Determining the Relationship between Organizational Agility and Work Organization in Branches of Saman Bank in Isfahan

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Abstract

In modern world, complexity, instability and unpredictability of environmental changes and conceptions of traditional design have influenced organizations. Thus, organizations must be able to respond to these changes and move toward agility. Accordingly, agility is defined as the organization ability to identify the need to change in internal and external sources so that the changes will take place uniform and the operation will be kept beyond average level. The present research intends to investigate the relationship between organization agility and work organization in branches of Saman Bank in Isfahan. So by using an agility model, organization agility in work organization will be investigated. The questions of the questionnaire will measure each of the variables and determine the goodness of fit model and the developed structural model. There is a significant and positive relationship between research variables so that all the hypotheses are approved. Furthermore, in order to determine the reliability of the questionnaire Cronbach’s alpha is used and to determine its validity, visual and structural validity is used. In this research, PLS method is used for data analysis and testing the hypotheses. The results obtained from the research states that the model applied in the study was an appropriate theoretical model for predicting the agility impact on work organization.

Keywords: organizational agility, work organization, value-creating capabilities.

1. Introduction

Superiority in competition has become the main goal of organizations in the current instable and unpredictable business environment. Increasing rate of developments in technology and innovation has led to rapid changes in business environment. Organizational agility has been considered as the most important and well-known factor for facing the instable and unpredictable environment. On the other hand, work organization is a complex organization consisting of five components of job application, job control, job complexities, skill variety and job uncertainty. Although numerous studies have been done in regards with organization agility, little efforts have been done concerning the evaluation and relationship of organizational agility and work organization. Evaluation is necessary for strategic programming, determine the extent to which agility exist in organization and the extent it is needed, evaluating the gap and developing a strategy to fill it and overcoming the any identified weakness. Agility is defined as the organization ability to identify the need to changes from internal and external sources, so that the changes will be performed in a uniform manner and will be kept beyond average level (Worley & Lawler, 2010). Agility is expressed as a new approach to management which is different from concepts such as planning for production (Dove, 2001;
Pinochet et al., 1996). Some researchers were considered this concept as a serious consequence for nature of work organization (Parker, 1998; Plonka, 1997). It seems that working in agile companies will be more complex and requires information application and advanced technologies (Forsythe, 1997). Since the agility need to respond quickly to changes in market, it increases uncertainty in workplace and it needs to permanently adjust and adapt to new situations and needs and also changes in work process and also technology should be done harmoniously.

In addition, flexible technologies due to the high variability and complexity in work process will lead to operational uncertainty (Parker et al., 2001). Changes in work organization in accordance with an agile strategy, providing benefits such as increasing employees' autonomy and having control over their tasks, enrichment of their tasks and better performance and wellbeing (Mehta and shah, 2004). Effects of agile strategies on working demands and condition in organizations have not been studied much. It has not yet been studied that how new condition and demands of working in agile organizations affect employees and employees' performances (Karwowski & Sherehiy, 2014). Theory and research on work design field make recommendations with characteristics of work organization which may have an important role in the performance of agile companies (Morgeson & Campion, 2003; Wall & Martin, 1987). Some job characteristics such as job control, job autonomy, job complexity and job variety influence on employees behavior, attitude and performance (Karasek & Theorell, 1990). There is no direct empirical evidence, saying that these characteristics (job demanding, job control, job variety) are related to workforce agility or agility performance. Previous researchs mostly focused on work characteristics such as job satisfaction, motivation, work outcome and performance (Ohly et al., 2006). Now despite the fact that in the current instable and unpredictable business environment, superiority in competition is the main goal of organizations: in such condition, even the slightest slip can lead to the failure of organization. Products and services which are worldwide in organizations might exist hardly in future. Certain organizations hardly continue their work or they may face with failure, because their organization capabilities are not compatible with environmental changes. In order to face new changes which occur based on today's competition; organizations must think beyond adaptability with changes and seek to benefit from potential opportunities. Organizational agility is defined as high adaptability ability without need to changes. In fact, organization can develop a capability in its structure and operating characteristics which can lead to flexibility, adaptability, change with uncertain conditions without need to make some permanent, compulsory and fundamental changes. (Gunasekaran & Yusuf, 2002). In the following, research theoretical background will be taken into account and then research model and hypotheses will be presented. In the next section, research methodology and results obtained from data analysis will be stated and finally conclusion will be presented.

2. Theoretical Background

• Organizational Agility

Organizational agility is a paradigm which is designed to increase the flexibility, speed and quality of organizations. Organizational agility is defined as high adaptability capability without need to have changes. In fact, organization can develop a capability in its structure and operating characteristics which can lead to flexibility, adaptability, change with uncertain conditions without need to make some permanent, compulsory and fundamental changes. In the early of 1990s, production agility paradigm has been presented as a solution for dynamic management and environmental changes, and also as a strategy to enable productive institutions and organizations to maintain competitive advantage in a turbulent situation, and organizations have accepted it (Sherehiy et.al, 2007). Agility has enabled institutions to succeed in an environment full of constant and unpredictable changes, and consequently, more serious changes need higher agility. Many corporations are faced with fierce competition caused by changes in technology and innovation in the market and also changes in customers' demands. Such a condition leads to changes in priorities in business and strategic outlook and questioning the accuracy of new and contemporary models (Shih & Lin, 2007). Albert and Hayes (2003), were introduced agility as a key attribute and argued that agile organizations are the result of an appropriate organizational structure, command and control approach, concept of operation, supporting system and its employees have the synergistic characteristics. To become an agile organization a work design
can be very effective. This concept is based on knowledge chain theory is formed (Holsapple & Singh, 2001). The concept of agility is very distinct from the concept of productivity. Agility is related to consciousness against internal and external changes and also related to ability to use resources to respond to changes in the appropriate time and having flexibility. While productivity is not necessarily caused agility and also agility does not necessarily lead to productivity. Actually in some situations there are tradeoffs between these two concepts. Work design refers to the methods in which works are arranged according to them and will be revised based on them. There are two reasons for adopting the work design to achieve agility. First, agility is a characteristic which is characterized by the work routine. So, work design will lead to the formation of that. In Sharifi & Xang’s belief (1999), agility means the capability of an organization for feeling, understanding and predicting current changes in work condition. Such an organization must be able to recognize environmental changes and consider them as growth and prosperity factors. Elsewhere, they define agility as the ability to overcome unexpected challenges in order to face with unprecedented threats in work condition and gain advantage and benefit from changes as development opportunities.

Agility is creative ability and responding to changes in order to achieve the intended benefits in a turbulent environment. The ability to establish balance between flexibility and stability is called agility. Flexibility is response to planned changes, while agility considers change limitations in minimal conditions and sees any changes (unpredictable and unplanned) likely to occur. According to attitude of Teece et al. (1997), companies in highly competitive environment by revising organizational process fits with environment, achieve a competitive advantage. Organizational process is defined as current models and methods for doing things in the organization (Teece et al., 1997). Second, work design occurs in any organization and to build an agile organization it is necessary to examine the organizational system for work designing and handling (Sinha & Van de Ven, 2005). Agility is a complete response to the challenges of the business environment that is the result of environmental changes and uncertainty, because in today’s environment there is no specified path for organizing and setting up the company and also there is no guarantee of success for them in the long run (Goldman et al., 1994). Even if organizations have a similar interpretation of their environment and strategic changes in organizations being similar in terms of content, there will be many differences in what they are really capable of doing and in the results which obtained (Meyer & Stensaker, 2006). Achieving agility requires new thinking and use of new criteria for evaluating an organization’s performance, because using traditional measures are an obstacle in the path of agility’s progress (Sherehiy, Karwowski & Layer, 2007). An agile organization must have core competency for creating new opportunities for customers and responsiveness to customers who often have unpredictable needs (Sherehiy et al., 2007). Organization that has this characteristic and ability has the authority to respond to changes and in other words, survival and growth is available in an agile organization (Goldman et al., 1994). According to Goldman, Nagel and preiss (1994) studies, four strategies can be considered for agility: (a) enriching the customer (b): cooperating to enhance competitiveness (c) organizing to master change and uncertainty and (d) leveraging the impact of people and information. Thompson (2003) emphasizes that organizational structure and dynamic strongly influenced by technology, goals and environmental pressures and in order to adapt the company and organization with these cases, he proposed that all organizations have an open attitude to their surrounding environment and accept the effects of their environment and get out from closed structure. Therefore, organizations within themselves should create an order to become more flexible and show less resistance to changes (Greiner & Poulfelt, 2005). An agile organization is a creator of culture which support communication and make coordination between different parts of the organization and subsidiaries. Therefore, an organizational structure is appropriate when facilitate communication and take advantage of opportunities. Agile organizations have dynamic and flexible structure and in this way supporting its stakeholders (Goldman et al., 1994). Sambamurthy, Bharadwaj and Grover (2003) considered agility to be consisting of three dimensions: customer agility, partnering agility and operational agility. Customer agility includes incorporating customer in taking advantage of opportunities for innovation and competitive action. Partnering agility is ability to penetrating knowledge, assets and suppliers that is achieved through partnership, alliances and joint ventures. Operational agility is ability to accomplish business processes quickly and accurately and with economic costs, if take advantage of opportunities.
appropriately and competitive advantage is achieved (Sambamurthy et al, 2003).

**Work Organization**

Different theories have presented theories about work characteristics which have had significant impact on work efficiency of staff and also the mechanism of the relationship between work design and staff performance. By reviewing the literature, the reasons for evaluation of work force can be classified as follows:

1) Strategic objectives including strategic management and review of strategies;
2) Communicative objectives including controlling current situation, showing future direction, showing feedback and modeling other organizations;
3) Motivational objectives consisting of developing reward system and encouraging improvement and learning (Daveni, 1995).

Having a systematic view on work organization, it can be stated that work organization has the following characteristics:

- Skill variety of work organization: it shows the extent to which a job needs to use a wide variety of skills and abilities.
- Task identity of work organization: it shows the extent to which an employee sees himself responsible in fulfilling the task.
- Task significance of work organization: it shows the extent to which work influences the life and work of those involved in organization or in outside environment.
- Work organization independence: it shows the extent of freedom and authority of staff in work planning and choosing the appropriate method to do the task.
- Work organization feedback: it is the extent of showing the staff the outcome of his work.

The main characteristics of work influence the significance state of work, responsibility of work outcome and information on results of work operations. However, such conditions can lead to performance improvement, satisfaction, absence decrease, job abandonment and incidents. According to this theory, staff who are responsible to work outcome and significance of their duties and receive their performance feedback, they feel more than others the need to have better performance. The theory emphasizes on independence and feedback. If there is independence in performance, work outcome depends on the efforts, performance and decisions of the employee rather than on regulatory instructions and agenda (Daveni, 1995).

**Research Conceptual Model and Hypotheses**

H : There is significant relationship between “Organizational agility” and work organization.
H1 : There is significant relationship between “Robust strategy” and work organization.
H2 : There is significant relationship between “Adaptable designs” and work organization.
H3 : There is significant relationship between “Shared leadership and identity” and work organization.
H4 : There is significant relationship between “Value-creating capabilities” and work organization.
3. Research Methodology

This research is an applied research in respect to its goal and is descriptive in respect to data collection and is based on structural equation model. The sample population of the present research consists of managers and experts of different branches of Saman Bank of Isfahan and since all the members were available no sampling was done and the total number of the population who complemented the questionnaire was 44. The theories were measured based on Likert 5-point which ranged from “totally disagree” to “totally agree” scoring the questions were done according to point 1 to point 5. In this research, in order to measure the validity of questionnaire, content validity was use so that 10 questionnaires were given to experts and specialist critics in the field of organization agility and work organization. After analyzing their
opinion through Delphi method, edited questionnaires were given back to them and finally after taking into account their final opinion, the final questionnaire was edited and consequently content validity of the questionnaire was approved. In the current research, in order to determine the reliability of the questionnaire, Cronbach’s alpha of the questionnaire was calculated through SPSS 20 in which its value equaled to 0.89. Moreover, the value of Cronbach’s alpha for organization agility and work organization was calculated which were respectively 0.91 and 0.72.

4. Data Analysis

- Evaluating Measurement Model (External Model)

According to the results obtained from the PLS algorithm, the value of Cronbach’s alpha of all the variables presented in table 1 were more than 0.7, thus the internal correlation of the indicators are approved and all the blocks in the reflective model are one-dimensional. Also the value of compound reliability of all the constructs in table 1 is more than 0.7; as a result all the blocks are considered homogeneous. (Hair, Anderson & Tatham, 1998). The minimum value of the average variance extracted (AVE) which was equaled to 0.5 approves convergent validity (Fornell & Larcker, 1981; Raza & Hanif, 2013; Ali & Raza 2015). According to the results of table 1, convergent validity of the model is approved because the value of the AVE column is more than 0.5.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Number of Items</th>
<th>Range of Loadings</th>
<th>Cronbach’s alpha</th>
<th>Composite Reliability</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robust strategy</td>
<td>8</td>
<td>0.58-0.81</td>
<td>0.73</td>
<td>0.83</td>
<td>0.74</td>
</tr>
<tr>
<td>Adaptable design</td>
<td>9</td>
<td>0.64-0.86</td>
<td>0.71</td>
<td>0.77</td>
<td>0.61</td>
</tr>
<tr>
<td>Shared leadership and identity</td>
<td>12</td>
<td>0.59-0.83</td>
<td>0.82</td>
<td>0.86</td>
<td>0.58</td>
</tr>
<tr>
<td>Value-creating capabilities</td>
<td>11</td>
<td>0.57-0.85</td>
<td>0.72</td>
<td>0.73</td>
<td>0.69</td>
</tr>
<tr>
<td>job demand</td>
<td>6</td>
<td>0.61-0.74</td>
<td>0.70</td>
<td>0.72</td>
<td>0.52</td>
</tr>
<tr>
<td>job control</td>
<td>6</td>
<td>0.59-0.74</td>
<td>0.76</td>
<td>0.77</td>
<td>0.61</td>
</tr>
<tr>
<td>Skill variety</td>
<td>5</td>
<td>0.59-0.81</td>
<td>0.81</td>
<td>0.86</td>
<td>0.83</td>
</tr>
<tr>
<td>Job uncertainty</td>
<td>5</td>
<td>0.61-0.74</td>
<td>0.82</td>
<td>0.85</td>
<td>0.79</td>
</tr>
<tr>
<td>jobComplexity</td>
<td>3</td>
<td>0.58-0.61</td>
<td>0.85</td>
<td>0.88</td>
<td>0.58</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>1: Robust strategy</td>
<td>0.860</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2: Adaptable design</td>
<td>0.342</td>
<td>0.781</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3: Shared leadership and identity</td>
<td>0.451</td>
<td>0.394</td>
<td>0.761</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4: Value-creating capabilities</td>
<td>0.541</td>
<td>0.368</td>
<td>0.541</td>
<td>0.830</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5: Job demands</td>
<td>0.128</td>
<td>0.280</td>
<td>0.121</td>
<td>0.310</td>
<td>0.721</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6: Job control</td>
<td>0.231</td>
<td>0.265</td>
<td>0.432</td>
<td>0.277</td>
<td>0.366</td>
<td>0.781</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7: Skill variety</td>
<td>0.105</td>
<td>0.158</td>
<td>0.364</td>
<td>0.174</td>
<td>0.402</td>
<td>0.301</td>
<td>0.911</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8: Job uncertainty</td>
<td>0.390</td>
<td>0.238</td>
<td>0.247</td>
<td>0.205</td>
<td>0.297</td>
<td>0.515</td>
<td>0.42</td>
<td>0.888</td>
<td></td>
</tr>
<tr>
<td>9: JobComplexity</td>
<td>0.291</td>
<td>0.264</td>
<td>0.180</td>
<td>0.387</td>
<td>0.351</td>
<td>0.377</td>
<td>0.198</td>
<td>0.32</td>
<td>0.761</td>
</tr>
</tbody>
</table>
divergent validity analyzed through Fornell& Larcker’s criteria, according to table 2 (table of the correlation of latent variables) it is observed that square average (AVE) for each construct is more than its correlation with other constructs and thus the divergent validity of the construct is approved (Chin, Gopal& Salisbury, 1997).

- **Evaluating Structural Model (Internal Model)**

According to the results obtained from Bootstrapping which can be observed in table 3, the hypothesis H with values of ($\beta= 0.64$) and ($t=14.4$) in the level of $p<0.001$ is significant. So organization agility has positive effect on work organization. The hypothesis H1 with values of ($\beta=0.315$) and ($t=12.9$) in the level of $p<0.001$ is significant, so Robust strategy has positive effect on work organization. The hypothesis H2 with values of ($\beta=0.271$) and ($t= 16.8$) in the level of $p<0.001$ is significant, so adaptable designs has positive effect on work organization. The hypothesis H3 with values of ($\beta= 0.218$) and ($t=11.9$) in the level of $p<0.001$ is significant, so shared leadership and identity has positive effect on work organization. The hypothesis H4 with values of ($\beta=0.310$) and ($t=12.4$) in the level of $p<0.001$ is significant, so value-creating capabilities has positive effect on work organization. The results of data analysis can be observed intuitively in figure 2. As it is observed shared leadership and identity has had the most effect on organization agility and for the variable of work organization, job uncertainty has had the most significant role. Job demand among other components of work organization has had the least effect.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Path Coefficient ($\beta$)</th>
<th>t-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H: Organization agility</td>
<td>***0.64</td>
<td>14.4</td>
<td>Supported</td>
</tr>
<tr>
<td>H1: Sustainable strategy</td>
<td>***0.315</td>
<td>12.9</td>
<td>Supported</td>
</tr>
<tr>
<td>H2: Adaptable designwork</td>
<td>***0.271</td>
<td>16.8</td>
<td>Supported</td>
</tr>
<tr>
<td>H3: Shared leadership and identity</td>
<td>***0.218</td>
<td>11.9</td>
<td>Supported</td>
</tr>
<tr>
<td>H4: value-creating capabilities</td>
<td>***0.310</td>
<td>12.4</td>
<td>Supported</td>
</tr>
</tbody>
</table>

5. **Conclusion**

The research intended to analyze the relationship between organization agility and work organization in different branches of Saman Bank in Isfahan.

As the research done by Worley & Lawler in 2010 indicates, organization agility factors influence work force. In the present research, such factors with components of work organization in branches of Saman Bank in Isfahan were taken into account. In the current research, having taken into account the required considerations, data were collected through questionnaire. For data analysis and testing the hypotheses structural equation (confirmatory factor analysis) and PLS method was used. The results of data analysis indicate that there is relationship between organization agility and its dimensions and work organization, thus it is suggested that Saman Bank take into account the following proceedings:

Bank management must design informal and face to face and one to one channels in spite of formal and official affairs to establish a communication among major manager and employees from different levels of organization in order that he communicate with each employee.

In order to improvise components such as speed in decision making, hard effort and creation in work structures of employees it is suggested that Saman bank review its reward system through redesigning it so that rewards dedicated to each employee will be tied to his performance components and will be paid accordingly.

In order to speed up the performance of organization changes, it is suggested that the authority to make decision about job domains of employees be assigned to themselves and provide a condition which gives the option to choose the method to do their job.
Figure 2: Analysis Results

***P<0.001
References


Sinha, K. K., & Van de Ven, A. H. (2005), 'Designing Work Within and Between Organizations', Organization Science, 16(4), 389-408.


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