



New Trends and Issues Proceedings on Humanities and Social Sciences



Volume 4, Issue 10, (2017) 110-117

www.prosoc.eu

ISSN 2547-8818

Selected Paper of 6th World Conference on Business, Economics and Management (BEM-2017)
04-06 May 2017, Acapulco Hotel and Resort Convention Center, North Cyprus

Organisational agility and KM strategy: Are they effective tools for achieving sustainable organisational excellence?

Nibedita Saha ^{a*}, Tomas Bata University in Zlin, Nad Ovcirnou 3685, 76001 Zlin, Czech Republic

Ales Gregar ^b, Faculty of Management and Economics, Tomas Bata University in Zlin, Mostni 5139, 76001 Zlin, Czech Republic

Petr Saha ^c, Tomas Bata University in Zlin, Nad Ovcirnou 3685, 76001 Zlin, Czech Republic

Suggested Citation:

Saha, N., Gregar, A. & Saha, P. (2017). Organizational agility and KM strategy: Are they the effective tool for achieving sustainable organizational excellence? *New Trends and Issues Proceedings on Humanities and Social Sciences*. 4(10), 110–117.

Selection and peer review under responsibility of Prof. Dr. Çetin Bektaş, Gaziosmanpasa University, Turkey
©2017 SciencePark Research, Organization & Counseling. All rights reserved.

Abstract

This paper deliberates the influence of organisational agility (OA) on knowledge management (KM), which enables organisations to survive and achieve their competitive advantage through developing and integrating the KM strategy and sustainable knowledge transfer capability. Currently, the conception of agility has become widespread in organisational performance and in the knowledge development process. How organisations define an agile knowledge development process, how we know that an organisation's KM strategy is agile and how we can assume that an organisation can achieve and sustain their excellence through OA and KM strategy are the questions addressed in this paper. It presents the concept of OA of KM and provides an approach for the significance of this agility, with a knowledge development approach that appraises the agility as an amalgamation function. It combines the competence of individual and organisational presentation and other complementary aspects.

Keywords: Competencies, competitive advantage, efficiency, effectiveness, knowledge management, organisational agility, strategy, organisational performance.

* ADDRESS FOR CORRESPONDENCE: **Nibedita Saha**, Tomas Bata University in Zlin, Nad Ovcirnou 3685, 76001 Zlin, Czech Republic.

E-mail address: nibedita@uni.utb.cz / Tel.: +420 603965273

1. Introduction

The impact and importance of organisational agility (OA) have been included with the impression of knowledge development process that strives for increasing the competence of an individual and organisational performance. Presently, the most pioneering and forward-looking organisations are under great pressure to work in a dynamic environment, with continually changing unstable events, to invest their valued time and energy on knowledge capture and knowledge sharing activities that deliver them with instant and recognisable advantage. Under these circumstances, competitiveness and innovation have become a burning topic of academic, business and managerial debates with regard to be agile and be able to sense and respond to market changes quickly and smoothly to maintain their effectiveness, i.e., organisational excellence (OE). Wherever, OA is accountable for high ability to adapt, the ability to recognise change in the marketplace and allocate resources to take advantage of that change. Mousavi (2009) noted that OA is the ability to succeed in an ever-shifting surrounding. It stresses rapid and innovative response to market change, becoming a gateway to respond to market uncertainties and opportunities (Chung *et al.*, 2012; Dunlop-Hinkler *et al.*, 2011). According to Najrani (2016), OA can facilitate firms' performance through different active ways such as: reactive, proactive, interactive and innovative suppleness. For an organisation to succeed in a global market, it has to master all three agilities and apply the one that can profit them the most. Similarly, Yeganegi and Azar (2012) stated that nowadays, organisations need to have the capability to face the continuous turbulent environments through its agility. As agility provides the governance with the possibility of immediate response and compatibility with the environment and leaves the system to improve its efficiency. Hence, it has become essential that organisations with an awful situation need for light movement of human capital should be characterised with sensing agility, decision-making, and agility in carrying out the work properly (Izza, Imache, Vincent & Lounis, 2008; Nafei, 2016).

On the other hand, one of the most important competencies that can help organisations or firms to generate, endure and share knowledge is very slow compared to other organisations that can create and maintain a sustainable organisational advantage. From the organisational competitiveness point of view, knowledge is raised as a key for organisational competitions. Conferring to Salavati and Reshadat (2014), in recent years, various organisations and companies have started to connect the knowledge process and novel concepts such as knowledge work, knowledge workers, knowledge management (KM) and organisation of knowledge to promote the severity of this operation, i.e., organisational capability enhancement.

From the point of business perspective, KM is seen as a business activity with two primary aspects, i.e., bonds with other business activities as core business concerns in strategy, policy and practice; and bonds with creating a direct connection between an organisation's intellectual capital and the positive outcomes of the business (Keshavarz, Heydari & Farsijani, 2015). Equally, KM is somehow an erratic term, since knowledge cannot be 'managed'. Merely, it is possible to handle different classes of knowledge work with the following resources such as: identification, acquisition, development, distribution, convention and preservation. Where, human resources, their knowledge, skills and abilities are indeed an important management tool for an organisation to sustain its performance and development. Therefore, it has been observed that the sustainability and excellence of an organisation require facilitation and development of knowledge. Consequently, managers should think over the strategy of organisational intelligence and brilliance that enables organisation's brain power as learning, communication and KM with a newfangled concept of performance-driven organisation (Hashemi *et al.*, 2010). Alhadid and Abu-ruhman (2015) also pointed out that organisational performance improvement can be accomplished through proper utilisation of organisation's financial capital and human capital, leading to achieve the greatest possible return to the organisation as well as the improvement of the organisational performance.

In our study, we focus on three dimensions: OA, KM strategy and OE. The theoretical framework of this study induces various approaches and models concerning OA, an organisational performance

development approach that comprises KMs strategic approach and organisational progress attitude to efficiently respond to the dynamic world. In order to survive and achieve competitive advantages, nowadays, it is essential for organisations to be able to innovate, renovate and integrate new knowledge that endow them to ensure the ability of an organisation’s sustainability, organisation’s learning and performance development, i.e., OE. To better comprehend the approach of OA in KM strategy, this paper attempted to propose, through a review of the literature and available project documents, some common elements and features in the pattern and practices of OA for performance development. It proposes some distinctive stimuli for successful practices of organisational learning and its competency, better interpersonal relationships, internationalisation and externalisation of knowledge; based on the above-mentioned researchers view point that enables to develop organisational performance and sustainability; as well as enriching managerial capability and relative performance which hasten them to achieve the sustainable OE.

1.1. Overview of OA and KM approach

The aim of this paper is to explore and investigate the impression of OA and KM strategy as an identical perception of knowledge & innovation-driven OE. The key to achieve OA depends on the stamina of an organisation’s systems and its processes. As, in general term ‘sustainability’ means endurance of schemes and progressions. Hence, it can be said that sustainability of an organisation can be contingent on its agility. The agile process of an organisation promotes sustainable development. Similarly, organisational knowledge means, the ‘intellectual capital’ of an organisation that enable to enhance organisational strategic progress through its existing human capital’s (human resources) innovative capability. In the phase of an organisational goal setting, it has been observed that typically the focus is concentrated on the key performance indicator of an organisation’s actions, i.e., organisational competitiveness that enhance and facilitate the relative performance and excellence from the entire coherence (Abbaspour, Golabdoost, Golabdoost & Golabdoost, 2015). The depicted Figure 1. demonstrates the synchronisation of knowledge managing proficiency and the ability of an organisation, how rapidly and cost-efficiently they can adapt to market and environmental changes in order to take competitive advantage of opportunities and control jeopardy.

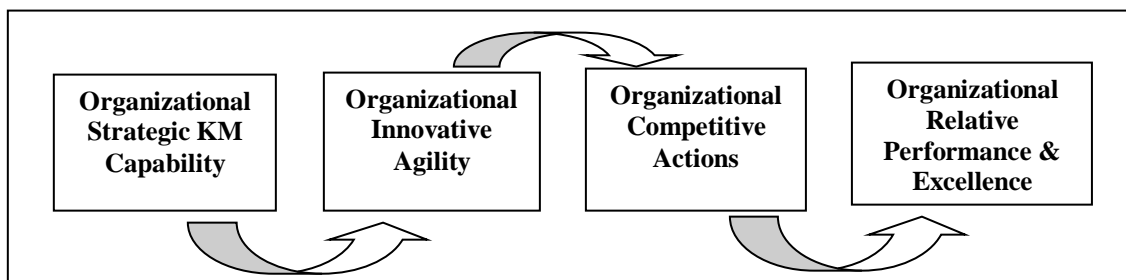


Figure 1. The harmony of organisational KM ability and managerial agility in OE

In order to address the importance of organisational KM capability as well as the managerial agility of an organisation, research shows, that generally high-performing organisations embrace five different specific objectives of operational excellence in order to create and sustain OE during their development process. These are as follows:

- Designing for organisations economic and strategic value
- Designing for organisations multiple domains
- Designing for organisations flawless execution
- Designing for organisations adaptability
- Designing for organisations sustainability.

As currently, the need for operational excellence and OA turns out to be the key dimensions and distinctive features of OA and KM approach, its advantages and goals of organisational learning, strategic KM practices among motivated performance oriented organisations' different priorities and characteristics simplify the sustainable organisational learning and organisational competitiveness (Mische, 2000). According to Appelbaum, Calla, Desautels & Hasan (2017), managers should consider agility as an overarching principle guiding strategic and operational activities. So, that fostering agility-enhancing organisational capabilities, which will be paramount in ensuring the successful integration of agility as a performance enhancing paradigm.

2. Research methodology

This study mainly addressed the combination of both empirical evidence and inductive reasoning. Empirical argument depicts the methods of obtaining information and data (knowledge). The inductive reasoning displays the degree of support in the sort of probabilistic reasoning, i.e., (collective approaches of OA and KM strategies).

2.1. Definition of KM strategy used in this research

The primary goal of this study is not an examination of different researcher's opinion and arguing along the basis of OE that has shifted from tangible and physical resources to a more focus on intangible and knowledge assets. Where, knowledge has become the major driver of organisational performance and the systems as well as process that take into consideration of such valuable assets which are handled, developed, leveraged and employed a key core capability of an organisation. The definition of 'KM strategy' used in this research is to identify the organisation's intellectual capital and organisation's systems and procedures that enhance individual employees' awareness of organisation's mission, vision, plans and make them flexible and nimble in knowledge development and procurement. To address the consequence and significance of OA in a business, it is required to emphasise that through organisational knowledge, nowadays, organisations' have to face the ever-changing challenges of business to enhance survival and growth of the organisation that can monitor external organisational knowledge and development of internal organisational knowledge (Shayan & Ghasemizad, 2015). This study mainly emphasises the significant relationship between OA and organisational intelligence (KM). The relative support is reflected on restraining the role of organisational knowledge and its influence in organisational intelligence and organisational agility.

3. Results and discussion

The conceptual aspects and determinant factors of both the OA and KM strategy show the key elements of organisational performance development that empowers a firm's organisational capability to rapidly accomplish their sustainable organisational success and enhance competitive advantage. The main investigation of this study discusses about the potential and responsive contribution of OA. The distinguishing tasks and features of OA could be the advantages for organisations' capability enhancement and organisational performance development in relation to the implementation of KM strategy, i.e., (Organisational intelligence, employees effective, initiative and innovative skills). The findings from the organisational behaviour and KM literature, (originated on the opinion of the different national and international scholars, academics & policy-makers, business firms and research groups) have generally given a reasonable overview about the conceptual aspects of

organisational agility. Correspondingly, the key priorities of OA reflect on the certain agile characteristics of an organisation (i.e., consistency and reduction of complexity), (i.e., learning capability enhancement that enhance responsiveness to overcome the challenges), (i.e., innovative capabilities that enhances organisational accountability and operational excellence) for sustaining organisational as well as individual competency. i.e., OE. It is necessary to mention that organisation agility is an important concept in today's business world that stimulate an organisation for quick response to change and uncertainty in an environment, where organisations need to perform and overcome obstacles or gain and win opportunities.

3.1. The synergic effect of OA and KM strategy stimulates sustainable OE.

The positive synergetic impact of OA and organisational KM strategy and competencies accentuates OE. In order to justify, whether the presence of OA can really empower to influence the organisational performance enhancement (excellence) that can be considered as an important factor for achieving the competitive advantage or not; whether organisational learning and KM strategy and its HR activities support the development of managerial skills and competence of the organisation or not; whether the initiatives provided by the KM system in the organisations are effective or not.

The Figure 2, tries to represent that OA approach could be an influential tool to foster organisational, operational skills as well as individual competence, i.e., organisational learning and organisational innovativeness. Equally, KM strategy could be an effective mechanism for organisational knowledge acquisition, association and application that empower to improve organisational process and performance by creating strategic foresight and systematic insight. The presence of organisational knowledge development attributes and OA priorities that complement the coordination and integration within the organisation in one way. On the other hand, the advantages of KM strategy reinforce managerial and operational skills, i.e., individual competence, group competence and organisational competence of an organisation by improving organisational learning, through agility, i.e., (responsiveness) (Saha, Chatterjee, Gregar & Saha, 2016).

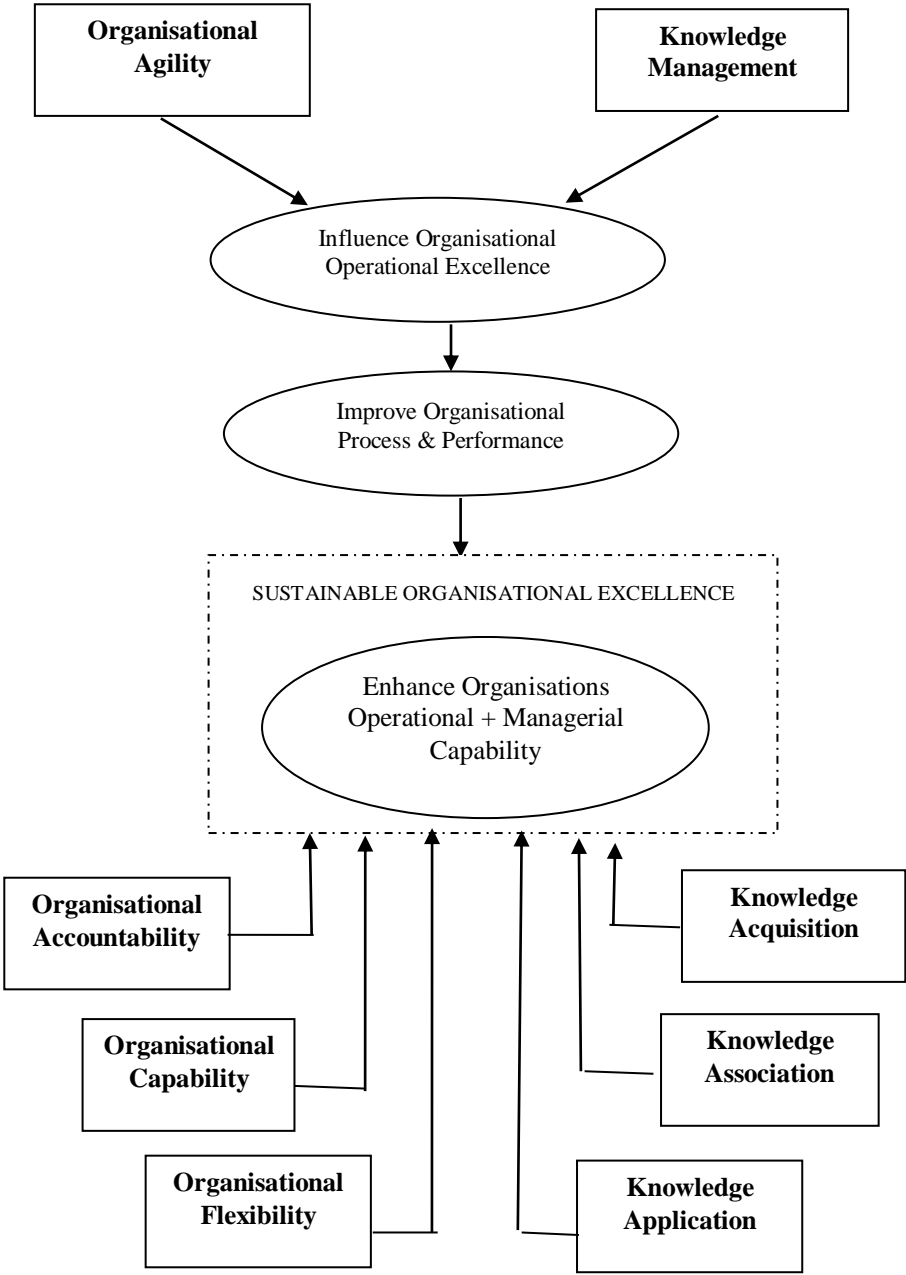


Figure 2. The synergistic effect of OA and KM strategy stimulates sustainable OE

In order to justify whether the agility of an organisation and strategic qualities of KM can actually empower the sustainable organisational performance and competence (OE) or not, the issue of OA and KM strategy leads to the formation of following three important research assumptions (RAs) such as:

RA1: Considered that OA and KM strategy of an organisation act as a significant aspect for achieving the OE, i.e., (organisational accountability and knowledge acquisition)

RP2: Indicates that OAs distinctive characteristics support and strengthen the organisational coordination and integration of operational and managerial skills proficiency to achieve sustainable organisational capability i.e., (organisational capability and knowledge association)

RP3: emphasised that organisational knowledge can enhance organisational learning and performance through transformation, application, embedding, and protecting of managerial knowledge as a set of various processes to attain performance, i.e., (OA and knowledge application).

To better understand the leading components of OA and its functionality within the organisation, Sambamurthy, Bharadwaj & Grover (2003) emphasised on two specific organisational capabilities, i.e., alertness and responsiveness. Alertness encourage strategic foresight and systemic insight within the organisation, in order to anticipate the gaps in the business environment, marketplace and to overcome the impending disruptive moves created by the competitors. Whereas, according to Dove (2015), responsive capabilities refer to the selection of actions and competences of an organisation that enable them to react against the relevant change when it is detected or to foresee it in advance. Alternatively, good response ability requires organisational intelligence (knowledge) in decision making, and widespread value propositioning skills. In addition, Stifayi (2014) mentioned that conferring to Newman model KM includes four dimensions of knowledge creation, knowledge storing and transfer of knowledge application. In short, it can be indicated that KM and competency of human resources skills abilities and initiatives are valuable assets of an organisation, and human resource actions (individual performance) are the major tools through which organisations can exploit their expertise, attitudes, and behaviours of people in order to fulfill organisational purposes quickly, flexibly and capably, i.e., organisational agility. (Shayan & Ghasemizad, 2015; Teimouri, Jenab, Moazeni & Bakhtiari, 2017).

4. Recommendation and conclusion

This research suggested that OA and KM approach could be a very stimulating and sophisticated approach for the organisations of twenty-first century that has a great impact of KM strategy on OA and sustainable competitive advantage. To accomplish organisation's competitiveness and enhance sustainable OE, this study observed some propositions which show that it is important that the KM strategy of the organisation should be made on a comparable knowledge interpretation, knowledge dissemination to ensure not only the organisation's success but also its sustainability. Therefore, there is a critical need for business leaders to assess their talent (innovative skills and abilities) constantly, in order to determine whether the appropriate expertise is needed to accomplish the business strategies existing within the organisation or not. If not, then how to identify the skills of current employees for developing within the organisation to perform better, according to the level required for the organisation to be competitive. In order to solve this problem about how organisations can successfully deal with an unpredictable and constantly changing environment, this study tries to provide some evidences of how organisational knowledge and learning practices can facilitate and influence positive impact on individual competencies that encompasses organisational intelligence on KM.

Finally, it can be said that the vibrant style of KM leads to better business performance through four KM resources, i.e., technical, human, cultural and structural. The KM capability is related to OE (competitive advantage). Therefore, organisations must build a strategy around their KM so that it can reflect their competitive strategy.

Acknowledgements

Authors are thankful to the Internal Grant Agency of FaME TBU No. RO/FaME//2016/07 (The Improvement of Organisational Performance by Human Capital Management) for financial support to

carry out this research. The first author is thankful to the Director of University Institute for providing management support system and infrastructural facility to carry out this research. Also, the first author dedicates this study to her only beloved son 'Kanishka Binayak Saha'.

References

- Abbaspour, A., Golabdoust, A., Golabdoust, N. & Golabdoust, T. (2015). A study on the relationship between organizational intelligence and organization agility in Tehran university of medical sciences. *International Journal of Asian Social Science*, 5(11), 626–640.
- Alhadid, A. (2016). The effect of organization agility on organization performance. *International Review of Management and Business Research*, 5(1), 273–278.
- Appelbaum, S. H., Calla, R., Desautels, D. & Hasan, L. (2017). 'The challenges of organizational agility (part 1)'. *Industrial and Commercial Training*, 49(1), 6–14.
- Chung, T.-T. et al. (2012). *Knowledge creation and financial firm performance: mediating processes from an organizational agility perspective*. Paper presented at 45th Hawaii International Conference on System Science (HICSS) (pp. 3622–3631).
- Dove, R. (2005). Agile enterprise cornerstones: knowledge, values, and response ability. In Richard Baskerville (Ed.), *Business agility and information technology diffusion*. Germany: Springer.
- Dunlop-Hinkler, D. et al. (2011). The role of technology agility on business processes and organizational abilities. In *Proceedings of the First IEEE International Technology Management Conference (ITMC 2011)*.
- Izza, S., Imache, R., Vincent, L. & Lounis, Y. (2008). An approach for the evaluation of the agility in the context of enterprise interoperability. In K. Mertins, R. Ruggaber, K. Popplewell. & X. Xu (Eds.), *Enterprise interoperability III*. London, UK: Springer.
- Keshavarz, S., Heydari, M. & Farsijani, H. (2015). The strategic factors of knowledge management success in achieving organizational agility on the model (APQC) (Case study: automotive-related companies). *European Online Journal of Natural and Social Sciences*, 4(1). Special Issue on New Dimensions in Economics, Accounting and Management. ISSN: 1805-3602.
- Mische, M. (2000). *Strategic renewal: becoming a high-performance organization*. Prentice Hall PTR ISBN: 139780130219190.
- Mousavi, N. H. (2009). The role of human resource management at organizational agility. *Journal of Industrial Management Faculty of Humanities, Islamic Azad University of Sanandaj*, 111, 127.
- Najrani, M. (2016). The endless opportunity of organizational agility. *Strategic Direction*, 32(3), 37–38.
- Saha, N., Chatterjee, B., Gregar, A. & Saha, P. (2016). The impact of SHRM on sustainable organizational learning and performance development. *International Journal of Organizational Leadership*, 5(1), 63–75.
- Salavati, A. & Reshadat, S. (2016). The relationship between knowledge management and organizational agility in the branches of bank Tejarat in the city of Sanandaj. *Indian Journal of Fundamental and Applied Life Sciences*, 4(s1), 1051–1065. ISSN: 2231–6345.
- Sambamurthy, V., Bharadwaj, A. & Grover, V. (2003). Shaping agility through digital options: reconceptualizing the role of information technology in contemporary firms. *MIS Quarterly*, 27(2), 237–263.
- Shayan, R. & Ghasemzad, A. (2015). The relationship between organizational intelligence and knowledge management and their impact on organizational agility. *Science Journal (CSJ)*, 36(3). ISSN: 1300–1949.
- Stifayi, S. 2014. The relationship between knowledge management and organizational intelligence. *Future bank journal (future message)*, (6), 31–33.
- Teimouri, H., Jenab, K., Moazeni, R. H. & Bakhtiari, B. (2017). Studying effectiveness of human resource management actions and organizational agility: resource management actions and organizational agility. *Information Resources Management Journal (IRMJ)*, 30(2), 61–77.