INVESTIGATING THE IMPACT OF ORGANIZATIONAL AGILITY ON THE COMPETITIVE ADVANTAGE

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OPEN ACCESS

How to cite this paper: El Nsour, J. A. (2021). Investigating the impact of organizational agility on the competitive advantage. *Journal of Governance & Regulation, 10*(1), 153-157. https://doi.org/10.22495/jgrv10i1art14

ISSN Print: 2220-9352
ISSN Online: 2306-6784

Received: 24.12.2020
Accepted: 10.03.2021

JEL Classification: D02, D23
DOI: 10.22495/jgrv10i1art14

Abstract

The main purpose of this paper is to investigate the impact of organizational agility on the competitive advantage in Jordanian telecommunication companies. Data were collected from 460 participants through a survey questionnaire. Likert scale was used to measure the concepts of organizational agility and competitive advantage. The findings of the study indicated that organizational agility is related positively and significantly to the company's competitive advantage. Results of the study confirmed that organizational agility is increasingly becoming a critical factor in achieving sustained competitive advantage in such IT and the knowledge-intensive industry as the telecommunication sector. Telecommunication companies are advised to focus on developing organizational agility to acquire a competitive advantage.

Keywords: Agility, Organizational Agility, Competitive Advantage

Authors' individual contribution: The Author is responsible for all the contributions to the paper according to CRediT (Contributor Roles Taxonomy) standards.

Declaration of conflicting interests: The Author declares that there is no conflict of interest.

1. INTRODUCTION

In today's IT and networking business environment, telecommunication companies must acquire organizational agility for gaining innovation and competitive advantage. However, most knowledge and IT-intensive firms, especially those working in high-technology industries such as computing and telecommunications struggle to address their agility requirements internally and externally. Organizational agility is a firm's capability to quickly and flexibly respond to the business environment. Realizing that telecommunication companies vary in their organizational agility capabilities, researchers have urged for more study to elucidate agility antecedents to competitive advantage (Yaseen, Al-Janaydab, & Alc, 2018).

In recent years, many researchers have expressed direct attention to the issue of integrating organizational agility capabilities to performance, innovation, and sustainable advantage (Appelbaum, Calla, Desautels, & Hasan, 2017).

In this research, the term organizational agility refers to the capability of a firm to respond to unpredictable changes in the external environment, industry, or market with quick response and profitability (Holbeche, 2018). However, in such a dynamic industry as telecommunication, organizational agility depends much more on employees, managers, working culture, and technology (Mudili, 2016).

All these factors provide organizational agility to sense and react to environmental changes regarding customers, IT providers, stakeholders, and competitors (Nemkova, 2017; Dajani & Yaseen, 2016).

Thus, it may seem reasonable to assume that competitive advantage is associated with organizational agility where there is synergy amongst agility dimensions, agility antecedents, and competitive advantage. Therefore, the current research attempts to explore the relationship between organizational agility as a latent, multidimensional construct and a firm competitive advantage in Jordanian telecommunication companies.

The paper consists of an introduction, literature review in Section 2, research methodology in Section 3, research results in Section 4, and conclusion with discussion in Section 5.

2. LITERATURE REVIEW

2.1. Organizational agility

Organizational agility addresses a firm's dynamic capabilities that act as funnelling or screening procedures or routines for unexpected changes in the market or industry (Nejatian, Zarei, Nejati, & Zanjirchi, 2018). This means that firms can have a certain level of organizational agility related to their internal structures, processes, systems, and industry standards (Harraf, Wanasika, Tate, & Talbott, 2015). Thus, organizational agility has many dimensions including agile enterprise, agile workers, agile supply chain, agile customers, and agile services (Breu, Hemingway, Strathern, & Bridger, 2012; Zainal, Yousuf, & Salloum, 2020). Due to the remarkable impact of organizational agility, it received good attention in the literature. Researchers in seeking ways in facing uncertainty and dynamic changes have investigated how an organization can cope with uncertainty and react to environmental changes. They focused on flexibility which is related to an organization's ability to react and respond to internal factors and be able to change its process and structure to cope with changes in the environment (Jackson & Johansson, 2003; Sherehiy, Karwowski, & Layer, 2007; Breu et al., 2002). Therefore, researchers in business literature have addressed organizational agility from different perspectives and dimensions (Jackson & Johansson, 2003), such as workforce agility (Patil & Suresh, 2019), management agility (Buganová, Šimíčková, 2019), manufacturing agility (Schuh, Prote, Gützlaff, Ays, & Donner, 2019), and marketing agility (Khan, 2020). Firms capitalize on organizational agility to incorporate flexibility, speed, cost, and absorptive capacity. Yang and Liu (2012) identified four dimensions of organizational agility: customer relationship, enrichment-synergy between competition and cooperation, mastering unexpected environmental changes, and leveraging people through information sharing. Hence, developing organizational agility capabilities is an essential requirement in any learning organization seeking to be proficient in delivering computing and telecommunication services. Zhang and Sharifi (2000) suggested a theoretical framework that can be adopted through three major stages: agile drivers, dynamic capabilities, and agile providers. According to Zhang and Sharifi (2000), agility drivers refer to environmental changes in which businesses operate, and that drive businesses to sustain their competitive advantage. Dynamic capabilities refer to the characteristics or features that a firm possesses as potential capabilities for responding to agility drivers. These dynamic capabilities include dynamic abilities and absorptive capacity in which a firm can respond to drivers of change. Agile providers result from the gap analysis between change drives and capabilities. However, in the current research, organizational agility refers to the firm dynamic capabilities to respond to the internal and external changes in the businesses or market. Therefore, this research measures organizational agility using three main dimensions: speed, flexibility, and innovation ability.

2.2. Competitive advantage

Competitive advantage has been evolved from a relative advantage. It means having special capabilities or capacity to produce or introduce something new which may be a new service, new product, new method, or even new approach to customer or stakeholders. Competitive advantage is what enables companies to be effectively competing as well as the ability to innovate and to adapt to their changing environment. In other words, a firm's competitive advantage, associated with a company, occupies a specific position in the market or industry where the competitors cannot copy its competitive advantage sources and the company can gain sustainable advantages from this competitive advantage position. However, what makes a position a value advantage is when the agile company is properly aligned with a firm's human capital, relational capital, and structural capital components. According to Porter (1991), competitive advantage can be achieved by analyzing a competitive position in terms of five competitive forces and three competitive strategies: leadership strategy, differentiation strategy, and focus strategy. Nevertheless, in the telecommunication industry, customers have a privilege and power given by intensive competition, which forces telecommunication companies to be agile to meet customer's needs if they want to survive. Thus, the main hypothesis of this research is:

H1: Organizational agility is positively and significantly related to competitive advantage.

3. RESEARCH METHODOLOGY

3.1. Sample and measurement

This research is designed to investigate the relationship between organizational agility and competitive advantage. Accordingly, the telecommunication companies sector was chosen as the population for this research, which mainly consisted of all three main telecommunication companies in Jordan (Orange, Zain, and Umniah). The telecommunication sector's revenue is $1,363,502,459 and around 4225 employees work in the telecommunication sector. Also, around 17412 employees work in the ICT (Information and Communication Technology) and ITES (Information Technology Enabled Service) sector. The IT Investment is about $14,678,677 which contributes to the gross domestic product (GDP) by around 8.8% (for 2017)[1]. The volume of investment in the telecommunications sector is around 150 million JD including 124 million JD investments in mobile phones, providers of data and voice services, and other telecommunication services (for 2018)[2]. This increases the importance of the telecommunication sector in the Kingdom. Jordan is moving away from seeing ICT as an isolated sector and towards digitizing the entire Jordanian economy with emphasis on niche markets and global value chains[3]. There are three main operators providing mobile

[1] http://dos.gov.jo, http://moict.gov.jo
[2] http://trc.gov.jo
[3] http://www.ssif.gov.jo

telecommunication and internet service: Zain, Orange, and Umniah. The three companies compete in a relatively small market which increases the level of completion among them, and nearly acquire a close market share that ranges around 30%, which reflects the amount of competition between the three operators. The unit of analysis consisted of directors, managers, head departments, and supervisors. All these employees hold managerial positions in each company. The technique used in this study is the survey tool and which responses are collected through structured instrument from the sample. In general, the survey is linked with the deductive, positivism, and objectivism approaches.

All research constructs were measured on a five-point Likert scale ranging from strongly agree (5) to strongly disagree (1). The questionnaires were personally delivered to a total of 500 respondents. Questionnaires were then collected by the researcher and several assistants by hand. A total of 500 questionnaires were distributed, 460 questionnaires were received indicating a 92% response rate. The response varies between the three companies, while Orange and Umniah were very cooperative. Zain was not helpful and accepted only a limited number of questionnaires. All measures are adapted from previous studies, organizational agility items are adopted from Cegarra-Navarro, Soto-Acosta, and Wensley (2016), Nijssen and Paauwe (2012); the competitive advantage is adopted from Yaseen et al. (2018), Donate and de Pablo (2015).

3.2. Respondent's characteristics

The majority of the surveyed respondents (70.9%) enjoy relatively high levels of experience with a minimum number of 5 years reaching more than 15 years. The distribution of respondents according to their managerial positions was proportional to the relative size of the top and middle management levels: 32.6% occupied positions in the top management level; 13% in the middle; 67.4% in the first-line management. Furthermore, most respondents are well-educated holding undergraduate and postgraduate degrees (98.7%).

3.3. Validity and reliability

The face and content validity were assessed by ten academics in business departments in Jordan. Concerning construct validity, exploratory factor analysis was conducted to test components of the research constructs.

Table 1 illustrates the exploratory factor analysis results. An index of Kaiser's measure of sampling adequacy (0.926) and Bartlett's test of sphericity (*Chi-square* = 5165.3; *df* = 78; *sig* = 0.000) suggested that factor analysis is appropriate for analyzing the data. Based on the eigenvalue greater than 1, a factor model emerged that explains 78.753% of the total variance. After examining the pattern of the matrix of the EFA (exploratory factor analysis), all items had loadings greater than 0.5 and communalities greater than 0.5 (Yaseen, Dajani, & Al-Taee, 2015; Hair, Ringle, & Sarstedt, 2013).

Table 1. Exploratory factor analysis

Items	*Components loading*			*Crontsch's alpha*	*KMO*
AG1		0.816		0.947	0.926
AG2		0.814			
AG3		0.786			
AG4		0.643			
AG5		0.601			
SI1	0.78			0.877	
SI 2	0.820				
SI3	0.796				
SI4	0.762				
SI5	0.768				
R1			0.807	0.892	
R2			0.850		
R3			0.844		
Bartlett test of sphericity					
Chi-square = 516-346 *Df* = 78 *Sig* = 0.000					

4. RESEARCH RESULTS

Regression was conducted to test the main research hypothesis and to test the relationship between organizational agility and competitive advantage. The research findings indicate that *R-squared* = 0.577, *adjusted R-squared* = 0.576, and *F-value* = 624.646 with *p-value* = 0.000.

Furthermore, the current research findings indicate that organizational agility is positively and significantly related to competitive advantage (*standardized coefficient* = 760, *t* = 24.993, *p-value* = 0.000, *F -value*= 624.646). This result supports the research hypothesis.

Table 2. Regression analysis results

	Unstandardized coefficient		*T-value*	*Sign*	*Hypothesis*
	β	*Std. error*			
Constant	1.096	0.122	9.022	0.000	Support
Agility	0.731	0.029	24.993	0.000	

The slope (0.760) indicates that for an increase of organizational agility, there is an increase (0.760) in the competitive advantage. The square of the correlation coefficient indicates what proportion of the variability of the dependent variable is explained by the regression models. In this research, 0.576 of the variability in the competitive advantage is explained by organizational agility (Norusis, 2002).

5. CONCLUSION

This research aims to investigate the relationship between organizational agility and competitive advantage in Jordanian telecommunication companies. While previous literature has identified organizational agility as antecedents to performance and innovation outputs, this research examined the impact of organizational agility on a firm competitive advantage. The research findings indicate that organizational agility is positively and significantly influenced by competitive advantage. The research finding confirmed a widespread argument that organizational agility is increasingly becoming a critical factor in achieving sustained competitive advantage in such an intensive knowledge and IT industry as telecommunication. In short, organizational agility is essential potential and dynamic capabilities for achieving sustained competitive advantage in terms of agile capabilities such as flexibility, responsiveness, speed, the culture of change, high quality and customized services, and mobilization of core competencies in the telecommunication companies.

The research findings are in line with Nemkova's (2017) research and also Yang and Liu (2012) findings. However, the main contribution of this research is testing the relationship between organizational agility and a firm's competitive advantage. Furthermore, the current research provides practical implications to telecommunication companies intent to enhance their competitive advantage.

Telecommunication companies need to enhance their agility procedures, cultures, values, and tools to acquire a competitive advantage.

Like any scientific research, this study has certain limitations. Therefore, the findings of the study should be evaluated in light of those limitations. The study is conducted about three main telecommunication companies in Jordan, so caution should be exercised in generalizing the findings of this study. The study investigated the impact of organizational agility on competitive advantage, future studies may explore the impact of organizational agility on productivity, performance, and innovation of telecommunication companies in Jordan. However, this research is based on cross-sectional design method. Longitudinal research may provide further insights on how organizational influences competitive advantage in such a knowledge-based industry as telecommunications.

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