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The Effect of Organization Agility on Organization Performance

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Abstract

The aim of this study is to explore the effect of organization agility on organization performance, where this study was applied on the information technology organization located in Jordan. The questioner was formulated and distributed to higher and middle management employees. The researcher relied on the use of simple recession analysis to estimate the impact of organization agility on organizational performance. The result showed that there was a correlation between the organization agility and organizational performance, which had a positive effect.

Key Words: *Effect, Organization, Performance, Agility.*

Introduction

We are living in a dynamic world, customers changing their preferences rapidly which enforce organizations to adopt the concept of organization agility to generate positive organization performance. The previous performance Organizational help reveal the extent at which an organization is capable of coping with environmental determinants and degree of appropriate measures the strategic objectives of the organization, resources and organizations today tend to possess a strategic vision for change to enable them to achieve organizational performance , and suggesting it is a substantial increase in the resources allocated to research and development and investment in human resource especially if they are fast, flexible and responsive to change and uncertainty and also characterized with high-quality products and these elements of organizational agility, which works to increase performance Organizational effectively .The research has been to highlight the organizational agility show the impact of agility in manufacturing and agility in dealing with the market and agility in dealing with manpower and Fitness in technology in promoting Organizational performance, whether financial or non-financial.

Information Technology companies capabilities to adopt agility is more than other companies, whereas companies' ability to obtain, arrange, combine, and reconstruct IT resources, with the support and augmentation of business strategies and work process to gain a positive outcome. (Sambamurthy & Zmud, 1997). The local and foreign investments in Information Technology sector in Jordan reach 2 billion JD, and the revenue of this sector reach 450 million JD in 2013, where 49% of revenue came from foreign investment through exported to more the 30 countries (INTAJ,2013). Information Technology of Environment business at the moment is a complex and dynamic high therefore became necessary to take into account the need for the organization to human capital agile coach and is able to achieve the goal at the best possible picture and enjoy gracefully high operating on the progress of the organization towards growth and development faster and investigator to target larger leading Organizational performance improvement through the use of the organization of financial and human resources optimally, leading to achieve the greatest possible return to the organization, leading to the improvement of the organizational performance.

Theoretical Framework

Organizational Agility

Organization agility is an important concept where starting with a quick response to change and uncertainty in an environment, where organizations must act to overcome obstacles or gain and win opportunities. In our study, we did focus on three dimensions: HR, information technology, and innovation (Alhadid & Abu-ruhman 2015).

Human Resource Agility: which is consistent with people's capability and flexibility to have crucial roles in an agile organization which faces a permanent change in the circumstances.

Information Technology Agility: This benefits an organization by supplying it with a high information capacity. This goes along with exchanging information amongst collaborated organizations, which has been proved necessary in order to secure their important information system, relationship, and inflexibility. Secure information and IT have advanced further than other technologies and industries and are being used to expand through innovative technology.

Innovation Agility: A more effective way for an organization to provide solutions to customers rather than just selling products, by expanding their horizons, and employing creative ways throughout the newly designated process. (Saeed et al., 2013).

Organization Performance

The organizational performance was discussed in many types of research, due to its significance in developing organizations. The classification of organization performance emerged as an implement and measurement that are used to evaluate the success of organizations, as to create and deliver their worth to both of their internal and external shareholders. (Antony and Bhattachatyya, 2010), whereas Moullin, 2007 identified organizational performance as, "a measure which is used by organizations so that they are able to manage their efficiency well, and deliver their worth to shareholders and clients. The prime goal of this research is to pinpoint the impacts caused by organization agility on organizational performance.

Financial Performance: This can be achieved by reducing pollution, and recycling waste materials. (Hart, 1997; Taylor, 1992). Green management can produce many opportunities to cut the costs and, eventually, increase the profit. There are three opportunities which help increasing profits: 1) a better access to a certain market; 2) distinguishing products; 3) and selling pollution-control technology. (Ambec and Lanoie, 2008).

Operational performance: Operational performance is related to evolving plants' capabilities so that they would produce and bring out better products to customers, which involves: 1) an upraise in the number of goods delivered on time; 2) a decrease in inventory levels; 3) a drop in the predicament rates; 4) an increase in the quality of products, 5) and an improvement in the capability of utilization). (Zhu- et al., 2008).

Study Model

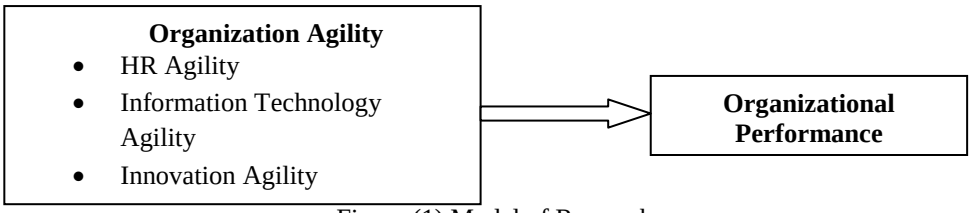

Figure (1) Model of Research

Hypothesis

H.o.1: There isn't a noteworthy impact of the overall organizational agility on organizational performance. This hypothesis is divided into three sub-hypothesis:

H.o.1.1: There isn't a noteworthy impact of Human Resource agility on organizational performance.

H.o.1.2: There isn't a noteworthy impact of Information Technology agility on organizational performance.

H.o.1.3: There isn't a noteworthy impact of Innovation agility on organizational performance.

Methodology

The Population of the study: The population of the study is represented by 200 companies where they are registered in the information and communication association of Jordan in 2014. The companies have employees around 80 thousand. (INTAJ, 2014).

A Sample of the Study: The research was ably on large companies where it represented (12) companies which it consist of more than (250) employees according to Jordanian ministry of Industry and Commerce.

Unit of the Sample: The sample consisted of all the employees in the top management and middle management levels in 12 companies. Where the research applied the stratified Random Sampling, where the questionnaire was distributed in the companies location. The number of responses reached (176), but only (161) questionnaire were accepted.

Study Instruments: The survey was created to gather information from the sample of the study after reviewing some of the former works addressing each of the variables inspected in the study (Appendix 1). This survey covers three question domains: The first domain is about demographic and characteristics of responding questions (gender, age, education, company name, position, and a number of years spent in the company) about the study population. The second domain is about Organization Agility, which is consistent of (3) sub-domains and was covered by (18) questions: Human Resources Agility (6), Information Technology Agility (6), and Innovation Agility (6). The third domain is related to Organizational Performance which is consistent of (2) sub-domains and was covered by (10) questions: Financial Performance (5), Operational Performance (5).

Study Validity: The Face Validity of the survey was acquired from (4) members of the Business Administration Department of the Jordanian University. Some questions were either altered or removed, *Content Validity:* Which employs factor analysis, where the loading factor for the study items was high, *Discriminate Validity* where the measure have low correlation with the variable.

Study Reliability: Study Reliability was estimated using pre-tests, in which researchers apply the study tool on a sample of (25) workers from the same sample. In the month that followed, the same sample was tested for a second time. The reliability percentage equalled (86%); and to validate these results, researchers calculated Cronbach's alpha for all the domains in addition to the whole tool. the value wasequal to (0.871) as revealed in the upcoming chart:

Data Collection Method: Primary Data: A survey which is consistent with (3) domains that were developed for the purpose of gathering primary data from sample subjects to help in preparing the practical framework for the study. *Secondary Data:* Which refers to reviewing preceding literature, books, journals, white papers, and websites were used to collect the secondary data in order to help prepare the theoretical framework.

Measurements Tools interval scale (Five-Likert scales) were applied while inquiring the survey questions and computing the study variables which were organized from "Strongly Disagree" to "Strongly Agree" and takes the weight from (1-5) respectively. The measurement approach is harmonized with the population of the study and is tested in model ones, and the researcher used the nominal and ordinal scale.

Statistical Analysis: Intended for the purpose of the study, researchers used the following tools of analysis:

Study Results

Demographic & Characteristics of the Study Sample:

Chart (1) Characteristics of the Study Sample

Gender: - Male 66.1% - Female 33.9%	**Position** - Top management 38% - Middle Management 62%
Age: 25 or less 11.8% 25 -35 39.4% 36 - 46 27.5% 47- 57 15.5% More than 58 5.8%	**Education:** Diploma 56.3 % Bachelor 38.9% Graduate 4.8%
No. of Respondents: (161)	

Description of the Study Variables:

Means and Standard Deviations have been calculated by researchers for all the study domains seen in the following chart:

Chart (2) Means & Standard Deviations for the Main Domains of the Study

Items	Means	Standard Deviation	The Degree of Agreement
Organizational Agility	4.3	0.4414	High
Human Resource Agility	3.9	0.9741	High
Information Technology Agility	3.7	0.6425	High
Innovation Agility	3.4	0.5423	Moderate
Organizational Performance	3.8	0.4421	High
High: 3.67 – 5.00 Moderate: 2.33 – 3.66 Low: 1.00 – 2.32			

It is shown in chart (2) that the means of the organization agility diminutions ranged from (3.4) to (3.9) while the organizational performance was (3.8).

Testing the Hypothesis of the Study:

Researchers tested the hypothesis of the study and answered its questions, taking into consideration the ones mentioned above.

Testing the Main Hypothesis

H.o.1: There isn't a noteworthy impact of the overall organizational agility on organizational performance.

In order to test this hypothesis, researchers performed a simple recession, which resulted in the coefficient of determination (R^2); which embodies the percentage of the explicated differences in the organizational

performance. This comes as a result of the organizational agility dimensions being no less than (R^2=0.421), which is an acceptable result which indicates that a percentage of (42.1%) from the overall differences in the organizational performance are determined by the dimensions of organizational agility. As for the remaining percentage (%57.9), it represents variables which have been ruled out from the study model. Furthermore, the asset of the correlation between the overall organizational agility and organizational performance is (R= 0.561), the value of the computed (F= 19.128) at freedom degrees of (2-159) and the significant level of (0.001), which shows that the recession curve aptly explains the relationship among the organizational agility and organizational performance.

Chart (3) The Impact of Overall Organization Agility on Organizational Performance

Independent Variable(s)	β	T	Sig
Organization Agility	0.561	0.727	0.01 *

(R=0.561 ; R^2=0.421 ; F=19.128) ; * Significant Level at P ≤ 0.05

This tests the sub-hypothesis by using stepwise regression. Chart (4) show the results between the dimensions of the organization agility (HR agility, IT agility, and Innovation agility) and organizational performance; it's important to comprehend whether the dimensions of organizational agility affects organizational performance or not, and thus, the percentage of the organizational agility dimensions in the recession curve model indicate a partial regression coefficient (Beta) for each dimension. Chart (4) displays that the most effective dimensions are: HR Agility (β=0.371), and Information technology agility (β=0.223), where there was not any effect for the Innovation Agility on the organizational performance.

Chart (4) The Impact of Organization Agility Dimensions on Organizational Performance

Independent Variable(s)	β	T	Sig
HR Agility	0.371	0.9421	0.000 *
Information Technology Agility	0.223	0.8109	0.002 *
Innovation Agility	0.112	0.7201	0.000

(R=0.451 ; R^2=0.391 ; F=21.167) ; * Significant Level at P ≤ 0.05

Results Discussion

Based on the results of the study, and from the researcher's point-of-view, a strong relationship exists between organizational agility and organizational performance. The former proves to be a tool of great importance for companies, especially in the situation where there is uncertainty environment. Where companies adopt the flexibility, proactive, and speed in the dimensions of HR, IT, and Innovation. The study results have also shown that the sub-domains were all ranked high, except for the Innovation sub-domain, which has been bested by HR agility, with the domain of Information technology following in second rank.

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