

## Organization's Tool For Creating Competitive Advantage: Strategic Agility

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**Abstract:** Surviving in today's fierce competitive environment for businesses requires adaptation to fast developing and changing conditions. These conditions include any subject in the market such as technology, communication, supply, production and consumption. Sustainability of businesses depends on their quick perception of every kind of change, taking required precautions and implementing before their competitors, which simply means their agility. Strategical agility is maintaining of the foresight of the company for internal and external environment, perception, flexibility and strategic sensitivity, more accurately and without deceleration. In other words, it is managing the change and rapid response. Since competition between companies occurs not only national aspect, but also in globally, creates a requirement of being agile for businesses. Companies can create advantages and extend their lifetimes by agile production with agile business models, quickly responding to customers' requests and serving their products/services to their customers in a faster way. In this study, the importance of having strategic agility in creating competitive advantage for businesses is going to be examined from different aspects and discussed in conceptual dimensions.

**Keywords:** Strategic agility, strategic sensitivity, rapid response, competitive advantage

### Örgütlerin Rekabet Avantajı Yaratma Aracı: Stratejik Çeviklik

**Özet:** Günümüzün acımasız rekabet ortamında işletmelerin ayakta kalıp varlıklarını sürdürebilmeleri, hızla gelişen ve değişen koşullara uyum sağlamalarını gerektirir. Bu koşullar, teknoloji, iletişim, tedarik, üretim, tüketim, pazar gibi her alanda ve konudaki değişimi içermektedir. İşletmelerin sürdürülebilirliği, her türlü değişimi hızlı algılamalarına, gereken önlemleri almalarına, hatta rakiplerinden önce uygulamalarına yani, çevikliğine bağlıdır. Stratejik çeviklik, işletmenin iç ve dış çevresiyle ilgili öngörü, algılama, esneklik ve stratejik duyarlılığın daha hassas ve hız kaybetmeden sürdürülmesidir. Bir başka ifadeyle, değişimi yönetmek ve hızlı yanıt vermektir. Rekabetin yalnızca ulusal boyutta kalmayıp, aynı anda küresel boyutlarda gerçekleşmesi işletmelerin çevik olmasını gerektirmektedir. İşletmeler, çevik iş modelleriyle, çevik üretim yaparak, müşteri isteklerine hızlı yanıt verip, ürün ve/veya hizmetlerinin tüketicilere hızlı ulaşmasını sağlayarak rekabette avantaj sağlayabilirler ve ömürlerini ortalamaların üzerine çıkarabilirler. Bu çalışmada işletmelerin rekabet avantajı yaratmada stratejik çevikliğe sahip olmalarının önemi çeşitli açılardan kavramsal boyutta ele alınacaktır.

**Anahtar Kelimeler:** Stratejik çeviklik, stratejik duyarlılık, hızlı yanıt, rekabet avantajı

#### 1. Introduction

Serving of highly developed opportunities in terms of communication technologies in current century, make producers and consumers both advantageous and disadvantageous. Communication and convenience of transportation makes almost any businesses rivals each other, different markets started to work as one big market even if the country borders are far away from each other. Although opportunities and threats appear at the same time, only the agile companies who sense the threats and benefit from opportunities before others.

Agility is not only producing and customizing the customer's demands in a fast way, but also being flexible, outspeed and be liable to technology,

innovation, communication, information technologies, workers, market and supply systems.

#### 2. Theoretical Frame

Initially, it will be useful to mention how and when the agility concept appeared. Then strategic agility concept can be discussed.

##### 2.1. Agility

The first appearance of agility concept was in a report called "21st. Century Manufacturing Enterprise Strategy Report", which was prepared for to solve the decline in US production industry and losing the competitive power by Roger Nagel, laocca Institute Director of Operations in Lehigh University, who leads this project. The report (1991) offered different strengthening solutions to

US production sector for next 15 years in 21<sup>th</sup> century and mentioned “agile production” in a comprehensive manner which emerged as a new production method in industrially developed countries. The vision of agile production technology can be a very powerful competition tool in a synergy with management and social values (Nagel, 1992. P1-9) Agile production is also defined as a production structure that brings the ability of success where businesses reacting and responding in a fast way to the changes in the market where changes are constant and unforeseen changes are regularly occur(Çetin&Altuğ,2005).

After that, agility was defined in a various terms by different academicians. Kidd(1994), defines agile production as “the production by several companies with same attempts who get together and combine the abilities and talents in terms of opportunities and resources which enable them to change fast and take shape”. At the same time Kidd, mentions agility (1995) can be used as a competitive advantage tool in changes happening around the market by fast responding with using of abilities and creation of new products and services thanks to transformation of information which is one of the main sources (Kidd,1996). Goldman, Nagel and Preiss (1995) explained agility as “dynamic, has a special context, focused on development including harsh changes”. It is not related with increasing of efficiency, reduction of costs or avoiding devastating competition trends. It is actually related with the existence of customer at the center of the success, profit, market share and trends. Nelson and Harvey (1995) indicated that “agility is a talent; it is a capacity of effective and fast response to unexpected opportunities and creating solutions for potential needs of an organization in the future.”

Yusuf, Sarhadi&Guneseakaran(1999) gathered the definitions of previous works that were looking from different perspectives and defined agility as a successful discovery depending on the competition basis that is appeared by integration of the best implementations in an environment full of information and restructured resources in order to

providing customer focused products and services in a fast changing market environment. The definitions for agility are sometimes seen to be used for agile production or agile competition. Yusuf et al. state that agility has for main concepts and these concepts are becoming basic concepts for agile competition, in their study which examines the definitions in 1999. These concepts are (Yusuf et. al,1999);

- Basic talent management
- Formation of virtual enterprises
- Ability of reshaping
- Information based initiative

As it can be understood from the explanations, agility, which can not only be thought as “speed”, is very large concept and required intense structural and layout changes (Güzel, 2013).

The study done by Jin-Hai,Anderson &Harrison(2003) discusses the evolution of agile production and explains that there is a transformation from mass production to lean manufacturing, then agile manufacturing and then real agile production phase was appeared (Figure 1). At the same time, they argue that real agile production consist of five critical elements (Jin-Hani et al,2003)

- Strategic processing
- Multiple-winners
- Integration
- Core competence
- Information Technology

Mohammed, Shankar & Banwet(2008) examined creation of the flexible-lean-agile value chain. Supply chain was forced to be constituted with respect to dynamics of environment of business, but these decisive conditions are not sustainable. Whereas agile supply chains can foresee the possible demand changes and respond easily to them while adapting to the higher standards

It can be understood that there have been different definitions for agility in different times and they are evolving in the course of time.

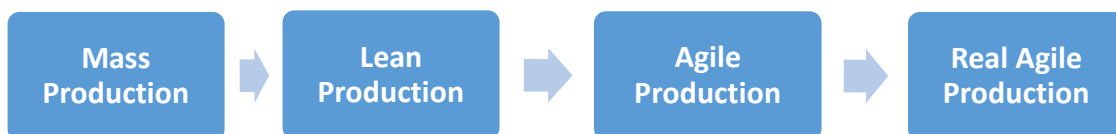


Figure 1 The Evolution of Agile Production

## **2.2 Strategic Agility**

Formerly companies created long term protection positions and gained competitive advantage. Currently, strategies of companies need agility in order to adjust different conditions and maintain the competition (Salih & Alnaji, 2014)

As Fliedner & Vokurka (1997), Overby et al. (2006) express that strategic agility is a very important determinant of the success of the organization. Strategic agility is the flexibility, fastness and abilities of the organization in order to reduce the business risks. It can be understood from that definition that strategic agility is related with the prospective operations of the enterprise (Ayub, Arzu, Iftekhhar & Hafeez, 2014). Just as Zang and Sahrifi (2000) state that the enterprises which are operating in different sectors, respond to the changes around them differently at the level of their strategic ability (Araza & Aslan, 2016). It is not wrong to say that this situation demonstrates the talent of agility of the companies. It can be seen from the literature researches that the concept of agility has evolved throughout the time and enlarged that capturing almost all activities' of company. On the other hand there have been empirical researches that indicate strategic agility boosts the competition performance of businesses (Oyedijo, 2012), (Sahil & Alnaji, 2014), (Ayub et al, 2014). The measurements take four dimensions which can be listed as organizational dimension, human dimension, technological dimension and planning dimension (Oyedijo, 2012).

Agility, as Christopher and Towill (2001) pointed out, is an ability within the business and even the company and it involves organizational structures, information systems, logistic processes, briefly all types of mindset (Araza & Aslan, 2016). Therefore, it is reasonable to mention organizational agility as well. The reason behind the need of agility for enterprises is the unforeseen and fast changes around them.

These are named as compellers of agility in many studies. Changes in the competition criteria and in the market became prominent as compellers of agility. In their examinations; Sharifi and Zheng (1999) state that change in expectations of customers by specific mass production as

compeller of agility and Yusuf and Adele (2002) indicate that peripheral pressures are also important figure of compellers. Positive and meaningful effect of these compellers to the performance of businesses are revealed in the work of Ustasüleyman (2008). It is crucial to have information about both internal and external environments and manage this information in order to respond quickly to these changes. Only through this processes companies can give realist reactions to the changes around them. Strategic agility can be implemented easily with scenarios that are prepared before and alternative strategies.

Agile organizations can provide more and better without ignoring cost, quality, speed, flexibility and inventiveness all together at the same time.

## **2.3. Strategic Management**

Strategic management became more important in today's continuously increasing competitive environment. Previously it had only been used by large and multinational private companies, however, after 1980, public sector and third sector (non-profit / volunteer organizations and sector) embraced it as well. The most important feature of strategic management is that it enables analyzing of both internal environment (the conditions of organization) and external environment (market conditions, strength of competitors, demands of customers, power of suppliers), since there is no chance for success for a business if it does not aware of it's own dynamics, systems and processes (Aktan, 2008). SWOT (Strength, Weakness, Opportunity, Threat) analysis is used when assessing internal and external conditions, portfolio analysis is implemented for strategy selection, search conference, brain storming, nominal group technique and Delphi technique can be used in decision making. The most important implementation is done by SWOT analysis during the phase of assessing the conditions, since the finding out the conditions in a right way is a keystone for the future decisions and defining the alternatives (Figure 2). Choosing right strategies and gaining competitive advantage are the basic strategic qualifications of businesses.

	<b>Internal Factors</b>		
<b>External factors</b>		<b>Strengths(S)</b>	<b>Weaknesses(W)</b>
	<b>Opportunities(O)</b>	SO Strategy	WO Strategy
	<b>Threats(T)</b>	ST Strategy	WT Strategy

Figure 2. SWOT Matrix and Strategies

#### 2.4. Competitive Advantage

Competitive advantage for a business, is the ability of over performing (more profitability, higher market share etc.) than its rivals (Deniz, 2014), since competition is an inevitable fact in today's world, it is meaningless to say "I am in the competition as well" as Barca(2002) expresses. Competition already exists and the important thing for the enterprise is acting with respect to questioning that how does the enterprise gain from competitive advantage and sustain this advantage constantly. Thereby, continuously analyzing the market and organization and developing implementations and actions according this analysis are gaining importance (Kumkale, 2014).

The factors that provide competitive advantage are different for each business. Theoreticians and researchers have diversified ideas and thoughts that are defending different ecoles in this issue. For instance, while business' positioning itself according to its environment or the conditions of the sector that is operating in (M.Porter) can bring competitive advantage in some circumstances, the basic abilities and resources belonging to the business can create competitive advantage in another conditions (Prahalan Hamel, Welnerfelt etc). It is very important to be in an advantageous position in the competition. However, using this advantage and transform into the superiority against competitors is more crucial.

#### 3. The Relationship Between Strategic Agility And Competitive Advantage

Competitive advantage includes the abilities, resources, relations and decisions that enable the business avoiding the threats in the sector and focusing the opportunities. Barney (1991) argues that in order to gain a sustainable competitive advantage for a business, the resources (monetary, organizational and human resources) of that business must have four features. These features can be listed as; being valuable, being rare, being

inimitable and being unsubstituted (Bal, 2010). At the same time, a business must be open for the flexibility, innovation and collaboration that can appear around it and make it to gain competitive advantage. It must also place importance on the issues such as; new product development, diversification of products, project management, using of virtual technologies, strategic cooperation and team work. While it must think outcome oriented, it should not ignore the advantageous and disadvantageous conditions in different processes. Observation, perception power and it's pace must be at a high level before anything else. The features that are mentioned above and shown in the table 1 which are the qualifications that are owned by the agile enterprises in administrative, resource or ability issues, are the crucial factors that give an enterprise in an advantageous positions than it's rivals in today's global competitive conditions.

Fast responses create competitive advantage, since conveying the product whether it is the same product or not to the customer creates time value. The motto of "late service is not a service" is very important. Creating novelties or innovation is important but making them first is vital. In order to reach the crème of the market, creating novelties and serving them to the customers in a rapid way is a crucial requirement (Akdemir, 2016). As Sekman and Utku state; "The growth and survival of a company with profitable and fast way depends on avoiding incorporate inertia and becoming an agile company.

As it is shown in table 1 and above, the features that are related with administrative, resource or ability issues are the ones that boost the business and make it advantageous against it's competitors. The businesses that ensure these advantages can reach the sustainable agility when they implement right strategies and make it as an organizational culture. Fourné, Jansen and Mom express the organizational and administrative dynamics, that establish strategic agility in the multinational enterprises existing in the settled and new emerged markets, as modular organizational

systems, holistic perspective in top management and human resource systems with high performance. Furthermore, strategic agility is also a distinctive entity, in other words a capital. Strategic agility enables foreseeing local opportunities, sharing and activation of global complementary resources and capturing local values. Therefore, it is possible to gain competitive advantage and renovation (Fourne et al,2014) Renovation of competitive advantage and repeating it can also be described as competitive

advantage as well. However, it can be observed that some companies which became bulky are experiencing stress in flexibility and pace. Therefore, the companies are getting smaller and acquire flexibility and pace by dividing the main firm and creating a subsidiary and independent companies which is a method called "spin-off" (Capital, 2006), even if it is not very common in Turkey. They can grow through downsizing and derive more profit to their shareholders.

Table 1 Features of Agile Enterprises: Organization and Workforce

Organization	Features
Authority	✓ Decentralized knowledge and control
	✓ Fewer power differentials (fewer titles, levels, status dimensions, etc)
	✓ Less adherence to authority and control
	✓ Loyalty and commitment to project or group
	✓ Authority tied to tasks
	✓ Authority change when tasks change
	✓ Wide span of control Rule
Rules and Procedures	✓ Few rules and procedures
	✓ Low level of formal regulation (in respect to job description, work schedules)
	✓ Fluid role definitions
	✓ Informally organized
Coordination	✓ Informal and personal coordination
	✓ Delegation of tasks and decision making
	✓ Network communication
	✓ Goal-directed
Structure	✓ Flat, horizontal, matrix, networked or virtual structure
	✓ Teamwork, cross-functional linkages
	✓ Loose boundaries among function and units
Human Resource Management Applications	✓ Employee empowerment
	✓ Employee involvement
	✓ Job rotation
	✓ Job enrichment
	✓ Autonomy in decision making
	✓ Information and knowledge access
	✓ Teamwork
	✓ Multifunctional teams
	✓ Multiple skills trainings
	✓ Workforce development and training
✓ Differentiation and diversity development	
<b>Agile Workforce</b>	
Proactive	✓ Anticipation of problems related to change
	✓ Solution of change related problems
	✓ Personal initiative
Capacity to adapt	✓ Interpersonal and cultural adaptability
	✓ Spontaneous collaboration
	✓ Learning new tasks and responsibilities
	✓ Professional flexibility
Flexibility and Resilience	✓ Positive attitude to changes, to new ideas, technology
	✓ Tolerance to uncertain and unexpected situation
	✓ Coping with stress

Sherehiy,B.,Karwowski,W.,Layer,J.K,(2007). A review of enterprise agility: Concepts, frameworks, and attributes, International Journal of Industrial Ergonomics 37, pp.458

#### 4. Conclusion

Competitive advantage can be differ looking from the perspective of business, sectoral, national or international level, at the same time, it can be even different in different enterprises.

Businesses have to utilize their features that will bring competitive advantage when determining their strategies. Competitive advantage can be gained from; supply chain, products, production and marketing methods, logistical processes, innovations and agreements (such as sales or technological licensing agreements). The resources, abilities and core competence of a business and the way of implementation of them are also features that create competitive advantage.

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It is possible that each business can reach the level or have the features that are mentioned above with showing a little bit effort, since information technologies, accessing to the financial resources, communication and mobility can enable this. However, in order to do that before competitors done or foresee before rivals and implement the factors, a business must have a flexible structure and must put into practice before anyone else, which briefly means it must be "agile". In order to have the strategic agility, internal and external environment must be continuously examined information must be gathered and used in a fast way and respond to the changes in the market quickly. When businesses became strategically agile, they gain competitive advantage besides increasing their performance and a sustainable competitive advantage is going to provide them the superiority in competition. In order to do that it is very important of identifying customer expectations and using the core competences in that direction by enterprises. On the other hand, the organization has to make the required structural changes and establish a culture based on learning and innovativeness.

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