Organizational agility and HRM strategy: Do they really enhance firms’ competitiveness?

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ABSTRACT

This article intended to emphasize and explicate the conceptual framework of organizational agility that discusses organizational spirit, capability, flexibility, nimbleness, and speediness. Whereas, the key activities of HR specialists involved in operational matters are progressively observed as a source of competitive advantage in today’s severely competitive and fast changing markets. Similarly, it has been a competitive marketplace expansion; thus, nowadays, the situation is really difficult to enhance sustainable growth for the firms’ side. Hence, the purpose of this article is to reveal that HR strategy enables organizations or firms to understand the value of internal and external customers, knowledge of competitors, products, technology, and sources of competitive advantage. It is all important to ascertain that the success of a business is founded along the belief that an organization achieve competitive advantage by making use of its people adequately and efficiently. Therefore, this article exemplifies some research propositions that how firms can respond rapidly and flexibly to the changing environment without facing market turbulence. Following this, the research aims to understand whether organizational agility and value of HR can really create a difference and influence on business performance. Finally, the result of this study highlights the importance of organizational agility and human resource’s effectiveness which have an influence on enhancing organizational performance and competitive abilities.

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Currently, most organizations are under tremendous pressure to work in a dynamic environment, with continually changing volatile events that have a great influence on the organization. Therefore, to survive and achieve a firms’ competitive advantage, now it is
essential for the businesses to be able to innovate and integrate new knowledge that enables them to become agile in order to ensure sustainability of organizational learning and performance development. This paper tries to identify and explore the effect of Organizational Agility (OA) on Human Resource Management (HRM) strategy that empowers organizations or firms to understand the value of internal and external customers, knowledge of competitors, products, technology, and sources of competitive advantage. Najrani (2016) observed that organizational agility can facilitate firms’ performance through reactive, proactive, and innovative agility. For an organization to succeed in a global market, it has to master all three agilities and apply the one that can profit them the most.

According to the report from the ‘Economist Intelligence Unit’ sponsored by EMC, almost 90 percent of senior executives understand that their organizations have to be responsive and reactive (i.e. agile) to flourish in the marketplace (The Economist, 2009), (Glenn, 2009). Moreover, the survey of ‘Economist Intelligence Unit’ also stated that, nowadays in the era of knowledge development, the sustainability of an organization depends on its core competency and its organizational awareness on market-based adaptability to survive. Being receptive to this situation, many organizations realize the relevance of strategic HRM to build technical infrastructures that provides them with repossession and dissemination of knowledge. Wherever, HR is accountable for letting the effect of recent trends in organizations and protecting them against the undesirable effects to meet the global challenges. This paper deals with two facets to unify the viewpoint and concept of HRM strategy such as organizational performance and organizational learning and organizational agility like organizational capability and organizational effectiveness in decision making that facilitates firms to achieve their competitiveness. On the other hand, it includes all the aspects of organizational agility, the ability to recognize change in the marketplace and allocate resources to take advantage of that change. While addressing the significance of organizational agility, it is necessary to mention that organizations can accomplish their competitiveness through three different approaches of agility such as reactive agility (i.e. organization’s responsiveness), proactive agility (i.e. organization’s effectiveness), and innovative agility (i.e. organization’s resourcefulness). The awareness of organizational agility shows the impact of nimbleness in manufacturing, quickness in dealing with the market setting, and flexibility in dealing with manpower and fitness in technology for stimulating organizational performance, whether financial or non-financial (Alhadid, 2016; Najrani, 2016).

The Literature Review
The theoretical framework of this study induces numerous approaches and models concerning organizational agility (OA), an organization’s performance development approach that includes HR approach and organizational progress attitude to efficiently respond the dynamic world. Relating to the notion of OA, researchers and practitioners from varied disciplines consider this issue as a multidisciplinary perspective. For example, Nejatian and Zarei (2013) highlighted that agility is an organization’s unique way of enhancing its competitive advantages in order to keep pace with the continuous changes of explosive markets. In addition, Khoshlahn and Ardabili, (2016) also identified that organizational agility plays an important role in the development process of organizational transformational leadership as well as organizational...
suppleness in order to have positive effect on organizational competitiveness. Similarly, Goldsby and Stank’s (2000) opinion on agility is that it discourses on a firm’s ability to responds its customers’ varying requirements. Where, organizational competency is noticeable by the capabilities of its adaptability and distinctive customer needs. Furthermore, concerning organizational responsiveness’ point of view, organizational agility can be considered as an emerging management development concept that placed organizational responsiveness towards dynamic and turbulent market opportunities which facilitate more space to respond to customer demand that is possible change or alter in a flexible way (Van Hoek, Harrison, & Christopher, 2001). Yeganegi and Azar (2012) addressed that organizational agility delivers the governance with the possibility of immediate response and compatibility with an environment which permits the system to improve its efficiency with their existing human resources. Therefore, it has become essential for the organizations to upgrade the KSAs (Knowledge Skills and abilities) of their human capital that measured with sensing agility, decision-making agility, and agility in carrying out work properly. Similarly, to achieve the objectives of the organization this activity should be done in such a way that makes them engaged at work devoting all their efforts, feelings, and realization (Markos & Sridevi, 2010; Warr & Inceoglu, 2012; Nafei, 2016).

Consequently, the question of organizational agility and human resource management strategy becomes a crucial component in evaluating and strengthening the overall capability of an organization’s efficiency. In this industrial evolution period, the concept of ‘organizational agility’ has become a key aspect of enhancing organizational skills, abilities, capabilities, and presentation through sustainable organizational learning and human resource strategy. Additionally, this study confers the essential elements and accomplishments of OA that enable firms to achieve and attain organizational knowledge in order to meet their operational matters; as well as to flourish their skills and abilities through identifying and responding the recent environmental challenges which has, nowadays, become critically an important issue to face the extremely competitive benefit. It is regarded as a key business factor and a potential enabler to an organization’s competitiveness. Therefore, this paper tried to address, through an overview and review of the literature, project papers, working papers, companies’ survey report, some common elements and distinctive features and practices of HR and its impact on OA for successful practices. It tries to present the concepts and the ways of sensing and acting with people strategically that benefit the organization by decision-making agility and developing cooperation within the learning organization and human resources management. Although, this research recommends that with the presence of an organizational agilities distinctive feature, business organizations are capable to achieve their differentiating rewards, i.e. (organizational enhancement, managerial development, and organizational knowledge development) which enable them to sustain and survive their business excellence.

**Organizational Agility**

To address the consequence and significance of organizational agility (OA) in a business, it is required to emphasize that current organizations have to face incessantly competitive challenges and turn them into business opportunities. Now the question is what is meant by
organizational agility? Organizational agility is a company’s/ firm’s ability to anticipate, sense, and respond to volatility in its markets in ways that create competitive advantage. More specifically, in today’s frequent uncertain markets, it can be said that agility can act as a remarkably prevailing tool concerning all categories and scopes of enterprises with the aim of attaining organizational competitiveness (Shill, Engel, Mann, & Schatteman, 2012). Sequentially, it is necessary to highlight that to compete in a rapidly changing world, HR will fundamentally reshape itself so that the function becomes a critical driver of agility. In this role, HR will enable a new type of organization—one designed around highly nimble and responsive talent. More exactly, according to “Accenture Company’s Strategy” report on HR drives the agile organization can be simply defined as a collective manifestation of organizational adaptability, organizational speed, and its execution technique (Silverstone, Tambe, & Cantrell, 2015).

Different Approaches and Components of Organizational Agility

Agility can be described as a series of capabilities and competencies of an organization’s human resources, which can enable them to enhance survival and growth of the organization in a business environment. Apart from these issues, one of the approaches that help organizations to enhance agility is human resource management (HRM) approach. The prime goal of this study is to find an answer to this issue that organizational agility and value of HR can really create a difference and influence on business performance. Hamidianpour, Esmaeilpour, & Firoozi (2016) explicated their outlook about the term “agility” as a means of swift, speedy, and dynamic actions of an organization that enhance its capability to perform their activities more quickly and in a profound way. Therefore, to cope with the current business environment, every organization should have the ability to produce at the same time with different methods with a short lifetime and ability to show efficient response to accept the changes, so that it can be called as an agile organization (Pan & Nagi, 2010). In another way, it can be said that the tactics of agility are the result for being aware of internal and external changes in a comprehensive form. It has the competent capability to use organizational human resources to show response to these changes at right time at the right place and in a flexible form (Braunscheidel & Suresh, 2009).

To better understand the main components of agility and its functionality within the organization, Sambamurthy, Bharadwaj, and Grover (2003) highlighted two specific capabilities which enhance the organizational capabilities, namely alertness and responsive capabilities.

Alertness encourages strategic foresight and systemic insight within the organization to anticipate gaps in the business environment, marketplace, and to overcome the impending disruptive moves created by competitors. Therefore, it is prerequisite for an organization to be prepared in advance to face their business encounters; as well as achieving the possible opportunity options, which can be conquered with their prevailing human capital, i.e. HR and their core competencies, i.e. knowledge, skills, and abilities. In short, it can be said that “systemic insight” refers to the capability to consider the interconnections between the organization’s capabilities and emerging market opportunities; whereas, “strategic foresight” is positively correlated with systemic insight. Responsive capabilities refer to the selection of
actions and competencies of an organization that enable them to react against the relevant change when it is detected or to foresee it in advance. Alternatively, good response ability requires intelligent decision making and sound value propositioning skills (Dove, 2005).

**HRM and its Strategic Role in Firms’ Performance**

To address the strategic role of human resource management (HRM), it is required to mention what does it mean by HRM? In response, it can be said that HRM is a set of a strategic and consistent approach to the management of an organization’s most valued assets. Where, people are considered as the backbone of an organization that collectively contribute to achieve its organizational performance. During 1980’s the intensification of HRM concept started to get its importance for inter-connecting the interpersonal relationship between the management of people and their performance. Meanwhile, HRM strategy has developed its significant role in the era of management science along with the period of societal development challenges that empower to achieve and promote its managerial prominence in the business world (Burma, 2014). According to Price (2004), the perception of HRM is merely an image of three main elements including human, resource, and management that does not confirm enough clarification. The term ‘human’ indicates that it has somewhat to do with people though management denotes to profession and organization domain. To sum up, the word “resource” is an extremely vague idea that many people face difficulty to understand it. Alternatively, in American Management Association’s book (McConnell, 2000), the role of HRM has been viewed as an organizational strategic part that is responsible for obtaining, retaining, and maintaining qualified employees. Henceforth, in these vibrant ever-changing world, it is demanding for an organization to fulfill its challenges and maintain its organizational success (Saha, Chatterjee, Gregar, & Sáha, 2016).

Regarding this matter, Loshali and Krishnan (2013), indicated that organizations, which determines the significance of HR and their strategic business approaches are more gainful in comparison to others. Therefore, it is necessary for an organization to consider their HR strategies for enhancing their organizational profits and delivering their business strategy across the organization that can influence on business. In order to achieve organizational performance and alignment, HR manager needs to devote adequate time for understanding the business strategy, competitors, technologies, and customers with the purpose of helping firms to gain their competitive advantage through HR practices; to design a planned set of HR practices and activities that can create a bond with each other and connect with the needs of the business (Steven, Anthony, Mark, & Brian, 1999; Wolfe, 1995).

**The Impact of HR on Organizational Agility and Sustainable Competitive Advantage**

A review of prior research on organizational agility (OA) and human resource management (HRM) reveals different kinds of issues including organizational effectiveness and organizational performance through organizational learning issues. Here, we summarize relevant literature on organizational agility and its significant tasks that unifies prior characterizations of the concept. Drawing on human resource management and its strategic approach, we proceed to develop a conceptual model (Figure 1), about the impact of HR on organizational agility that empowers firms to achieve sustainable competitive advantage.
Figure 1. Conceptual model about the impact of HR on Organizational Agility  
(Own interpretation: Based on the idea of Khandekar & Sharma, 2005)

Figure 1 illustrates the key dimensions of organizational agility and key driving forces of human resource management. OA consists of several key elements: They involve promptness and flexibility such as speed; responding to changes in the surrounding environment like adaptability; and marketing extraordinary relevance including implementation/execution. Similarly, HRM is the strategic management that leads a firm to achieve its goals through motivating and rewarding the employees. HRM consists of several driving forces and strategies that respond to meet global challenges, namely knowledge skills and abilities, i.e. organizational learning; strategic initiatives of human capital, i.e. strategic HRM; HR strategies and the strategic role of HR, i.e. strategic HR practices that encourage and stimulate businesses to achieve sustainable competitive advantage.

Method
This study mainly highlighted the collective approaches of organizational agility (OA) and HR strategies. Thus the principal address about the activities and functions of OA and HR has been done based on the combination of both empirical evidence and inductive reasoning. Empirical argument depicts the process of obtaining the knowledge. Exclusively, the similar approach to the inductive argument shows some level of sustenance in the form of probabilistic reasoning and the source of most scientific theories based on the contemporary approaches of organizational agility and HRM.
Definition of Organizational Agility Used in this Research

The definition of ‘Organizational Agility’ has been used in this research based on the influence of HR on organizational agility and in what way HR drive agile organizations that has been unite for the design of this survey. The principal aim of this study is not an examination of different researcher’s opinion and arguing along the basis of competitive advantage that has been moved and examining the comparative relationship from alertness and responsiveness to a more focus on adaptability, speed, and implementation. Where, HR strategies has become the major driving forces of business performance and the process that take into consideration such valuable assets which are managed, developed, and motivate a key core capability.

The consequences of this investigation manifest the key dimensions and distinctive features of OA and HRM approach, its advantages and goals of organizational learning, strategic HR practices among motivated performance oriented organizations’ different priorities, and characteristics that simplify the sustainable organizational learning and organizational competitiveness.

Results and Discussion

The main investigation of this study discusses the potential and responsive contribution of organizational agility (OA). The distinguishing tasks and features of OA could be the advantages for organizations’ capability enhancement and organizational performance development in relation to the implementation of human resource management strategy such as effective, initiative, and innovative skills. The findings from the organizational behavior and human resource management literature, based on the opinion of the different national and international scholars, academics, and policy-makers, have generally given a reasonable overview about the conceptual aspects of organizational agility. Equally, the key priorities of organizational agility reflect on the certain agile characteristics of an organization such as sensing agility that enhances awareness, decision–making agility that enhances responsiveness to overcome the challenges, and acting agility that enhances organizational promptness for sustaining organizational competitiveness as well as individual competitiveness. Competitive advantage as mentioned in Figure 2 which exemplifies that OA approach could be an influential tool/mechanism to foster individual competence, organizational learning, and organizational innovativeness that empower to improve organizational performance by creating strategic foresight and systematic insight. The presence of organizational learning attributes and OA priorities complement the coordination and integration within the organization in one way.

The advantages of HRM strategy reinforce managerial and operational skills, (i.e. individual competence, group competence, and organizational competence) of an organization by improving organizational learning through agility (i.e. responsiveness): Where, responsiveness states with the ability to react to a change in the environment in a timely manner by improving suppleness (i.e. flexibility). Following this, flexibility states as the ability to employ multiple techniques to succeed and the capacity to move flawlessly which specifies the hidden capability of an organization that can flexibly predict its numerous potentials through its ground-breaking ideas (i.e. innovativeness). Innovation in an organization refers to its advance capability and the talent of doing things in pioneering way. In the knowledge development
process, innovation has been found to be a distinct concept of agility as upbringings of competitiveness (Holsapple & Singh, 2001). Conferring to this conception, Almahamid, Awwad, and McAdams (2010) mentioned that in an organization, HR strategy and its administrative propositions always embraces certain conditions to measure the development, checklist and evaluate, link up the agile capabilities, and knowledge sharing practices for enhancing organizational responsiveness, attractiveness, and gaining competitive advantage.

Figure 2 displays the thematic model of exploring organizational agility and value of HR on firm’s competitiveness.

In order to justify, it is necessary to highlight whether the nimbleness of an organization and strategic qualities of HRM can really empower or not that influence the organizational performance enhancement (competence). It is necessary to distinguish, whether organizational competence can be regarded as an important component for achieving the competitive advantage or not; whether OA’s distinctive characteristics can really defend and strengthen the organizational coordination and consolidation (i.e. operational activities and managerial skills) or not; whether the initiatives provided by the HR system in the organizations are effective or not.

The issue of organizational agility and its impact on human resource management (HRM) leads to the recognition of three important research propositions or RPs; to this end, RP1 emphasizes that OA and HRM are the key factors in organizational performance development in recent times. Specially, to work comfortably in a quickly and constantly changing and the fragmented global market environment, through manufacturing high quality and effective performance management system. Nafei, (2016) demonstrated that OA is a set of procedures
that allow an arrangement to sense changes and react efficiently and effectively in timely and cost-effective manner in the interior and outside environments. Consequently, Seo and La Paz (2008) fascinated that sensing agility is an organization’s aptitude to identify, realize and recognize, then appreciate its organizational opportunities.

RP2 indicate that organizational performance in terms of flexibility and adaptability is achievable through organization’s activities, especially, from the resource based perspective to process-based perspective. Sherehiy, Karwowski, and Layer (2007) expressed that OA is derived from the performance characteristics of an agile organization and is rooted in two related concepts, namely organizational adaptability and organizational flexibility; where organizational adaptability mainly focuses on the way of an organization’s procedure and structure, and status of reinforcement influence its capacity to quickly adapt to its business environment.

RP3 stress that organizational and entrepreneurial learning are used to strengthen the organizational spirit (professional and managerial skills), and individual’s initiatives (strategic growth and innovative capabilities). It influences and concentrates (through organizational agilities and key dimension and priorities and facilitates and stimulates (through strategic HR practices initiatives and policies) to capture and identify opportunities and threats based on the interpretation of events along with the development of action plans. Conferring to this proposition, Houghton, Sway, Gray, Donegan, and Joshi (2004) exemplified that the task of decision-making seeks to gain the greatest opportunities and minimize the impact of threats on the heart of the organization. In another way, Kalan et al. (2016), further pronounced that through organizations faster learning process, they can also enable them to enhance their strategic development, where they can quickly empower their human resources to achieve their competitive advantage.

Conclusion
To conclude, it is essential to emphasize the fact that at the present time, the manifestation of organizational agility and the strategic role of human resource management concept along with the significance of organizational learning has been concerned with the perception of organizational performance development strategy. It pursues to escalate the efficiency and effectiveness of HR systems, organizational behaviour that constitutes a leadership concept, which acts as a vital stimulant for the individual and group capability developed in relationship with the organizational agility and organizational learning strategy. To accomplish firms’ competitiveness and enhance sustainable organizational learning, this study observed some propositions which shows that it is important for the HR strategy of the organization to be made on a comparable alignment to ensure not only the organization’s success but also its sustainability. Therefore, there is a critical need for business leaders to assess their talent (innovative skills and abilities) constantly to determine whether the appropriate expertise needed to accomplish the business strategies exist within the organization or not; if not, then how is it possible to identify the skills for developing the current employees within the organization to perform better according to the level required for the organization to be competitive. To solve this problem about how organizations can successfully deal with an unpredictable and constantly changing environment, the current study tries to provide some
evidences of how organizational practices and individual competencies can impact on organizational dynamism.

This study shows that human resource assets are the fundamental elements of success that they play a key role in the development of creating organizational agility. It is necessary to highlight that while considering human resources, strategic role, and its impact on organizational agility; decision makers of the organization are recommended to think about the capability to reconfigure and transform the employees to their business needs. The organization should be aware of the fact that they can stimulate the expansion of attitudes, behaviors, and competencies. The result of this study highlights the importance of organizational agility and human resource’s effectiveness, which have an influence on enhancing organizational performance and competitive abilities. Therefore, the key dimensions of organizational agility focused on the right kind of people at the right time and at the right place to access to proper KSAs, innovative capability of the individual employee, and technological expansion. The presence of HRM approach within the organization is considered to be a key player to enhance effectiveness, awareness, innovativeness, and competiveness. However, simultaneously, organizational learning and performance enhancement strategy plays a crucial role in speeding up of business, flexibility in decision-making, and becoming ready to adapt change in order to cope with the ever changing world. It is recognized that the added value of organizational learning process and strategic HR practices will lead the businesses and organizations to attain their competitive advantages through the transfer of specific individual knowledge to the collective knowledge and the other way around. Nowadays, agility is considered as the new tune of business development and business procurement. Through organizational agility companies will redesign themselves, so that they can gracefully pull up their existing resources when and where they would want to rapidly respond to changing business conditions. Thus, it is foreseeable that HR organizations of the future will have to reinvent the wheel to reinforce their talent management practices as well as driving agility in their organization and those who distress to do so may put their organizations in jeopardy. However, the subject matter that whether HRM Strategy is an enabler or act as an impeder of organizational agility still remains unanswered. Yet, it can be said that OA results from the performance characteristics of an agile organization and is embedded in three interrelated concepts, namely organizational rapidity, organizational adaptability, and organizational flexibility. Following this, organizational adaptability mainly focuses on the way of an organization’s procedure, structure, and status of reinforcement that influence its capacity to quickly adapt to its business environment.

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