AGILITY, THE REQUIREMENT OF TODAY ORGANIZATIONS

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ABSTRACT

We live in a rapidly changing age. Wide advancement and application of information technology, technology evolution, increasing risk, globalization, and privatization expectancies are of the characteristics of the environment today organizations face with. To be successful in such environment, agility is a competitive advantage enabling organizations to perceive the environmental changes promptly and behave in an appropriate manner. With changing and improving awareness, attitude, pattern, and behavior of organization, agility is considered as an important potential force to accept the changes, increase productivity, survival, and achievement of organizations. Agile organizations think to something more than adjustment with changes and tend to use the potential opportunities in an unstable environment and obtain a stable position due to its innovations and qualifications. The present paper attempted to have a general review of agility concept and investigate the affective factors in agility of organization and their survival and growth.

KEYWORDS: Agility of Organization, Competitive Advantage, Flexibility, Virtual Organization

Current organizations are in active in an environment that its changes making organizations to have adjustable strategies. In fact, the problem indicating that how organizations can be successful in a dynamic and unrespectable environment is considered as one of the most important challenges of the world. Although various strategies such as timely production, reengineering, virtual organizations, and networking have been introduced, making organizations agile is of the most welcomed introduced approach. In such environment, agility has been changed into an important capability affecting the performance of organization (Ravichandran, 2007). Changing and agility of organization has been highly considered by software industry. Notably, software engineering is always evolving and everybody should accept these changes and meet the requirements to achieve agility (Sterling, 2008).

Agile organizations think to something more than adjustment with changes and tend to use the potential opportunities in an unstable environment and obtain a stable position due to its innovations and qualifications. Agile organizations think about meeting customers’ needs in a different way (Gunasekaran, 1999). These organizations not only sale their products but the solutions of meeting customers’ actual needs. These organizations believe that their products are not complete and they try to enrich their products in order to enrich receivable values of customers from products or create added value for them. It makes an inaccessible position for organization compared with their competitors. Further, agile organizations focus on designing or developing products which particularly meet unique needs of customers. The need of affective and prompt design means that traditional approach has been failed to have new products (mask ell, 1999).

LITERATURE OF AGILITY

The history of agility dates back to the period of United States industries record. With respect to United States industries record and losing competiveness during the 1980s which had been well documented, in 1990, American Congress decided to take an emergency action in this regard. Therefore, agility was established in 1991 (kettunen, 2009).

Accordingly, the Congress commanded to the defense ministry to create an agency and investigate productive industries of United States with the aim of making them competitive. Indeed, by observing higher change rate in business environment compared with the adjustment rate with environment, an expert group was gathered in Lee hi University, in the Pennsylvania State, by the defense ministry and started to investigate United States’ productive industries with the aim of findings the strategies of successful industry. As a result, the group presented a two-volume report, namely “the strategies of productive enterprises in the 21th century” published by Lacocca institute in Lee Hi University in fall 1991 and it was the time that the name of agile was selected for it. In dictionary, the term of agile is defined as rapid and active movement and agility is defined as the ability of moving rapidly and think intellectually and timely (Ganguly, 2009). Today, considering the fact that agility is anew
discussion, there are various definitions for this concept. Many researchers have presented different definitions which are referred to some of them in the following:

- The ability to survive and grow in a continuously changing and unpredictable environment (Shahabi, 2005)
- The capabilities of producers to react promptly to sudden and unpredictable changes (Shahabi, 2006)
- Profitability of environment (Dove, 2001)
- The capability to do profitable operations in a competitive and unpredictable environment (De Meyer, 1990)
- Using the best use of the changes as the potential opportunities in disturbed environments
- The ability of a business unit to grow and survive in a competitive environment
- The ability to meet customer’s needs affectively (Periss, 1995)

Agile organization is a prompt, compatible and informed business which can be adjusted promptly as a response to unpredicted changes, market opportunities and customers’ need. In such business, there are some processes and structures facilitating the adjustment and strengthspeed and have a harmony that can achieve to competitive performance in fully dynamic and unpredictable commercial environment. However, such environment is not incompatible with the environments with the functions of the current organizations (Hormozi, 2001).

An agile organization combines organizational processes and individuals with the advanced technology to meet customers’ needs in a relatively short time by providing high quality products and services. Agility increases the ability of organization to present high quality products and services. Therefore, competition power will be important for organization. In an agile organization, organizational processes and individuals with the advanced technology will be combined to provide high quality product for customers in a reasonable period. It is agility that will enable organization to increase providing high quality products and services and it is an important factor to increase the competition power of organization.

THE SIGNIFICANCE OF AGILITY

The variable and unreliable conditions of the last years have caused a new wave of globalization. After passing the recession period, advancement and development in energy, prompt growth rate of goods caused the appearance of non-traditional competitors in market. Customers’ needs were increased gradually and new models of business and marketing were formed. Hence, organizations should adjust themselves with complex conditions in a competitive environment to be able to survive. Without involving in the complex and unreliable conditions of market, how these changes can be coped with? In these conditions, the core of fighting against uncertainties of is to be equipped with knowledge and information. Knowledge and awareness provides a vision for organization through which wider horizons of decision making are created. Organizations should make their working conditions flexible. The usefulness of agility for organizations is sustainability in conditions. In the following, some cases will be discussed that organization can maintain and survive in new conditions (Maskell, 2001).

PRINCIPLES OF DESIGNING AGILE ORGANIZATION

The changes and innovations created in market conditions and the costs of globalizations are of the main causes which pressure the commercial environment and create the need of agility for them. Designing agile organization requires to the principles which can have a better performance as a response to changes and changes prediction. Seven principles needed to design an agile information organization are as follow (Kidd, 2000):

1. Resource finding strategy: a set of decisions discussing the definition and integration of internal and external resources. The services which should be provided by organization should be firstly determined and then duties of all individuals will be assigned to them.

2. Resources management: an affective role of using individuals, skills and capabilities are in their appropriate place and contribute organization to allocate their resources properly.

3. Capabilities: something which causes to distinguish the best organizational performance

4. Leadership: in agile organizations, leadership is less focused on order control and focuses on preparation, impressionability, authorization, and convincing more.

5. kind of process: it is focused here on the way of doing things by organization. Generally, all the processes have
four key characteristics including observable, measurable, repeatable, and adjustable.

6. Configuration: it focuses mostly on organizational structure and the way that the components of organization are put together. An agile organization has a flexible structure.

7. Readiness to change: the ease of reacting against unpredictable changes and demands.

VIRTUAL ORGANIZATION, AN AGILE ORGANIZATION

Achieving agility is a dynamic and continuous process and political, economic and social stimuli cause to increasing effect in the level an organization’s need to agility.

The reasons of an organization’s need to form agile organization (virtual) are as follow:

1. short-term opportunities of market
2. Lack of all capabilities required by an independent organization to present a new product to market promptly

Unpredictability of continuous changes at market level while risk is distributed among co-activity companies and individual vulnerability is decreased by creating a virtual organization

4. The main idea of forming a virtual organization is related to using the best use of urgent and short-term opportunities of market through combining core capabilities of companies which are independent from each other

Some characteristics of virtual organizations are presented as follow:

• Being information-based
• Being unfocused but act in a focused manner technologically
• Unique capability-based activities
• Flexible, agile, and adjustable
• Optimal investments and no overhead costs
• Creative, dynamic, compatible with team work based virtual structure
• Being focused on key capabilities of peer organizations
• Project based activities with short-term planning
• Dissolving the organization in case of decreasing the profits obtained from cooperation

• Lack of hierarchy, i.e. no member has any control over the other
• The maximum organizational flexibility
• The necessity of the presence of informational and communicative infrastructures
• The necessity of trust and mutual confidence among companies
• Avoiding from voluntarily behaviors through determining appropriate legal frameworks

Main objectives of virtual organizations

• Making use of the resources existing in market timely in order to improve the quality and value of product
• Appointing specialist and professional work force from each class and nationality
• Creating internal supervision which can be achieved only through an environment which is powerful, without ambiguity, with common executive principles, and strong trust

CONCEPTUAL MODELS OF AGILE ORGANIZATION

Ramesh model is the most important model considering three main characteristics for organizations, such as input, transportation system, and inputs or market factors. But the model is not appropriate for productive organizations and has been mostly used theoretically.

Another model proposed by Vernadat (1999) is organizational agility model in which the factors of leadership, organizational culture, rewarding system, and suppliers are emphasized. Mostly, it focuses on problems and the role of human resources and organizational structures in agility. It considers senior managers of organizations as the key factor. This model is regarded as the most important models which have ever been designed to make organizations agile. The model introduces four basic concepts including basic capabilities management, virtual organization, renewability of structure, and knowledge oriented organization.

As a new proposed agility model, it can be referred to the model proposed by Jeen Hi that makes it possible to implement agile production by integrating, strategic processes and information technology. JeenHi’s model attempts to make organization agile at two levels of management and technology (Flindner, 1998).
CONCLUSION

Nowadays, environment of organizations causes various changes, challenges and opportunities so that organization can be expected to be able to cope with them. On one hand, having a strategic attitude towards changes and opportunities due to changes, and improving organization’s capabilities and infrastructures on the hand, can be appropriate mechanisms for long term and sustainable success in organization. By holding such viewpoint, the present work presented the definitions, characteristics, and newly appeared key paradigms contents of agility to make an opportunity for others to conduct basic and fundamental researches at organizations level (not only production scope which is the derivation of agile production).

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