce; competitive advantage.*

JEL Classification: *D29; L29; J29; M19.*

1. Introduction

Words such as “agility”, “agile organization”, “organizational agility”, “agile methods” and “agile human resources” are very often used in specialized literature and in topics addressed by consulting firms or management studies in the field.

However, it can be observed that while at international level there are tens of thousands of articles containing the word “agile”, prestigious magazines, such as the Harvard Business Review, devote whole numbers to this topic, conferences on this subject, and for field specialists and managers has become a key word, used very often in their writings and discussions, at national level is not well documented in the literature.

At present, organizations operate in a very changing environment, requiring them to find fast, creative, innovative solutions to change in the environment in which they operate. On the other hand, a proactive attitude of companies is desirable at the expense of reactive behavior. Organizations have the opportunity to create the future and not just to remain passive in the expectation of the unknown. Of course, everyone has the choice of how to position themselves in front of this reality.

Organizations must have a high speed in decision-making, flexibility and adaptability, but also a highly skilled, creative, responsible workforce able to work well at a team. All of the above listed are definitely attributes of organizational agility.

So, the traditional organization has to acquire the characteristics of an agile.

It should be noted that although the concept studied is very much approached in the literature and the benefits of organizational agility are undisputed, at the practical level, studies have shown that very few companies meet the characteristics of agility. However, it is a plus that they have nevertheless realized its importance, with a large number of organizations being undergoing transformation.

According to a study by McKinsey, the prestigious McKinsey management consultancy firm, conducted in October 2017, only 4% of respondents' organizations have completed agile transformation to date and about 37% have agile transformations in progress.

In the following, for a better understanding and understanding of the concept, I will present a synthesis and a classification of the definitions given to the term “organizational agility” in recent literature, that of the last five years.

2. Literature Review

To know the current state of defining the concept of “organizational agility”, I have recourse to the identification of the articles dealing with this subject. So I've searched for them on Google Scholar, focusing on the last 5 years, period 2014-2018.

In the next step, from the multitude of articles generated by a simple search, we have selected them and discussed only those in which the authors have provided their own definition of the concept and have not, in turn, made just a synthesis of the literature. This search has been added to Google's search to identify consultants and bloggers interested in the topic.

Analyzing both, literature and the sites dedicated to management consultancy and studies or bloggers, we noticed an approach to the concept of agile organization from several perspectives:

- adapting to change;

- exploitation of environmental opportunities;
- achieving competitive advantage;
- the need for agile human resources;
- presentation of the benefits obtained in addition to those of traditional management;
- agile organization features.

All these aspects mentioned above are detailed in Table 1.

Table 1. The main idea caught in defining the agile organization

Definition perspective	Source
Adaptation to change	Business Dictionary, Linda Holbeche (2015), Hongyi Mao Huazhong et al. (2015), One-Ki (Daniel) Lee et al. (2015), David Teece et al. (2016), Jennifer Heckler and Anne Powell (2016), José L. Roldán et al. (2015), www.mckinsey.com
Opportunities	Katarzyna Ragin-Skorecka (2014), Linda Holbeche(2015), José L. Roldán et al. (2015), Lidia Băjenaru et al. (2014), Dzone.com
Competitive advantage	Lidia Băjenaru et al. (2014), Dzone.com
Agile workforce	ManagementStudyGuide, Roy Wendler and TU Dresden (2014), Bohdana Sherehiy and Waldemar Karwowski (2014), Azam Kalantari Dehaghi (2014)
Benefits	Darrell K. Rigby et al. (2016)
Characteristics	Lidia Băjenaru et al. (2014), Goldman, Nagel and Preiss (1995), Krystian Pawlowski and Edmund Pawlowski (2015)

Source: Own adaptation based on information sources

One-Ki (Daniel) Lee et al. (2015) and Hongyi Mao Huazhong et al. (2015) emphasizes that “organizational agility is a significant business capability”, agile organizations proving successful in a competitive and changing environment.

“Organizational agility is often treated as an immutable quality, implying that firms need to be in a constant state of transformation.” (David Teece et al., 2016, pp. 13)

In the Business Dictionary, “organizational agility” is defined in a complex way, pointing out that through its features, an organization can successfully cope with changes in business: “the capability of a company to rapidly change or adapt in response to changes in the market. A high degree of organizational agility can help a company to react successfully to the emergence of new competitors, the development of new industry-changing technologies, or sudden shifts in overall market conditions”.

Management consulting firms, such as the Management Study Guide or McKinsey, describe organizational agility by continually addressing the need for organizations to quickly and efficiently adapt to changes in the environment in which they work. It outlines the implications this process has on all systems in an organization: strategy, structure, processes, human resources, technology.

Jennifer Heckler and Anne Powell (2016) point out that organizational agility implies speed and flexibility in the processes, decisions and concerns of the company.

Linda Holbeche (2015) complements what has been said above, stating that the ability of organizations to respond quickly to sudden environmental changes must

also be joined by the ability to anticipate potential opportunities and take advantage of them. Thus, the chances of avoiding the threats that change imply are greatly increased.

In the same note, Katarzyna Ragin-Skorecka (2014) quotes Kidd & Karwowski (1994) in the "Agile Enterprise: A Human Factors Perspective" article, which states that the main objective of an agile organization is actually identifying the opportunities in the environment which activates.

So, in the opinion of the abovementioned authors, the agility of an organization stems not only from its capacity to adapt to change, but also in anticipating change and identifying the opportunities it can harness.

José L. Roldán et al. (2015), quoting Sherehiy, Karwowski, & Layer (2007) concludes that organizational agility can be approached from two perspectives:

- reactive aspect - organizational adaptability;
- proactive aspect - organizational flexibility.

Lidia Băjenaru et al. (2014, pp.109), in the article "An Interactive System for Assessing the Agility of a Virtual Enterprise", identifies "the overall agility features that can be applied in all aspects of the enterprise:

- flexibility;
- receptivity;
- speed;
- the culture of change;
- low integration and complexity;
- personalized and quality products;
- mobilizing essential skills."

Regarding the role of organizational agility in obtaining competitive advantage, it is pointed out in most of the papers dealing with this subject.

Lidia Băjenaru et al (2014, pp.109) also define organizational agility in terms of its role in gaining competitive advantage, the authors concluding that "Agility of the enterprise is perceived as the engine competitive dominance of organizations in an uncertain and ever changing business environment".

In many of the specialized papers analyzed, the contribution that human resources have in acquiring the agility of an organization is underlined. In the opinion of the authors, an organization can only be agile if its employees are also agile, i.e.:

- are creative and innovative;
- presents true knowledge in the field;
- are stimulated by the different challenges;
- have the ability to work very well in the team;
- are responsible.

Roy Wendler and TU Dresden (2014, pp. 1197) asserted that "The management of an organization has to understand that the organization itself cannot be agile, but its employees can be".

"Organizational agility requires development of an adaptable workforce that is able to deal with unexpected and dynamic changes in the business environment." (Bohdana Sherehiy and Waldemar Karwowski, 2014, pp. 466)

Azam Kalantari Dehaghi et al. (2014, pp. 62) states that, as far as human resources are concerned, an agile organization requires:

- "more professional staff;
- multi-skilled staff;

- with sufficient skills to adapt to constant improvement and fast developments inside and outside the organization.”

Goldman, Nagel and Preiss (1995, pp. 55) identifies four features of agility in an organization, similar to those previously presented in the paper, but emphasis is also placed on the important role that human resources have:

- “delivering value to the customer;
- being ready to change;
- valuing human knowledge and skills;
- establishing virtual partnerships.”

In the opinion of Darrell K. Rigby et al (2016, pp.5), an agile organization offers many benefits compared to a traditional one: compared to traditional, agile management approaches, it offers a number of major benefits:

- “it increases team productivity and employee satisfaction;
- it minimizes the waste inherent in redundant meetings, repetitive planning, excessive documentation, quality defects, and low-value product features;
- improving the visibility and continually adapting to customers' changing priorities, agile improves customer engagement and satisfaction, brings the most valuable products and features to market faster and more predictably, and reduces risk;
- engaging team members from multiple disciplines as collaborative peers, expanding organizational experience and building mutual trust and respect;
- by dramatically reducing the time spent on micromanaging functional projects, it allows senior managers to devote themselves more fully to higher-value work that they can do: creating and adjusting corporate vision; prioritizing strategic initiatives; simplifying and focusing work; assigning the right people to tasks; increasing cross-functional collaboration; and removing impediments to progress.”

Starting from Trzcielinski's agile enterprise model, Krystian Pawlowski and Edmund Pawlowski (2015, pp. 466) have identified and proposed 4 new features of an agile organization:

- “shrewdness of the enterprise - to which two categories of factors influencing the selection of management methods were assigned: level of market orientation and level of products' customization;
- flexibility of the enterprise - to which the organizational structure was assigned as a factor determining the selection of the management method;
- enterprise's intelligence - which has been assigned to two categories of factors that determine the choice of management methods: Prevalent processes of major business processes and spontaneity and integration of the information system with corporate operational activities;
- smartness of the enterprise - for which the determining factor for the selection of the management method is the orientation of the organization's development strategy.”

3. Conclusions

Following the study, we conclude that in the international literature we find numerous definitions of the concept of "organizational agility", the term being also included in the area of interest of consultancy firms and management studies or subject of major conferences in the field.

However, for the analyzed period, 2014-2018, we could not identify a very large number of new definitions given to the concept of "organizational agility", the authors focusing strictly on the presentation of the term in relation to the meaning given to the concept in earlier periods.

Regarding native literature, we have to say that we have not identified too many articles dealing with this topic. Instead, I noticed that for some bloggers it was a subject of discussion.

Regarding the synthesis, we can mention that this concept has been defined from several perspectives, the most approached is that an agile organization is the one that has the capacity to cope with the changes that occur in the environment in which it operates in a fast way and efficient.

Other definitions present organizational agility from the perspective of identifying and capitalizing on the opportunities in the environment, but also the benefits it generates.

We are rallying the idea that human resources are at the center of becoming an agile organization. We believe that we cannot talk about an agile organization in the absence of an agile workforce able to react as quickly as possible, find creative and innovative solutions and make the best decisions.

The human resources of an organization are the only ones that can differentiate it from other existing firms on the market and create a real competitive advantage.

Through the descriptive study we consider that we bring to the attention of those interested a modern management concept, providing the latest approaches of the term.

Of course, the reporting period, 2014-2018, may be considered a review limit, but it could be extended in the future; we wanted to know what is the current state of the definition and not necessarily its evolution over time.

This paper is the starting point for practical research. We consider essential a good knowledge of a concept before studying its applicability in practice.

Through its structure, we believe that the present work achieves its original purpose.

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