

UNIVERSITY OF KWAZULU-NATAL



**Evaluating Employee Perception of Corporate agility in a VUCA
Environment
(An FMCG Case Study)**

By

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Abstract

The business landscape in the 21st century presents itself with many challenges that threaten the long term sustainability of an organisation. The literature describes this environment as a VUCA environment. A VUCA environment is Volatile, Uncertain, Complex and Ambiguous. The key to surviving in a VUCA environment lies in agility. The largest BU at a leading multinational FMCG company (Organisation X) in South Africa has experienced many challenges that adversely affected performance in the last 5 years. The challenges include legislative restrictions, increased competition and changing consumer preferences, which resulted in a high staff turnover, declining Market share, declining profitability and pruning of many failing BU's. The aim of this study was to evaluate employee perception of Corporate Agility in a VUCA environment. The four key constructs that contribute to agility, namely; Organisational Culture, Leadership, Employee Empowerment and Information Technology were evaluated. The study population comprises of 103 employees in the infant nutrition BU at Organisation X. Due to the small population size, the entire population was included in this study. Participants include management and all employees from various departments within the BU. A quantitative study was conducted using a survey. The survey was created and emailed to participants using Survey Monkey software. At the end of the study period, 61 participants completed the survey (n=61). It was found that employee perception of organisational agility was highly favourable across all four constructs. Leadership and Organisational Culture were the two most significant contributors to Corporate Agility at Organisation X, however there were a few development areas identified. Recommendations to the organisation include adapting the Organisational structure to reflect a flatter and more agile organisation. Rewards and recognition for teamwork and collaboration was a common concern across all constructs and participants. It is also recommended that Organisation X, takes the necessary steps to leverage the strengths identified by this study in order to gain a competitive advantage in the market place.

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CHAPTER ONE

Introduction

1.1. Introduction

The business landscape in South Africa is characterised by rapid and multifaceted change. These changes stem from the advent of new technology, legislation, socio-political disruptions and globalisation (Shaarabh, Rishi and Sharma, 2014). In reference to these conditions business executives embraced the term VUCA to describe the Volatile, Uncertain, Complex and Ambiguous environment in which business operate (Lawrence, 2013). Such conditions present many challenges for organisations and may even threaten their long term sustainability. The biggest challenge for companies that operate in this environment is how to adapt swiftly and remain profitable. This is referred to as agility. In the context of a VUCA environment, Corporate Agility is considered the key to long term sustainability (Holbeche, 2015). This Chapter will introduce the study in terms of the background and the problem statement, and provide the context within which the study will be conducted. The research objectives and questions will outline the parameters of the study to ensure that the study provides useful insight into the problem. Lastley the expected outcome and the focus of the study will be discussed.

1.2. Background

Due to the challenging conditions in a VUCA environment, even large multinational companies feel the pressure to become more agile. This study will evaluate the agility of one of the leading FMCG companies worldwide, referred to as Organisation X. Although the company has a vast portfolio of products, the largest Business Units (BU) generates approximately 41% of the profit in South Africa and is currently the market leader in the category (Nielsen's, 2017). In the past 5 years this BU has experienced volatility in market share performance, high rates of employee turnover, a decrease in operating profit and the organisation has begun to prune other BU's that are not performing. In addition to these indicators of poor performance, competitors are experiencing favourable growth in some markets. It is evident that despite the organisation being successful for the last century, the 21st century brings with it unique

challenges associated with fast paced change and the company has to adapt to market requirements in order to survive the next century.

According to Porters 5 forces model, there are two factors that are adversely impacting on the organisation's market share (Thompson and Gamble, 2011). The first would be the threat of new entrants and subsequently the threat of substitutes. A local company has entered the market with core competencies ranging from healthcare to retail settings and Organisation X has experienced a direct loss of market share to the competitor. Competitors with a competency in the healthcare sector, pose a significant challenge to Organisation X, as the relevant products are primarily recommended by healthcare professionals in a healthcare setting. Other existing competitors have focused on innovation and launched new products that appeal to the tastes of the new generation. Although these competitors are much smaller in size, it is precisely this characteristic that allows them to respond quicker to the external environment (Denning, 2015).

Uncertainty in the industry is a result of legislation (Bennett and Lemoine, 2014). The products within this category are highly regulated both nationally and internationally. In 2013 the South African Government promulgated local legislation to prevent the marketing of this type of products. The local legislation has more restrictions than the international legislation, thus further limiting the types of marketing activities that the company can engage in locally. Due to this legislation, uncertainty arises from what the future holds for manufacturers of these products. Another source of uncertainty arises from the volatile exchange rate and the price of raw materials that go into products. This places strain on the organisation to keep the products affordable despite rising production costs. Complexity in this industry arises from the current demographic profile in South Africa. The socio-economic factors as well as the number of consumers that would be suitable to purchase these products are decreasing. Ambiguity arises from the need to achieve business objectives and keep customers happy while simultaneously adhering to the local legislation (Bennette and Lemoine, 2014).

In summary, the biggest challenge that the company faces is to find a way to maintain or grow market share without marketing the products in this category. This highly restricted and volatile environment coupled with the demographic and socio political

factors that plague our country further strengthen the need for this organisation to focus on agility in order to last the next hundred years.

1.3. Problem statement

A VUCA environment describes an environment that is Volatile, Uncertain, Complex and Ambiguous (Mashki and Teimouri, 2013). Companies operating in such an environment, experience challenges that threaten the long term sustainability of the company. The largest BU at a leading FMCG company has experienced many challenges that adversely affected performance in the last 5 years. The challenges include high staff turnover, declining market share, declining profitability and pruning of many failing BU's. These factors indicate that there is a need to review the strategy and find new and innovative ways to adapt to the environment.

1.4. Motivation for the Study

The ability to adapt to the environment and remain competitive is referred to as agility. The first step in becoming more agile is to evaluate the current state of agility in order to find the weaknesses in the company's response to the environment (Sherehiy, Karwowski and Layer, 2007 cited by Shaarabh, Rishi and Sharma, 2014). This industry in South Africa is a 23 000 ton business. Organisation X contributes to 63% of the market share (Nielsen's, 2017). This industry experiences immense pressure from local legislation as well as the volatile socio-economic and political environment. Organisation X experienced a steady decline in market share of these products in the last five years while competitors in the industry have gained market share. Organisation X has recognised the need to change. However, for change to be effective it must be quick and dynamic. This type of change comes from agility. This study will evaluate the agility of the leading BU at a multinational FMCG company in South Africa based on employee perception.

1.5. Research Objectives

This study aims to achieve the following research objectives:

1. To evaluate Corporate agility in a VUCA environment based on employee perception
2. To evaluate the impact of Organisational Culture on Corporate Agility
3. To determine the influence of Leadership on Corporate Agility

4. To determine the level of Employee Empowerment as a factor that contributes to the company's agility
5. To determine if the IT infrastructure facilitates Corporate Agility
6. To make suggestions to Organisation X on how to improve agility in a VUCA environment

1.6. Research Questions

To achieve the research objectives, the following research questions will be addressed:

1. What is the employee perception of Corporate Agility?
2. What impact does Organisational Culture have on Corporate Agility?
3. How effective is the leadership team in leading in a VUCA environment?
4. Do employees feel empowered to contribute to Corporate Agility?
5. Is the IT strategy suitable for facilitating Corporate Agility?
6. What can Organisation X do to improve its agility in a VUCA environment?

1.7. Expected outcome

The expected outcome of this study is to determine the company's current level of agility based on employee perception, and identify key areas in which the company can improve in order to become more agile in the market place.

1.8. Focus of the study

Organisation X is a leading FMCG company worldwide. The Infant Nutrition BU in South Africa has experienced increased employee turnover, declining market share and legislative restrictions. Many of these factors are related to the tough economic times in South Africa. However, competitors in the industry have been gaining market share. These indicators highlight strategic gaps in the organisation. Agility has been identified as the key to competitive advantage in the 21st century. To improve on strategy, the company must become more agile in the market place. Therefore, the focus of this study will be to evaluate employee perception of corporate agility in Organisation X in the context of a VUCA environment as the first step towards becoming more agile.

1.9. Expected limitations of the study

Owing to time and resource constraints, this study was limited to the infant Nutrition BU at Organisation X. As a result the study has a small sample size. The entire infant nutrition BU comprises of 103 employees.

1.10. Structure of the study

This is a quantitative study. The first chapter of this study provides the background of the company being studied, the focus of the study, motivation for the study, expected outcome and limitations. Chapter 2 will encompass a review of the literature in reference to the topic of Corporate Agility in a VUCA environment to identifying the key themes and identify gaps that can be addressed through this study. Chapter 3 will cover the research methodology employed. Chapter 4 will illustrate the results of the study through statistical analysis and the interpret the results. Chapter 5 will discuss the results of the study and compare and contrast the findings to previous studies conducted in this field. Finally, Chapter 6 will cover the conclusions and recommendations.

CHAPTER TWO

Literature Review

2.1. Introduction

This Chapter is a comprehensive review of the most recent literature surrounding the topic of Corporate Agility in a VUCA Environment. The review commences with an elaborating on the concept of a VUCA environment and the contemporary issues that it presents for organisations and leaders in the 21st Century. This section will provide a contextual background that will lay the foundation for Corporate Agility.

The next section is based on Corporate Agility. The key themes associated with Corporate Agility and the various models used for measuring corporate agility will be described and evaluated. The remainder of the Chapter is comprised of a comprehensive review of factors associated with organisational agility. These factors include Organisational Culture, Leadership, Employee Empowerment and Technology. Theoretical and empirical literature will be reviewed for arguments that support or reject the influence of these factors on agility.

The aim at the end of this Chapter is to identify the areas of importance that facilitate organisational agility in order to compare and contrast the findings of this study.

2.2. VUCA Environment

Businesses in the 20th century were characterised by longer hierarchies, predictable and reliable market changes and more top-down management (Denning, 2015). The 21st century brings with it more complex changes and the expectation of faster turnaround times. This type of rapid and dynamic change is considered the 'new normal' in today's business environment. Globalisation, advancing technology, legislation and power of buyers are the driving forces of change (Muduli, 2015). This type of rapid change and unpredictable environments can be described as a VUCA environment. VUCA is an acronym for Volatile, Uncertain, Complex and Ambiguous. It was first used by the United States military to describe conditions of war. Since then, executives have used the term to describe the business environment in which organisations operate in the 21st Century (Berinato, 2014).

Volatility refers to change that occurs quickly and radically (Petrie, 2011). Lawrence (2013) describes this change as turbulence. Turbulence is known to be more intense and lasts for an extended time. The 2008-2009 financial crisis was a direct result of volatility that had catastrophic effects (Denning, 2016). During this period many businesses became obsolete or ceased to exist altogether.

Uncertainty refers to a lack of predictability. Unlike previous eras, past results and performance are no longer good indicators of future performance (Maier, Guillaume, van Delden, Riddell, Haasnoot and Kwakkel, 2016). This makes decision making and forecasting more difficult resulting in great uncertainty (Horney, Pashmore and o'Shea, 2010). This vicious cycle has become the focus of strategic intent with more companies seeking to master the new standards of operation.

Complexity refers to factors within and outside of the organisation that have the potential to affect decision making. Complexity is typically characterised by the interconnection between the various parts of a business environment (Maier *et al* 2016). In the South African context, these factors may include legislation, workers unions, fluctuating exchange rates and socio-political influences amongst many others. Complexity also results as there are fewer solutions to these multi-faceted challenges (Watt, Javidi and Normore, 2017).

Ambiguity refers to the many different kinds of change that cannot be identified until it is too late (Lawrence, 2013). The biggest challenge in terms of ambiguity is the difficulty in determining a cause and effect relationships between the various parts (Maier *et al* 2016). The result of an ambiguous environment can be identified where a company achieves targets within the various departments; however, these achievements fail to materialise into overall organisational success (Lawrence, 2013).

Bennett and Lemoine (2014), further explain the concept of VUCA by defining each dimension and suggesting ways of addressing each aspect. The suggestions for coping with a VUCA environment are summarised in (Figure 2.1).

	What it is	An example	How to effectively address it
Volatility	Relatively unstable change; information is available and the situation is understandable, but change is frequent and sometimes unpredictable.	Commodity pricing is often quite volatile; jet fuel costs, for instance, have been quite volatile in the 21 st century.	<i>Agility</i> is key to coping with volatility. Resources should be aggressively directed toward building slack and creating the potential for future flexibility.
Uncertainty	A lack of knowledge as to whether an event will have meaningful ramifications; cause and effect are understood, but it is unknown if an event will create significant change.	Anti-terrorism initiatives are generally plagued with uncertainty; we understand many causes of terrorism, but not exactly when and how they could spur attacks.	<i>Information</i> is critical to reducing uncertainty. Firms should move beyond existing information sources to both gather new data and consider it from new perspectives.
Complexity	Many interconnected parts forming an elaborate network of information and procedures; often multiform and convoluted, but not necessarily involving change.	Moving into foreign markets is frequently complex; doing business in new countries often involves navigating a complex web of tariffs, laws, regulations, and logistics issues.	<i>Restructuring</i> internal company operations to match the external complexity is the most effective and efficient way to address it. Firms should attempt to 'match' their own operations and processes to mirror environmental complexities.
Ambiguity	A lack of knowledge as to 'the basic rules of the game'; cause and effect are not understood and there is no precedent for making predictions as to what to expect.	The transition from print to digital media has been very ambiguous; companies are still learning how customers will access and experience data and entertainment given new technologies.	<i>Experimentation</i> is necessary for reducing ambiguity. Only through intelligent experimentation can firm leaders determine what strategies are and are not beneficial in situations where the former rules of business no longer apply.

Figure 2.1. Distinctions within a VUCA environment
(Adapted from: Bennett and Lemoine, 2014)

According to this model, agility is identified as the key to coping with Volatility. Through agility an organisation can adapt quickly and effectively to external stimuli. To overcome the challenge of uncertainty, an organisation must source information that can be used to assist with decision making. Sources of information should be vast and varied and expand beyond the regular sources of information. Complexity can be addressed through restructuring. The structure of the organisation must reflect the changes in the external environment and facilitate quicker response times. Lastly, ambiguity can be addressed through experimentation. Organisations must dare to expand their frontiers and enter uncharted territories to navigate the ambiguous environment in which they operate.

2.3. Corporate agility

Sudden and rapid change in the environment is a constant challenge for modern day companies. Agility is identified as the key to coping with these changes (Lawrence,

2013). Agility was coined by the Laccocca Institute in 2001 and it was defined as obtaining key capabilities to meet the changing market requirements (Mehrabi, Siyadat and Allameh, 2013). These capabilities refer to soft and hard technology, human resources, education management and information (Mehrabi *et al* 2013). Organisational Agility comes from being flexible in response to external stimuli and adaptable by making decisions in response to the environment (Harraf, Wanasika, Tate and Talbott, 2015). In the early years, agility was mainly associated with technological advances; however, in recent years the scope of agility has increased to include various other departments and processes. It now encompasses agility in the workforce, leadership, strategy and organisational structure (Mehrabi *et al* 2013).

2.3.1. Measuring Organisational Agility

While most companies recognise the importance of agility and aspire towards being agile, it must be noted that agility is not a solid state. An organisation can become increasingly agile, but never fully classified as agile (Harraf, Wanasika, Tate and Talbott, 2015). Researchers endeavoured to measure the agility at various organisations in an effort to understand and improve agility. Each study took a different approach. Some studies shared similar results while others varied. Nafei (2016) conducted a study in Egypt to measure the agility of a firm. The study aimed to measure the impact of various dimensions of Organisational Agility on Organisational Success. These dimensions include sensing agility, decision-making agility and acting agility (Figure 2.1).

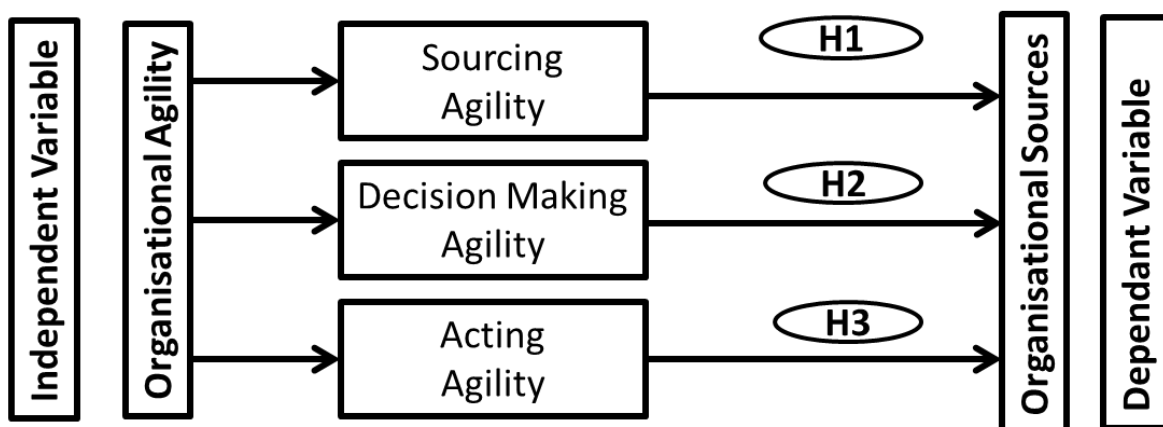


Figure 2.2 Model for measuring organisational agility
(Adapted from: Nafei *et al* 2016)

- 1) **Sensing agility** – to detect potential for new business and attracting it towards the organisation.
- 2) **Decision making agility** - not only identifies new opportunities; it goes further to develop actual plans in time.
- 3) **Acting agility** - is related to reshaping the organisation and its resources, drastically modifying business processes and prioritisation of services or new products on time.

The findings of the study indicated that the dimensions of organisational agility; sensing agility, decision-making agility and acting agility, had a significant impact on organisational success. A similar study was conducted by Mehrabi *et al* (2013) in Iran, to measure agility of an organisation. This study was based on identifying and measuring 3 main factors of agility. The three factors included an adaptable organisational, robust strategy as well as shared leadership and identity (Figure 2.3).

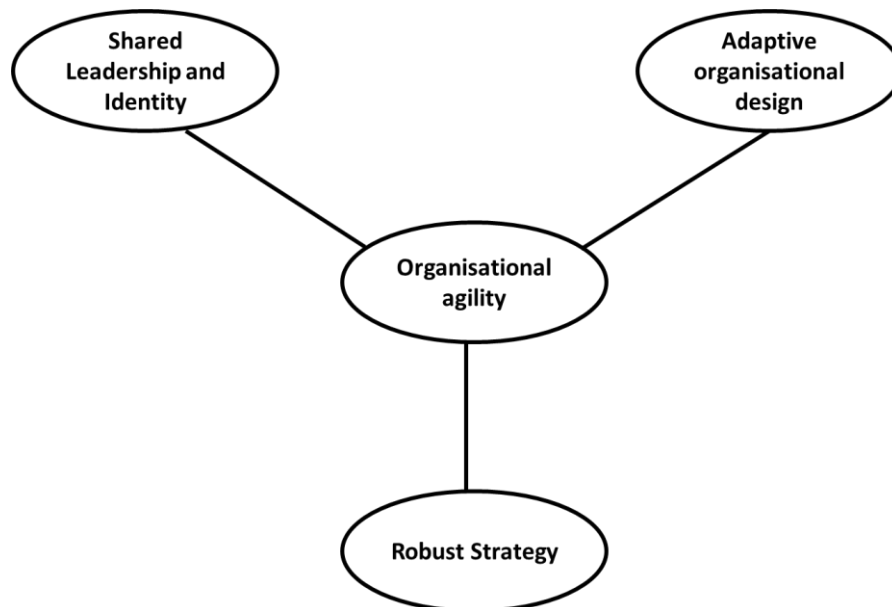


Figure 2.3 Measuring corporate agility using Shared Leadership, Organisational Agility and Adaptive Organisational design
(Adapted from: Mehrabi *et al* 2013)

In this study the authors defined a robust strategy as the ability to achieve results despite a rapidly changing environment. An adaptable organisational design referred to a structure that allows for transparent decision making and rewards systems for employees that drive the right behaviours and improve performance. Lastly, shared leadership and design is the ability to decentralise leadership and employee

empowerment. The results of the study indicated that the company being studied had an average level of agility and that the main component for improving organisational agility was shared leadership, followed by organisational structure and a robust strategy. According to Mehrabi *et al* (2013) a company can become agile by creating an adaptable organisational structure. There must be transparency and interaction in the decision making process and the rewards system for employees should align to the goals of the company, by awarding shares to top performers.

Wendler (2014) developed a model called the Organisational Agility Maturity Model (OAM) to measure agility. This model was tested on a number of companies from across the globe including Europe, Asia, North America, Australia, Columbia and Brazil and South Africa. The model was based on the notion that achieving agility is a process. There were three specific steps proposed to achieve agility. The first step is to assess the current organisational agility. This provides a baseline of agility and lays the foundation for step two, which is the identification of areas that need to be improved. The last step in this process is to plan, execute and monitor appropriate improvement. The model in Figure 2.4 was used to conduct the study.

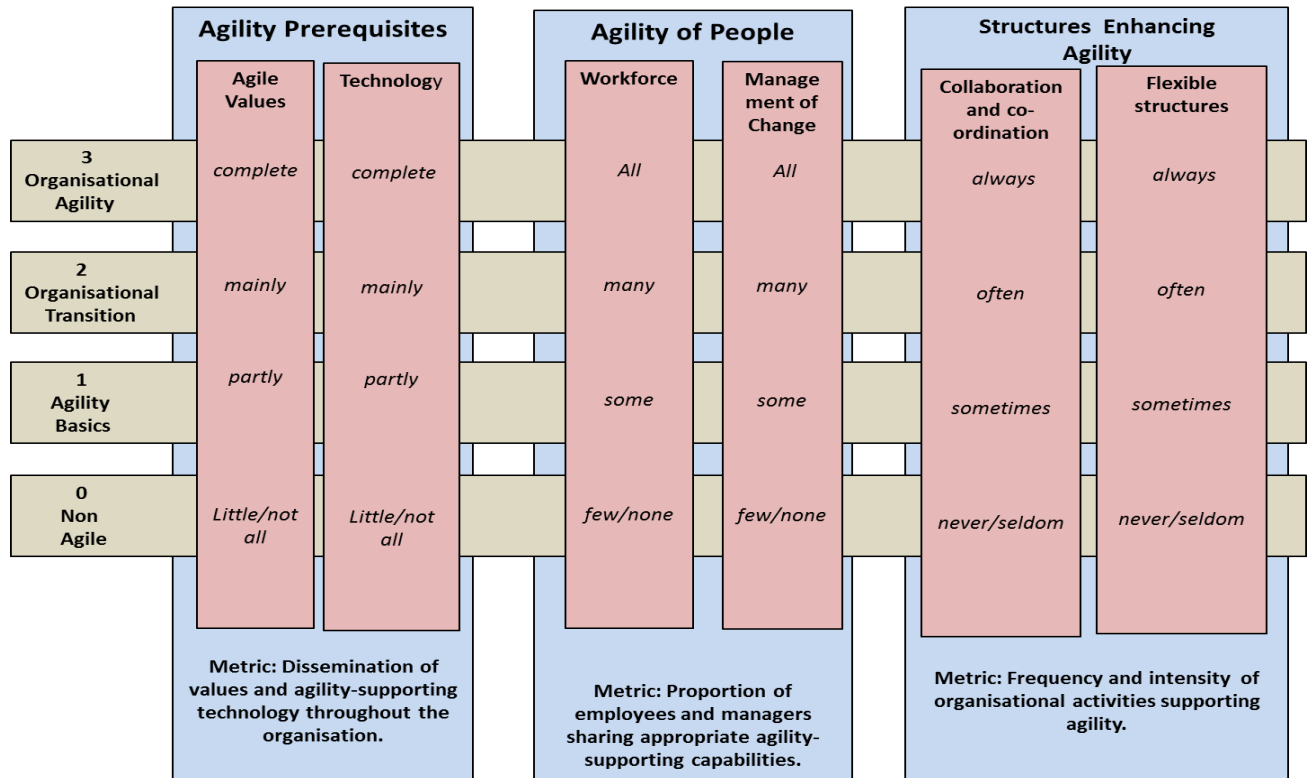


Figure 2.4 Organisational Agility Maturity Model
(Adapted from: Wendler, 2014)

This model had 3 dimensions of agility, each of which was further divided into two sub-dimensions. The first dimension was Agility Pre-requisites. Agility Values and Technology were the sub dimensions to Agility prerequisites. The second dimension was Agility of People. This covered sub-dimensions of the Workforce and Management of Change. The third dimension was Structure Enhancing agility and this included Collaboration and Flexible structure. Study Participants were asked to rate the components of the categories according to a four point scale; 0 - Non-agile, 1 - Agility basics, 2 - Agility transition and 3 - Organisational Agility. It was found that most companies had recognised the need to be more agile and fell within the Agility Transition level across all categories. This is a key finding that strengthens the notion that Organisational Agility is widely recognised as crucial to the success and long term sustainability of the organisation and is, therefore, being pursued by companies in order to remain relevant and profitable.

In keeping with these findings, Shaarabh *et al* (2014), did a more comprehensive review and analysis of the studies conducted on Organisational Agility. A total of 10 studies were reviewed and each study was rated on the advantages and disadvantages. The researchers highlighted the study done by Yauch (2011) as being the most thorough in terms of evaluating organisational agility. The study conducted by Yauch (2011) was based on a model that measured the performance outcome of organisations operating in a turbulent environment. The study included four organisations in the United States of America. Each Organisation was given a Turbulence score and an Organisational Success score. Success was calculated using empirical analysis and in turn is used to calculate agility. The model proposed produced valuable insights into organisational agility and worked well to reflect the levels of agility at each of the companies. The benefits of this model is that it can be used in any type of manufacturing organisation, it standardises agility measures to ensure that organisations across the globe can be rated according to this model and the performance benchmarks are flexible and can be adaptable over time as the benchmarks change. The limitation of this model is that it needs further validation before it can be used on a larger scale.

The review by Shaarabh *et al* (2014), further supports the findings of the study and states the advantages of this model. It is easily applied to any industry, takes into consideration internal factors, the assessment is dynamic and the approach is more

holistic. The disadvantage of this approach is similar to the weaknesses raised by Wendler (2014), and the fact that it does not propose methods for improving agility.

A common trend amongst studies conducted on agility is the rationale behind evaluating organisational agility. In the early stages of developing agility, the aim is to raise awareness around the concept, create a holistic view of agility, limit computation and provide a tool for achieving agility. Shaarabh *et al* (2014), specifically outlines the framework for this technique. It begins by evaluating the environment in which the organisation operates and then assessing the state of agility within the company. From an analysis of the environment and the internal capabilities of an organisation, gaps are identified. Once the gaps to corporate agility are identified, solutions can be found to address them appropriately.

Barriers to Organisational agility stem from preconceived ideas of how a business should operate (Appelbaum, Calla, Desautels and Hasan, 2017). This is often found in organisations that have been in existence for many years. These organisations have achieved success based on the existing business principles, organisational culture and knowledge of the industry. In a VUCA environment these existing ideas are often the downfall of a company if they are unwilling, or unaware of the need, to change (Battistella, Toni, Zon and Pessot, 2016). Once an organisation is aware of the need to change, the task is to identify those areas in the business that can improve in order to become more agile.

2.3.2. Innovation and Renovation

An agile organisation is one that can adapt changes in the external environment, in order to remain profitable (Mehrabi *et al* 2013). Changes in external environment such as changes to customer tastes and preferences must be met with innovative solutions. Najrani (2016), highlighted innovative agility that can be achieved by continuous development of new products and markets that consumers did not know they could have. New product development is crucial to the process of evolution (Alzoubi *et al* 2009). Innovation has never been an easy task. However, in the last decade, innovation has become increasingly difficult. Advances in technology, mean shorter life cycles and more involvement by the consumer (Sharmelly, 2017). For these reasons, companies are generally reluctant to take risks on New Product

Developments (NPD). Reluctance to invest in innovation and take risks on NPD is a major barrier to innovation (Najrani, 2016).

To compete on a global level and achieve strategic agility, companies must ensure that they are constantly upgrading or reinventing their competencies, products and services (Appelbaum *et al* 2017). Sharmelly, (2017) suggests a few ways in which a company can sustain innovation. Firstly, an organisation must ensure that there is a balance between innovation objectives and business objectives. Innovation objectives must align with business objectives to ensure that products and services are aligned to business objectives. The second way in which a company can sustain innovation, by the adoption of open innovation. Through open innovation, ideas can be obtained from a variety of different sources. This includes customer lead innovation. Customers can actively contribute to new ideas for products and services. Lastly, a company can sustain innovation through the formation of innovation teams. Innovation teams are responsible for innovation activities such as idea generation and idea management. High performing organisations ensure that they instil a culture of innovation and renovation (Holbeche, 2016).

2.3.3. Customer Satisfaction

In an agile organisation, customer focus ensures that everyone in the organisation understands and aligns to the needs of the customer (Denning, 2016). All efforts must be directed towards meeting and exceeding customer expectations. Many studies have highlighted the importance of Customer Satisfaction as an important aspect of corporate agility. Roberts and Grover (2011) conducted a study to determine the impact of customer agility on firm performance. The study was done in the United States and included responses from marketing managers at high tech firms. There were two aspects of customer agility that were evaluated. The first aspect was Customer sensing. Customer sensing refers to anticipating customer needs before they are aware of them. This allows for the firm to prepare for changes in customer tastes and preferences. The second aspect of customer agility refers to customer responding. Customer responding is the ability to respond quickly to changes in customer needs. This study found that customer agility has a significant impact on firm performance. The results of the study indicate that customer agility, adds to organisational agility and improves the performance of the organisation.

2.3.4. Agile Organisational Structure

One of the common themes running through the literature on Agility is the importance of an agile organisational structure. As per the study done by Mehrabi *et al* (2013), an agile organisational design is characterised by a flatter organisational design, in which decision making is transparent and has a shorter line of implementation. This finding is further supported by the study done by Harraf *et al* (2015). It was found that the lack of flexible structures is often the downfall of agility strategies. Organisations that have adopted agile technology, values and capabilities often fell behind in terms of organisational structure. In order to improve agility within an organisation, it is imperative that the organisational design is analysed to identify possible obstacles to quicker and more effective decision making.

2.4. Organisational Culture

Organisational Culture is recognised in recent years as an important component for mobilising and empowering staff to achieve business objectives. Organisational culture can be influenced by internal and external factors in the business environment. These factors include, but are not limited to employee morale, competitive pressures, leadership, volatility, reward structures and motivation (Gupta, Massa and Azzopardi, 2016). Organisational Culture is a set of shared values amongst all employees in an organisation (Hough, Thompson, Strickland and Gamble, 2011). The right culture can improve bottom line results through a common vision and comradre amongst employees. The 21st century asks for organisations to create a culture that facilitates organisational agility.

2.4.1. Characteristics of an Agile Culture

In recent years, studies have been conducted to identify the characteristics of culture that facilitate this process. Mashki and Teimouri, (2013) conducted a study in Iran for Nir Pars company to measure Organisational Agility using six cultural dimensions that were considered key factors to being more agile(Figure 2.5).

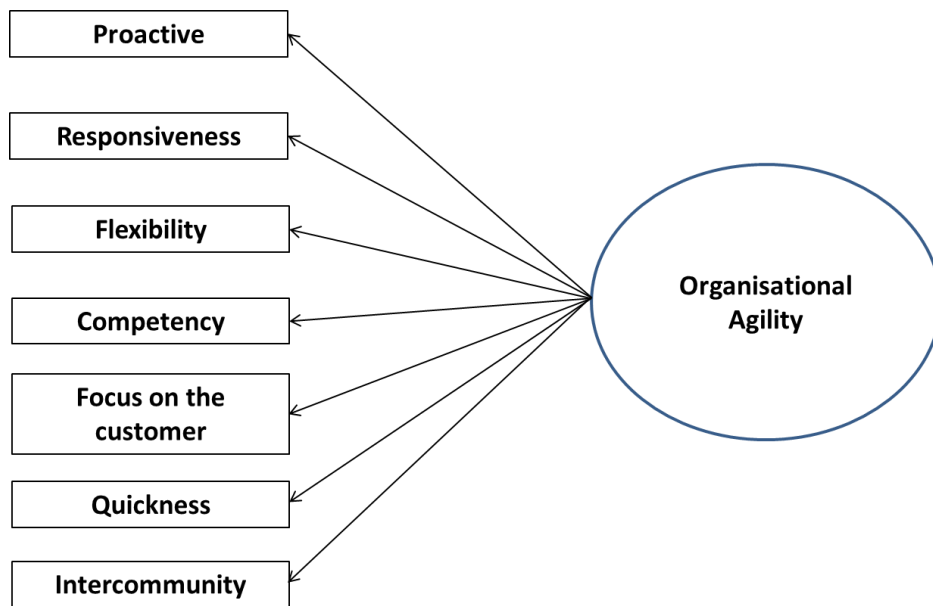


Figure 2.5 Dimensions of organisational agility
 (Adapted from: Moshki and Teimouri, 2013)

These six dimensions contribute to culture in the following ways:

- 1) **Accountability** - This refers to the ability to identify sources of change and respond to them quickly.
- 2) **Proactive culture** - An organisation that aims for continuous improvement is likely to stay ahead of or effectively anticipate and adjust to change. This is a common requirement for organisations across all studies on agility.
- 3) **Competency** - An organisation that has a clear line of sight whereby goals and objectives are clearly defined and understood by employees is considered more competent. This type of competency ensures that regardless of change that takes place, the organisation knows where it is heading and will find a way to achieve that goal. The fourth dimension refers to
- 4) **Flexibility** - Flexibility ensures that change is embraced and employees can find their way again should the organisation be faced with unprecedented change. This is key to sustainability.
- 5) **Speed** - Adapting to change is important but equally as important as the speed at which the organisation adapts. An organisation that operates faster and more efficiently than others is likely to outdo those companies that fail to do so.

- 6) **Participation** - refers to the extent to which employees can affect managerial decisions. Employees that are involved, feel valued and are more likely to embrace change as they have a vested interest in the success of the company.

Based on the findings of the study, Moshki *et al* (2013), made recommendations on how to improve on the 6 dimensions within an organisation.

- 1) **Re-engineering and reorganising the organisation** to suit the environment is one of the most important capabilities to optimise organisational agility. This involves more teamwork and collaboration between departments. It ensures that processes and structures are not static and reflects the very essence of agility.
- 2) **Responsiveness** - the organisation must focus more on the customer than profits. The new business environment competes in terms of customer satisfaction and the profits are expected to follow. Therefore any organisation that wishes to compete in a VUCA environment will do well to put more effort into customer satisfaction.
- 3) **Flexibility** - To achieve agility in an organisation, employees are expected to embrace flexibility by multitasking, problem solving and more active participation in decision making.

2.4.2. Customer Orientated Culture

As described earlier in the Chapter, traditional management approaches were characterised by prioritising shareholder wealth, top down command, bureaucracy, and efficiency and cost cutting. The modern era of agility is vastly different. Agile management is characterised by delighting the consumer, enabling a workforce to make decisions, agile and lean processes, value creation and collaboration. An article written by Denning (2014), proposes a model for shifting to a culture of agility (Figure 2.6).

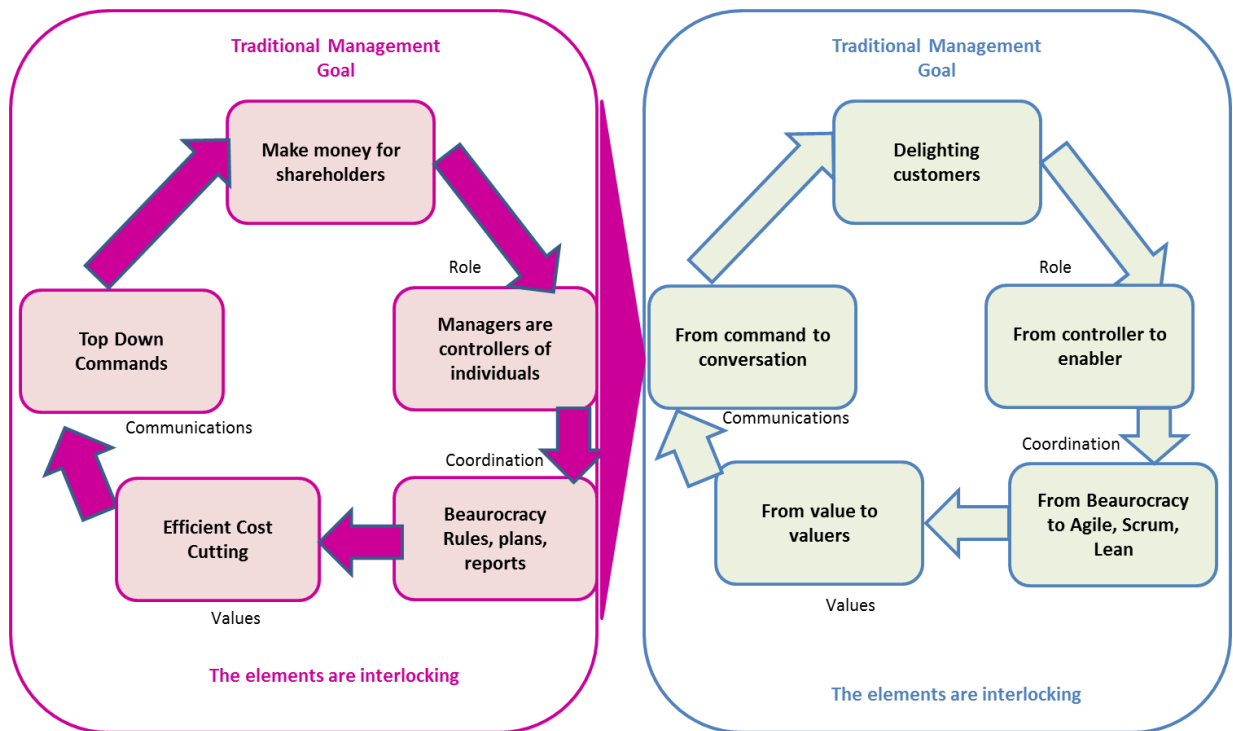


Figure 2.6. Shift to a culture of agility
(Adapted from: Denning, 2015)

From this model it is clear that the new agile management characteristics involve a shift in cultural values. This concept is supported by a study done by Alzoubi, Aloutum and Albatainh, (2011). The study took place in Jordan and aimed to identify factors that affected organisational agility in relation to NPD. One of the aspects that was tested is the impact of a customer orientated culture on NPD. Senior management, middle management and department heads participated in the study and were asked to rate their organisation on a Likert Scale for the following statements:

- 1) The organisation accurately understand customer needs
- 2) The organisation considers customer requirements when developing targets
- 3) The organisation get feedback from customers

This study found that there was a statistically significant effect of Customer orientated culture on agility in relation to NPD.

2.4.3. Culture of Teamwork and Collaboration

Organisational Culture that encourages teamwork, knowledge sharing and collaboration contributes to organisational agility. A study was done by Nold and

Michel, (2016) to identify the factors that facilitate adaptability, agility and resilience. This involved the collation and analysis of the results from more than 100 case studies conducted in Europe, Africa and the Middle East. Cultural questions that were explored in the survey included:

- 1) Intent – this refers to the shared direction of everyone in the organisation
- 2) Awareness – a common understanding about the past and present operations and performance of the company
- 3) Aspirations – a shared sense of purpose amongst employees
- 4) Norms – elements of behaviour that promote the best interest of the organisation

High scores indicate a culture of common vision and goals, all employees moving in the same direction and sharing information and knowledge. Based on the results of this study, the following Performance Triangle is proposed to highlight 3 important factors for achieving organisational agility (Figure 2.7).

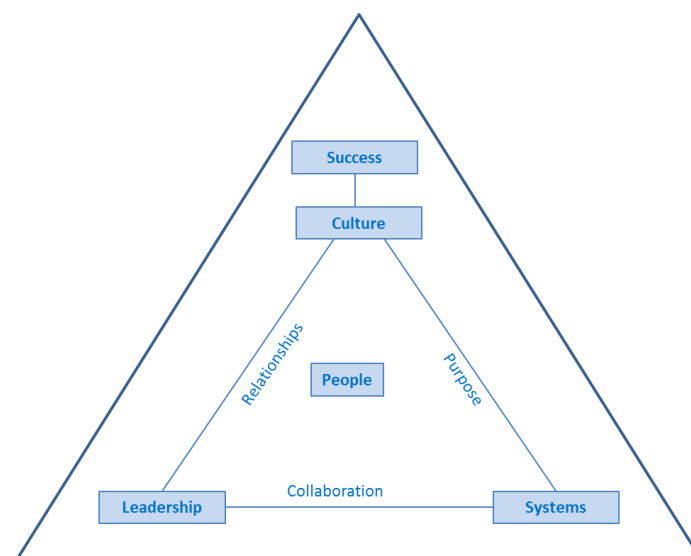


Figure 2.7. The performance triangle
(Adapted from: Nold and Michel, 2016)

A study done by Muduli, (2015) in India, further supported the findings of Nold and Michel, (2016). The aim of the study was to identify factors that facilitate and mediate workforce agility. The results of the study proved that there was a statistically significant relationship between teamwork, knowledge sharing, collaboration and organisational agility and firm performance. A common purpose amongst all

employees ensures a high level of adaptability and agility in the organisation (Nold and Michel, 2016).

2.5. Leadership and agility

Leaders in the 21st century are faced with the difficult task of decision making in conditions of uncertainty (Franke, 2011). Competent and capable leaders play an important role in achieving organisational agility in a VUCA environment. A leader must aim to inspire and influence others through a vision, goals and a strategy. The ability to inspire a workforce to action is what makes a manager a leader (Cook, 2016).

2.5.1. Key Characteristics of Agile Leaders in a VUCA environment

To be an effective leader in the 21st Century requires collaboration, creating a culture of on the job learning as well as relationship building and networking (Cook, 2016). Leaders themselves must lead the agility process by building an organisation that puts customer satisfaction first and enables the workforce to develop their potential and creativity (Nold and Mikel, 2016). Petrie (2011) conducted a literature review on the skills needed for leaders to lead in a complex environment. Multinational companies like IBM and General Electric were amongst the participants of the study. Based on the review, Petrie (2011) outlines key characteristics that a manager should have when operating a in a VUCA environment.

- 1) Adaptability - similar to the goal of the organisation, a leader should embrace change and have the ability to adapt the strategy and the goals accordingly.
- 2) Self-Awareness - determines the success of the leader. Knowing oneself, means knowing when to leverage strengths and when to seek assistance when encountering a weakness. This makes the organisation a place of learning and encourages adaptability.
- 3) Boundary spanning ensures that individuals have enough room to experiment and find new ways of doing things.
- 4) Collaboration is what sets a leader apart from a manager. A leader seeks input from their team. According to Cook, (2016) the benefits of collaboration are twofold. Firstly, collaboration allows for more brainstorming and more creative solutions to daily problems. Secondly, collaboration increases the likelihood of employees accepting the imminent change and the solutions implemented to address it.

- 5) Network thinking is another trait that managers should embrace as networks encourage cross departmental success and reduce the silo mentality. A successful leader is one who can develop people to their full potential while not being threatened themselves. People that can achieve a higher level of development are likely to perform better in a complex environment.

Belegali (2016) described further traits of leaders operating in a VUCA environment. These traits are traditional and include simple characteristics such as respect and sincerity. Idea management is a recent development in the field of leadership. Idea Management acknowledges that every idea has potential and should be considered seriously in order to find the next big development for the organisation. A well led organisation should make provisions for better communication management. Employees from across the organisation must be given a platform for them to voice concerns, suggestions or even observations. This supports the need for collaboration and proactive cooperation to achieve agility.

A model for evaluating the competency and performance of leaders is the “Nine Box” review method (Hall and Rowland, 2016 citing Horney, Patmore, and O’Shea 2010). This model is based on a evaluating leaders based on two axes; Performance and Agility (Figure 2.6).

consensus towards achieving it, can overcome the challenges associated with volatility. Understanding is another important characteristic of leadership agility in that it provides more insight into issues of uncertainty. Leaders must look beyond their area of expertise to gather information and make informed decisions. In terms of complexity, a leader that leads with clarity can overcome complex challenges. Leaders must be able to see through the noise and chaos to identify real opportunities and act accordingly. Lastly, Ambiguity can be addressed through agility. Agility is the key to adapting to the ever changing environment. It is important to note that each of these characteristics viz. Vision, Understanding, Clarity and Agility cannot be seen as mutually exclusive. Each element plays an important role in overall leadership agility.

2.5.2. Leadership Agility and Strategy Innovation

The primary role of a leader is to strategise and plan the way forward for the organisation. A well-formed strategy and clear direction on how to execute has the potential to motivate employees (Sambartolo, 2015). Battistella, Toni, Zon and Pessot, (2016), studied strategy innovation as a means to achieve agility in an organisation. It was found that an organisation can achieve agility through perceiving and internalising changes in the business environment and adapting the strategy accordingly. Similar to the study by Moshki *et al* (2013), proactive cooperation of management is identified as the key to corporate agility. This involves a continuous search for innovation. Innovation in the form of products, services, processes and business models all contribute to a more agile business. Strategic innovation capabilities include resource capitalisation, education and knowledge management (Battistella *et al* 2016). Competency in strategy innovation establishes a clear line of sight and common understanding of the business objectives. Innovation coupled with the ability to successfully deploy them ultimately leads to more opportunities, satisfied customers and creating new value (Sambartolo, 2015). A similar study was conducted by Hall and Rowland (2016). The study was conducted in the UK with the aim of investigating the leadership skills necessary to adapt to a VUCA environment. It was found that in order to be effective at leading in a VUCA environment, a leader must be able to craft and execute strategy innovation, gain consensus amongst the team towards ambitious organisational goals, encourage flexible responses to the volatile, political, social economic and technological disruptions that come with the 21st century.

2.5.3. Leadership Agility and Spot Coaching

Leaders must ensure that they positively reinforce favourable behaviour through coaching and mentorship (Belegali, 2016). Coaching and mentorship lead to habit formation and ultimately allow the business to reap the rewards. A UK study conducted by Wilson and Smith (2016), investigated the role of coaching and mentorship in a VUCA environment. It was found that coaching improved confidence, self-awareness and interactions between people. All of these factors helped employees become more confident in making and suggesting improvement.

2.5.4. Role of leadership in creating a Learning Organisation

A learning organisation is one in which all employees contribute to creating, transferring and applying knowledge within and organisation (McKenzie and Aitken, 2012). A leader must lead the process of creating a learning organisation. A study was conducted in Iran by Bahrami, Kiani, Montazeralfaraj, Zadeh and Zadeh (2016), to investigate the impact of organisational learning on organisational agility. Organisational learning is defined as the ability to create, absorb, retain, transfer and apply knowledge within the organisation. This study found that organisational learning is crucial to organisational agility. To support organisational learning, leadership is responsible for communicating, ensuring that staff are trained appropriately and providing the right information at the right time. Agile leadership entails creating an environment in which learning is encouraged, and forms an integral part of daily practises (McKenzie and Aitken, 2012).

2.5.5. Leadership style and Organisational Agility

The competence of a leader at leading during turbulent times is critical to the agility process. A leader has the ability to train the culture in the organisation, and inspire and motivate a workforce. In a study done by Oliwierra, Valentina and Possamai (2012), leadership style and other factors of organisational agility were analysed to determine their influence on project performance. The study was conducted on senior project leaders at a large corporate company in Brazil. The framework used to evaluate the effect of Leadership on project performance. It was found that transformational leadership characterised by Charisma, Inspirational Leadership and Motivation, Intellectual Stimulation, and Individual Consideration had the greatest impact on project performance. Transactional leadership, servant leadership and authentic leadership are other types of leadership that are likely to yield favourable results in a VUCA environment (Sarkar, 2016). Transactional leadership is largely

focused on rewards in order to drive results. Rewards and recognition are considered an important aspect of improving performance of a workforce in a VUCA environment. Servant leadership refers to enabling results through others by providing enough information and resources to support employees. Authentic leaders are characterised by their self-awareness, balanced processing of information before making decisions, a high level of morality and genuineness when dealing with others (Sarkar, 2016). All of these factors are consistent with those identified by Petrie, (2011). It can be deduced that a manager that can empower, inspire, motivate and challenge employees to perform at a higher level, are key factors to achieve organisational agility.

2.5.6. Leading a multigenerational workforce

Rodriguez and Rodriguez, (2015) conducted a literature review in which they investigated the generational diversity of the 21st century workforce. The modern workforce sees a phenomenon in which Baby Boomers, Generation X's and Millennials all work together. A leader must be able to lead across the generations. This will entail learning more about personality traits, job satisfaction and organisational commitment

2.6. Employee Empowerment and Agility

To achieve Organisational agility through a workforce, it is important that employees are feeling valued. One of the ways in which employees can feel valued and important is through empowerment. Employees that are empowered to make decisions or contribute towards decision making, are more likely to perform well and adapt to changes in the organisation. Satisfied employees are likely to be more innovative and drive business goals (Appelbaum, Calle, Desautels and Hasan, 2017). According to Belagali (2016), an organisation can achieve self-engaging employees in five steps.

- 1) Employees should be involved with strategy and planning. This ensures strategic alignment and buy-in from employees.
- 2) Coaching and mentorship can add to employee engagement through explaining to employees the why and how so that they can understand their contribution to business objectives.
- 3) Positive reinforcement is an important aspect of engaging a workforce. This will encourage others to emulate good practises and behaviour.

- 4) Habit formation ensures that employees will continue with favourable behaviour.
- 5) Adequately rewarded for a job well done, new ideas and contributions or for driving change within the organisation in order to improve agility.

2.6.1. Workforce Autonomy and Job Uncertainty

Workforce autonomy refers to empowering employees to make decisions and take initiatives in order to making meaningful contributions to the business. Job certainty refers to the level of understanding that an employee has of the job. A situation where an employee does not understand the requirements, the importance and the expectations of the job is referred to as Job Uncertainty. An agile workforce must be empowered with enough autonomy and have a full understanding of the work that they are doing, in order to be more adaptable and flexible. A study was done by Sherehiy and Karwowski (2014), to investigate the attribute and characteristics of workforce agility. The study included six manufacturing companies from the United States of America. The study found that job autonomy is a critical requirement for innovation and proactive cooperation. Job uncertainty was found to be a major impediment to an agile and adaptable workforce. The findings of this study are in line with many previous studies conducted within the same field. Therefore, the key characteristics of workforce agility are to embrace workforce autonomy and ensure that all employees fully understand the importance and the contribution towards the organisation.

2.6.2. Employee Empowerment through Teamwork and Collaboration

An explanatory mixed methods study was conducted by Keister 2016, in the United States. The aim of the study was to investigate the effect of collective thriving on organisational agility. Thriving is described as a sense of vitality and learning at work. The study found that high levels of thriving were positively related to change agility. Group dynamics and teamwork improved levels of thriving and thus improves the resilience change. These findings are supported by Aravindraj and Vinodh, (2016). Similar to the Leadership traits, the authors found that self-awareness is crucial to creating a thriving team. Organisations must empower employees and improve delegation in order to move towards agility (Mehrabi, 2013). Alzoubi, Al-otoum and Albatainh (2011) found that employee empowerment had a significant impact on organisational agility.

2.6.3. Facilitators and Mediators of Workforce Agility

Employees are the main resource in an organisation. Effectively leveraging a workforce can increase competitive advantage and productivity (Muduli, 2015). A study conducted in India by Muduli (2015) investigated the facilitators and mediators of workforce agility. The researchers made 5 important findings:

- 1) Organisational learning and training has little effect on workforce agility - Although Organisational Learning and training was found to have little effect on workforce agility, the authors of the study indicated that while organisational learning may be necessary for workforce agility, this, however, was not sufficient as a factor on its own. It can be expected that employees that are trained and knowledgeable about the work they do are more likely to feel a sense of purpose and direction. This ensures that they are empowered to make decisions or contribute meaningfully to decision making.
- 2) Reward systems are important tools for promoting agility – Reward systems serve as a tool for motivating employees and encouraging the right behaviours and performance. It is a simple yet effective way to ensure that employees aim higher and achieve more.
- 3) Employee involvement is crucial to ensuring workforce agility
- 4) Teamwork and collaboration facilitates workforce agility – This finding is consistent with the findings of Keister (2014). An organisation that can harness the creativity and skills of its workforce through skills.
- 5) Information systems are important for workforce agility – Information systems ensure that the workforce has the right tools to facilitate quicker decision making and streamline processes to avoid mundane and monotonous tasks from demotivating employees.

2.7. Information Technology and Agility

Efficiency in an organisation is vital to achieving growth and profitability. In any organisation there will be an abundance of information that can be used to guide strategy and objectives. The ability to simplify and synthesise this information allows for faster and more accurate decision making (Panda and Rath, 2016). Information

Technology (IT) facilitates the collation, analysis and interpretation of information. In the last decade the Enterprise Resource Planning (ERP), Customer Relationship Management (CRM) and Computer Operating systems have been adopted by most corporate organisations (Lim, 2014). Smaller organisations have embraced other forms of technology to streamline their organisations. These technologies include Voice Over Internet Protocol (VOIP) to improve communications, Data is stored via cloud services and Social Media allows cheap marketing of products and services (Lowry and Wilson, 2016). In line with the requirements of agility, to embrace change and adapt to the environment, organisations must shift focus to improve IT competency within the organisation.

2.7.1. Gaining a Competitive Advantage through Information Technology

The role of technology in achieving agility is to be leaner, to focus on value creation and eliminate waste in order to be more adaptive and responsive to change (Lowru and Wilson, 2016). Modern organisations are becoming increasingly dependent on IT solutions in order to remain agile and compete in a rapidly changing environment (Lowru and Wilson, 2016). A study done in the United States, by Lowry and Wilson (2016), to investigate the role of IT service and IT quality on Organisational Agility. The participants included IT professionals and IT managers. The results of this study proved that IT service and IT capability positively influence organisational agility. These results indicate that a favourable IT service environment is an important strategic decision that organisations can use to develop and maintain a competitive advantage in the markets.

2.7.2. Leveraging Information Technology to facilitate faster Decision Making

Panda and Rath, (2016) conducted a study in India to investigate the link between IT capability and Organisational Agility. It was found that It capabilities have a significant and favourable effect on organisational agility. IT has the potential to enhance market responsiveness as well as business processes. In addition to this the authors highlighted the following key contributions of IT capabilities to Organisational Agility:

- 1) Developing new products – Developments such as the IoT provide further insight into the ways in which customers use products and services. This allows for quicker identification of gaps and opportunities to manufacture new and improved products that are more likely to succeed as they are based on sound market research.

- 2) Marketing – Marketing has become cheaper and more effective through platforms such as social media. This allows for quicker adaptation of marketing efforts to current situations and the adoption of new opportunities as they arise.
- 3) Sharing of competitor and customer insights and information – Through quicker collation and dissemination of information, all employees across the organisation will be empowered to make decisions.
- 4) Promoting Entrepreneurial mind sets – Based on the fact that there is transparency of information and empowerment of employees to make decisions, IT can further add to empowering employees by supporting an entrepreneurial mind set.
- 5) Redesigning the Organisation – Based on statistics and information gathered on IT systems, organisations can easily see the structural inefficiencies in the organisation and take the necessary steps to redesign and re-engineer the work place.

Overall these results indicate that IT can improve efficiencies and facilitate quicker decision making, both of which are imperative to achieving organisational agility. In terms of Information Sharing, the findings of this study is in line with previous studies reviewed, The results of this study is consistent with the findings of Vinodh *et al* (2016) and Muduli (2015), in that IT was found to play an important role in enabling employees to utilise applications to increase performance and decision making capabilities. However, Muduli, (2015), found that information sharing had little impact on Organisational Agility attributed to the fact that information sharing is necessary but not sufficient.

The key characteristics of an agile workforce are to share information, learn on the job and collaborate with other stakeholders (Sambartolo, 2015). Technology can be used to enable these characteristics of an agile workforce through facilitating communication, data management and transparency of information. IT solutions should be flexible and continuously improved to enable employees to use new applications and improve performance (Muduli, 2016). Denning (2016), states that technology is an enabler and not a driver. Therefore to effectively leverage technology, the organisation must ensure that the strategy and goals of the organisation are well designed and direct the goals of the IT solutions.

An important aspect of Information Technology Systems is to ensure effective risk management. Managing risk requires that the organisation uses technology to recognise potential threats, assesses the vulnerability of that particular asset to the threat and quantify the risk. Once this is established the organisation must then find ways to address the problem. At a strategic level, management is expected to utilise these insights and adjust their plans in an agile manner and mitigate the potential impact. According to Lim (2014), there are three levels of digitalisation. Firstly, all information recorded in hardcopy must be converted into digital resources. Secondly, processes that can be automated must be identified and evaluated to ensure that automation will result in efficiency. The last level of digitalisation is to find new ways to improve products by creating digital versions of it. An example of the future of products is to ensure that they are equipped to connect to the internet. This is known as the internet of Things (IoT).

Businesses continue to make large investments in IT resources and it is crucial for them to implement effective management strategies to better leverage these resources. However, the findings of Panda and Ratha (2016), indicate that large investments although necessary do not guarantee the achievement of agility. Investment in technology coupled with a service oriented workforce is more likely to achieve expected results.

2.8. Challenges for Corporate Agility

A study was done by Javdani and Nafdi, (2016) to investigate the human-related impediments to agility. The study was conducted amongst 49 agile experts from 13 different countries. The main constructs of human related impediments to agility were classified as lack of knowledge, cultural issues, resistance to change and lack of collaboration (Figure 2.8).

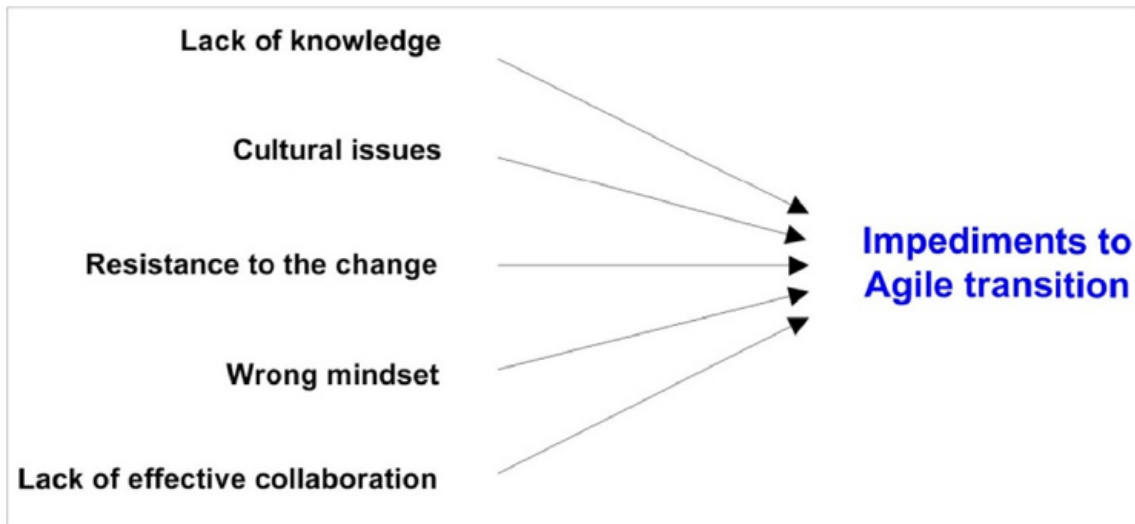


Figure 2.9 Challenges to Adoption of Agility
 (Adapted from: Javdani and Nafdi, 2016)

According to the results of this study, there was a general lack of knowledge about the agile concept and values. This lack of knowledge can be due to a lack of information. However, there are instances where a lack of knowledge may be intentional. This usually takes place when employees are resistant to change and try or learn new things. An Organisational Culture that is reluctant to change, collaboration and innovative ways of work was found to be another impediment to organisational Agility. A lack of effective collaboration was another barrier to organisational agility. It was found that employees that are resistant to team work and collaboration usually did so due to cultural issues or habit. This poses a problem to an organisation that wishes to adopt agility values.

Agile transformation requires a change in the fundamental principles and operations of an organisation. For this reason, it can be expected that the transition will not be easy to achieve. A study done by Dikert, Passivaara and Lassenius, (2016) aimed to investigate the challenges associated with the transition to Agility in large organisations. The authors reviewed cases of 42 companies, across the globe. The study found that the following factors were barriers to agility in a large organisation:

- 1) Resistance to change – In general some people are more accepting of change and others are not. Even in organisations that embrace a culture of change, it is likely that there will be some resistance to it.

- 2) Scepticism of new ways of working – Employees that are not familiar with agile concepts will not fully understand the need. Therefore it can be expected that the transition to agile will trigger feelings of scepticism amongst the workforce.
- 3) Top down management – The bureaucratic style of management and decision making do not align with agile values and should therefore be swapped for more participatory and inclusive approaches
- 4) Lack of training – A lack of training on agile concepts is a major gap in terms of implementing agile values. It requires an understanding of the need and the justification for embracing agility.
- 5) Lack of coaching – Coaching and mentorship are key factors for agility as employees cannot implement agile values based on the training alone. It is up to the leadership team to ensure that coaching reinforces the values taught by agility training sessions.
- 6) Reward model, not teamwork centric – Reward systems must be tied into agile drivers. In this way employees are rewarded for embracing agility. Rewards based on teamwork is one way in which organisations can encourage agility.
- 7) Poor support of Agile by management – In order for the organisation to be truly agile, the leadership team must drive the process and be fully comfortable with the concept. Leaders must be trained and competent to lead the agility process.

2.9. Conceptual Framework

The conceptual framework of this study is based on the outcomes of the literature review. The independent variables in this study were identified as organisational capability, organisational culture, leadership, employee empowerment and Information Technology. The dependent variable of the study is organisational agility. The conceptual framework of this study tested the effect of independent variables on the dependent variable (Figure 2.10).

INDEPENDENT VARIABLE DEPENDENT VARIABLE

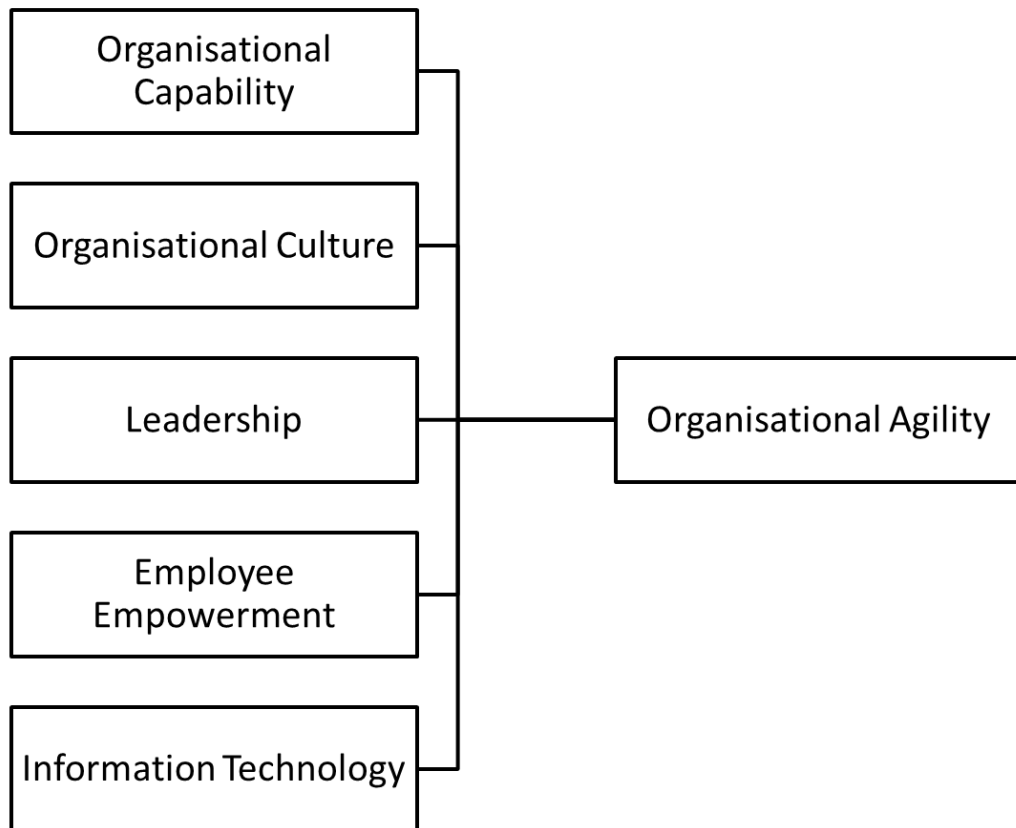


Figure 2.10 Conceptual Framework

2.10. Summary

Organisational Agility is a goal for all organisations that operate in a VUCA environment. Like the conditions on a battlefield, a VUCA environment leaves organisations vulnerable and at the same time eager to overcome the challenges ahead. The extensive literature available on this subject indicates that more researchers and organisations have taken an interest in understanding more about what steps can be taken to improve agility.

The first priority for an organisation aiming to improve agility is to embrace a customer orientated outside-in approach to business. In order to achieve this, leadership must encourage and influence a culture that makes customer satisfaction the ultimate business goal. Leaders must empower employees to make decisions and collaborate amongst team members. This type of proactive participation of employees ensures

that the organisation remains flexible and open to change. Information technology plays a vital role in facilitating Organisational Agility. However, IT without agile leadership and an agile workforce is unlikely to yield Organisational Agility. Therefore, it is important that Technology is seen as an enabler and not the driver for agility. Culture, Leadership, Employee Empowerment and Technology are all synergistic factors that enable Organisational Agility. Based on the findings of the literature review, this study will evaluate the organisational agility of a leading multinational FMCG company by assessing culture, leadership, employee empowerment and technology in the organisation.

CHAPTER 3

Research Methodology

3.1 Introduction

The literature review identified five key areas that influence the level of agility in an organisation. This Chapter will discuss the methods used to conduct the study and the steps taken to ensure that the study produces high quality results, and adds value to the body of literature already available on this topic.

The chapter begins by reviewing research philosophies and paradigms that directed the choice of methodology and goes on to describe the research setting and strategy. The remainder of the chapter is dedicated to describing data collection techniques and the steps taken to ensure that reliable and valid results are produced. The last section of this Chapter outlines the steps taken to mitigate any potential bias of the results.

3.2. Research Paradigm

This study was conducted under the constructs of a Post Positivist paradigm. According to Saunders, Lewis and Thornhill (2016), a positivist paradigm is one in which a scientific method is used to determine a causal explanation of the topic being researched. A positivist approach is commonly conducted through a quantitative research design. A quantitative research design is useful when a researcher aims to identify factors that influence an outcome, studies an intervention or attempts to uncover the best predictor of outcomes (Creswell, 2014). This type of paradigm is suitable where a researcher aims to maintain an objective stance (Sekaran and Bougie, 2016). The elements of the positivist paradigm make it the most suitable for this study as it aims to determine employee perception of corporate agility in a VUCA environment. Through the positivist paradigm a researcher begins with theory and collects data to either support or refute the theory.

3.3 Research Design

The aim of this study is to evaluate employee perception of Corporate Agility using a leading multinational FMCG company as a Case Study. A quantitative study will be undertaken in order to conduct the evaluation. It is important to evaluate how well

something works in an organisation, in order to identify gaps in efficiency and effectiveness (Saunders *et al* 2016).

3.4 Research Strategy

The research strategy could take the form of a quantitative or a qualitative study. Therefore both types of studies were evaluated for the suitability and to ensure that this study will yield good quality results. A qualitative study is based on interpretive philosophy (Saunders *et al* 2016). An interpretive study aims to explain a specific phenomenon and make sense of subjective material. A qualitative study is characterised by emerging methods, open ended questions, interview data and aims to identify themes and patterns (Creswell, 2014). In comparison, a quantitative is used to examine the relationship between variables through numerical measures and is usually conducted using experimental or survey methods (Sekaran *et al* 2014). Due to the fact that this study aims to evaluate employee perception of corporate agility, the two variables being studied warrant the use of a quantitative research design. Furthermore, this research design accommodates the limited time and the large number of participants that were surveyed. For the purposes of this study a survey will be conducted using an online survey. The results of the survey will be used to describe the current level of agility at a leading multinational FMCG company in terms of the culture, leadership, employee empowerment and information technology systems.

3.5 Research Setting

This study was conducted in South Africa. South Africa has recently been downgraded to junk status and business is largely influenced by the socio-political influences that affect the country's economy. The case study will be done on a leading multinational FMCG company, in South Africa. Although the company has its roots in the European markets, the South African market is subject to the local economic complexities. The largest BU in the organisation has experienced significant declines in market share whilst competitor companies are showing growth. This is indicative of a strategic gap that must be addressed. One of the ways in which the company can address this strategic gap in the South African market is through improved agility.

3.6 The Target Population

The target population includes all employees in the Infant Nutrition BU. There are 103 employees in this BU. Since the population is small enough, the entire population will

constitute the sample size. This population will include employees at all levels of the organisation inclusive of senior managers, line managers and all other employees. The population will also include the various departments within the BU, such as the Medical Marketing team, Brand team, Regulatory Affairs, Human Resources and Information Technology department. The study population is likely to produce reliable results owing to the fact that the population is the representative sample and as such eliminates the risk of sampling related bias.

3.7 The Research Instrument

This study was conducted using a survey method. A survey method allows for the collection of standardised data from large sample sizes and is highly feasible in terms of collecting and analysing the data (Saunders, 2016). An online survey was created using the software “Survey Monkey”. An online survey allows for the survey to be delivered to participants across the country and ensures minimal interference with daily work routines.

3.7.1 Survey Instrument design

A questionnaire was developed using the Likert Scale to test the conceptual framework illustrated in Figure 3.1. The survey was divided into five sections. Corporate Agility as well as the four constructs of Corporate Agility were used to guide the development of the questionnaire. The first section investigates general organisational agility. The next section evaluates organisational culture, followed by leadership, employee empowerment and Information Technology. Each section had a list of statements that pertain to the main constructs that influence organisational agility, and participants were expected to indicate if they agreed or disagreed with the statement. The answers on the scale were weighted as follows:

Table 3. 1. Codification of Questionnaire Response Options

Answer	Weighting
Strongly disagree	1
Disagree	2
Agree	3
Strongly agree	4

The weighting of the answers will allow for quicker statistical analysis. The option for a 'neutral' answer was deliberately removed to ensure that participants answer carefully by selecting either a negative or positive response as opposed to selecting a neutral response for the sake of time and convenience.

The challenge with making use of an online survey was to get informed consent for participation in the survey. To overcome this limitation, the informed consent letter was incorporated into the survey as the cover letter and participants were requested to indicate their willingness to participate in the study. Due to the fact that the survey was being emailed to each participant on the internal email address of Organisation X, it was reasonable to expect that only the employee participating in the study would provide informed consent.

3.7.4. Data Collection

The survey was distributed to participants via emails containing a link to the online survey. All participants will be reached through the organisations internal emailing system ensuring that all participants are employees of the organisation and within the specific business unit being studied. The period of data collection was anticipated to be two weeks. This time frame allowed for more people to answer the questionnaire. The data collection process was followed up by reminder emails sent out every third day within the study period. The survey was designed to take no longer than 10 minutes to complete. This was one of the steps taken to ensure that the survey gets more responses and that employees do not lose interest while completing the survey. Once the employees complete the survey, the results are automatically collated on the 'Survey Monkey' website for analysis.

3.8 Data Analysis

The first step in data analysis was to export the results from 'Survey Monkey' into an excel format. The data was then cleaned by removing outliers and incomplete data. The questionnaire was designed such that every question was compulsory. Respondents were not able to move to the next page unless they answered all the questions on the current page. This feature increased the likelihood of collecting complete questionnaires although it was not fail-safe. Participants that chose to close the questionnaire before reaching the end resulted in incomplete questionnaires. Once the data was cleaned, it was then analysed using the program SPSS.

3.8.1 Analysing and interpreting quantitative data

Data analysis was conducted using SPSS. Once the data was coded, various descriptive analyses were conducted to describe the study population and the mean responses to the questions. The mean was determined per question in order to make inferences about the general perception towards that question. The four point Likert scale had four possible answers that were weighted from 1 to 4. Therefore, the mean was 2.5 for all possible answers. Answers that fell below the mean of 2.5, implied that on average the participant had a negative experience with that item, and means over 2.5 implied a positive experience with that item.

The next stage in Data analysis was to determine the relationship between the various constructs as well as the relationship between each of the demographics and the constructs. The Pearson Correlation Coefficient and Linear Regression Model was used in SPSS to determine the significance of the relationships. P-value less than 0.05 was considered statistically significant.

3.9 Validity

Validity refers to the extent to which the research design and the instrument effectively measure the area of study. In order for a study to be considered valid, the instrument and the method used to conduct the study must complement the concepts being tested. Researchers must ensure that the study is valid in order to produce high quality results. There are three types of validity: Content validity, Criterion validity and Construct validity (Creswell, 2014).

Content validity refers to the extent to which the questionnaire answers the research questions. The questionnaire was adapted from previous research where the results were deemed to be valid and reliable. The design of the survey through the Likert scale ensured that the results would reflect thoughts, feelings and emotions of participants in relation to corporate agility.

Construct validity is concerned with the extent to which the constructs of the study represent the topic of research. Construct validity was achieved by developing the questionnaire using the findings from the literature review. The questions used by other researchers on the same topic were used and adapted to suit the specific area of focus of this study.

3.10 Reliability

Reliability refers to the ability of the questionnaire to produce the same results under different circumstances (Saunders *et al* 2013). This includes interpretation of the results as well as various conditions under which the survey is taken. To ensure good reliability, the questions must be administered over time and there must be internal consistency of the questionnaire itself. The methods used to test reliability was internal consistency.

Internal consistency compares the responses of questions in the questionnaire to each other. Cronbach's alpha was used to test internal consistency of the questions. According to the Cronbach Alpha's test for internal consistency, a score above 0.7 is considered highly reliable. The Cronbach Alpha score for this questionnaire was 0.917. Hence the questions are considered highly reliable.

3.12 Elimination of Bias

3.12.1 Researcher Bias

Quantitative studies are particularly vulnerable to researcher bias. Researcher bias can take many forms. A researcher who is biased may inadvertently ask the wrong questions resulting in mismatch between the research objectives and results. A researcher must be able to ask questions within the broader context of the research topic. The questions in this study are adapted from previous studies hence reducing the likelihood of researcher bias in the questionnaire.

3.12.2. Selection Sampling Bias

Selection sampling bias occurs when a researcher chooses a sample without using the proper sampling technique and this may results in the choice of a sample that is not a fair representation of the population. A researcher must avoid selecting participants based on the group's perceived knowledge about the topic. By excluding certain groups from the study, the results are likely to be skewed. In this study, selection sampling bias was completely eliminated by using the entire population in the study.

3.12.6. Response Bias

Response bias refers to the effect of non-responses on the results of the survey (Creswell, 2014). To overcome response bias a researcher must be able to show that

the non-responses would not have had a significant effect on the results. In this study, there were 41 non responses. Since the questionnaires were answered anonymously, it might have reduced the response bias.

3.13 Ethical Stance and Consideration

The first step to ensuring that the study was conducted in an ethical manner was to get a gatekeeper letter from the Medical Marketing Manager at the BU in which the study was conducted. The legal department was also approached in order to gain approval for the study to contain company information. Once the study was approved by company personnel, the gatekeeper letter and the ethical clearance application form was sent to the research office at the University of Kwa Zulu Natal. The requirements for informed consent, storage of data and research methods employed in this study were all accepted by the research office and an Ethical Clearance number was assigned (HSS/0280/017M). Only once the reference number was assigned was the questionnaire distributed to participants.

Participants in the study were asked to provide informed consent before they participated in the study. The first page of the online survey provided detailed information about the purpose of the study and the manner in which information will be used. Participants were reassured that participation is voluntary and the results of the study will be kept confidential. After reading the terms and conditions, participants were then requested to accept or reject the invitation to participate in the study. If the participant chose not to participate, the survey automatically closed.

3.14 Chapter Summary

This Chapter provides a detailed description of the steps used in the research process. The research design ensured that the study will yield the most accurate data within the time and resource limits of the MBA programme. An online survey met all the requirements for reaching all participants and collecting data. The questionnaire itself was rigorously tested to ensure reliability and validity of the results. Bias in the study was overcome by choosing the entire population and ensuring that the responses were statistically adjusted to account for non-responses. Once the data was collected, the next step in the process is to analyse it using the statistical software programme, SPSS. Chapter 4 will describe the data analysis techniques used, to answer the research objectives.

CHAPTER 4

Data Analysis and Presentation

4.1. Introduction

This Chapter will describe and illustrate the results of the online survey. The results can be used to present the key findings of this study to key stakeholders and support the organisations' efforts to improve agility. This study is of great importance to the company being surveyed and the results thereof will be used for further planning and strategizing in order to improve agility.

The Chapter starts by describing the participants and demographic information. This information will be considered when interpreting the results of the survey. The rest of the chapter will explore each of the independent variables viz, organisational culture, leadership, employee empowerment and Information technology and the impact on the dependent variable; organisational agility. The questions are ranked according to the Likert Scale and will be used for further discussion in Chapter 5.

4.2. Participants

The survey was sent to all employees working in the Infant Nutrition BU at a leading FMCG company, Organisation X. A total of 103 surveys was sent out. The survey was emailed to participants using the software 'Survey Monkey'. The survey commenced on the 8th of May and closed on the 22nd of May 2017. During this period 4 reminder emails were sent to participants to encourage them to complete the survey. At the end of the two week period 65 participants took the survey and of the 65 surveys, 61 were completed. The response rate was 95%. The average time taken to complete the survey was 6 minutes. The participants were required to complete demographic information on page one of the survey. This information sought to glean the age, gender, region, employment level and number of years in employment for Organisation X. The demographic information for the participants are presented below.

The results depicted in Figure 4.1 indicate that the workforce at Organisation X comprises of a multigenerational team and the study population has representation from each generation except for the 56-60 year age group.

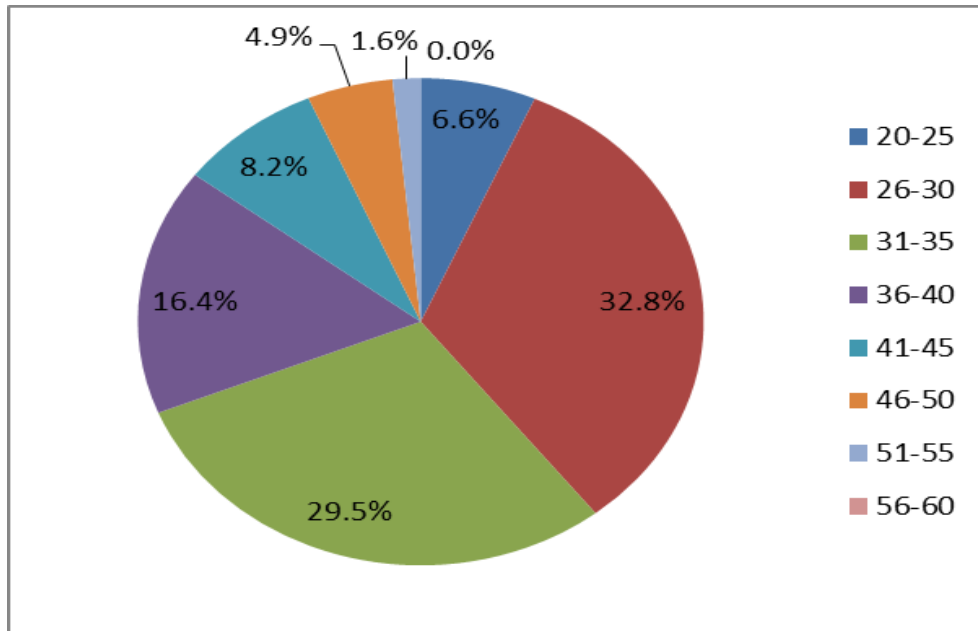


Figure 4.1. Ages of Participants

It is evident from figure 4.2 below that most participants were employed in the Medical Marketing team at 73.8%. The employees that answered 'Other' were a part of Supply Chain, Finance and Compliance.

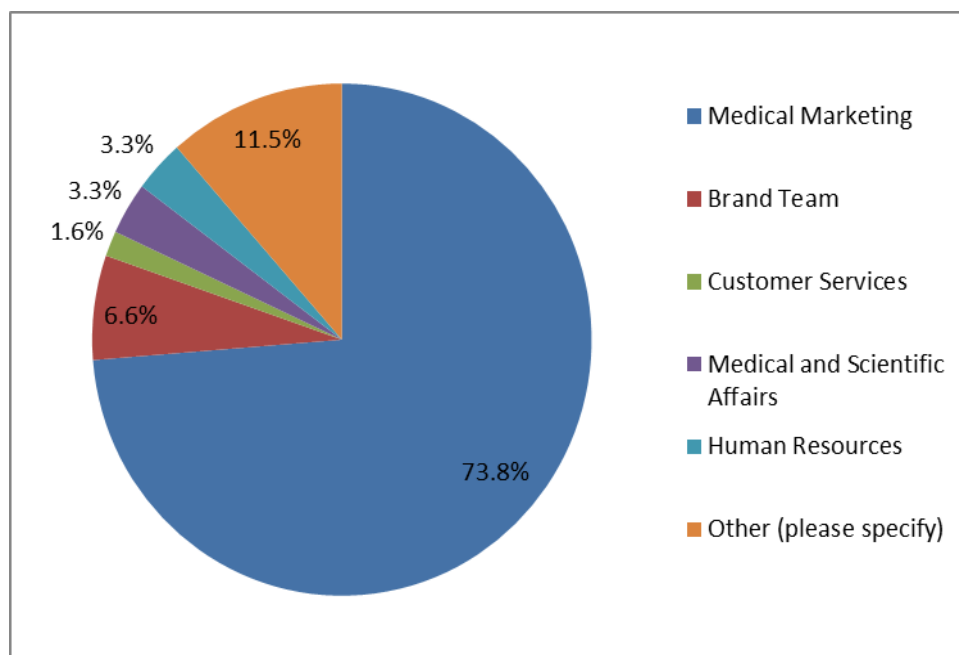


Figure 4.2. Departments represented by Participants

A total of fifty four percent of the participants were employed by Organisation X for less than 5 years indicating that the data presented in this study is predominantly based on recent experiences with the organisation (Figure 4.3).

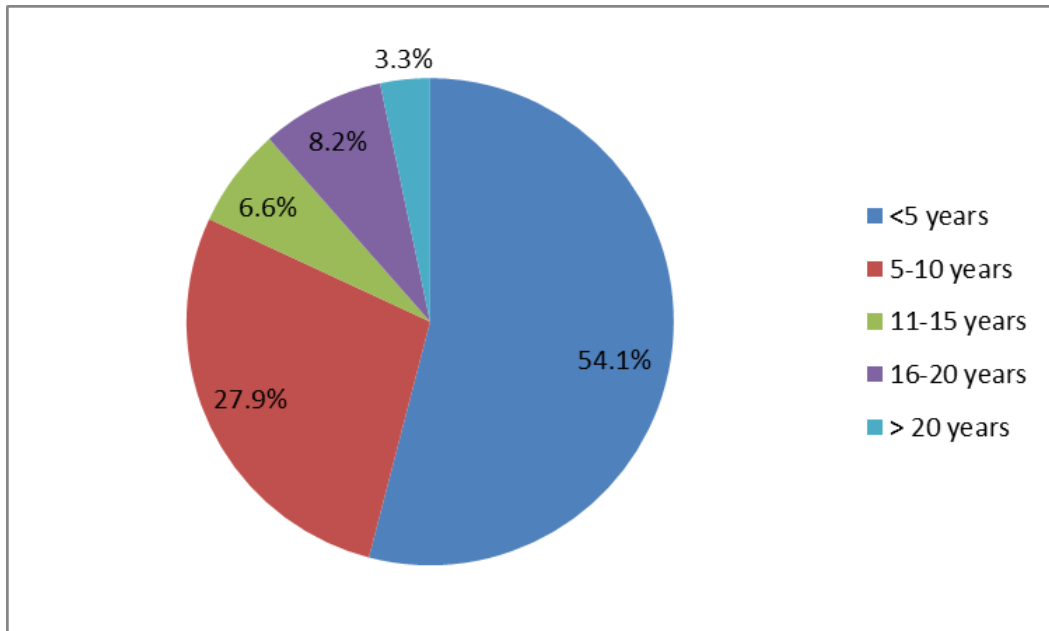


Figure 4.3. Number of year working for Organisation X

Participants were asked to indicate their level of employment to differentiate between staff and management. The results in Figure 4.4 indicate that generally all employees took the survey followed by Leaders and Senior Leaders. 'All employees' refers to staff, 'Leaders' refers to first and second line managers and lastly 'Senior Leadership' refers to Executive Committee members.

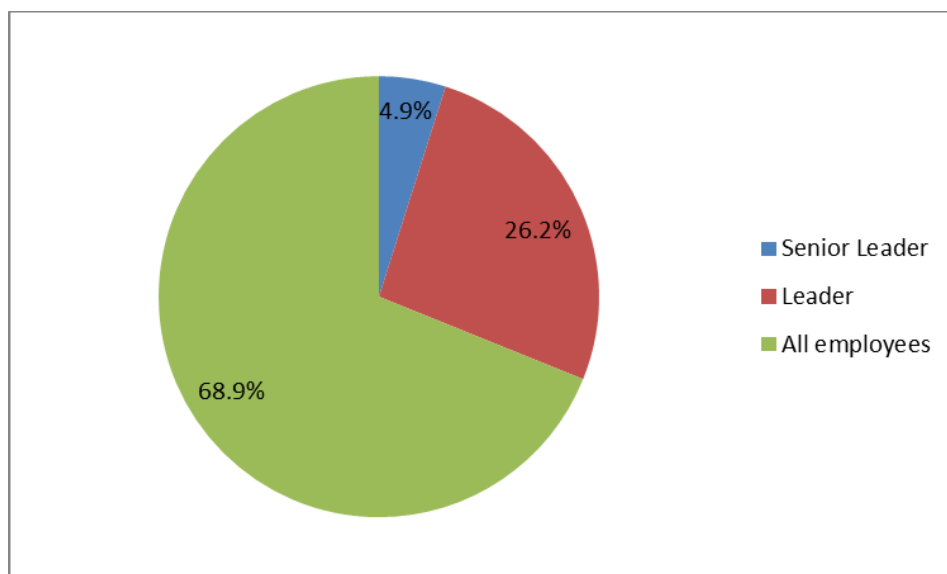


Figure 4.4. Employment Level of Participants

Figure 4.5, illustrates the various departments represented by the study population. The majority of the participants is based in Johannesburg, Western Cape and Kwa Zulu Natal (KZN). Participants that selected 'Other' are mobile and are not based in a specific region.

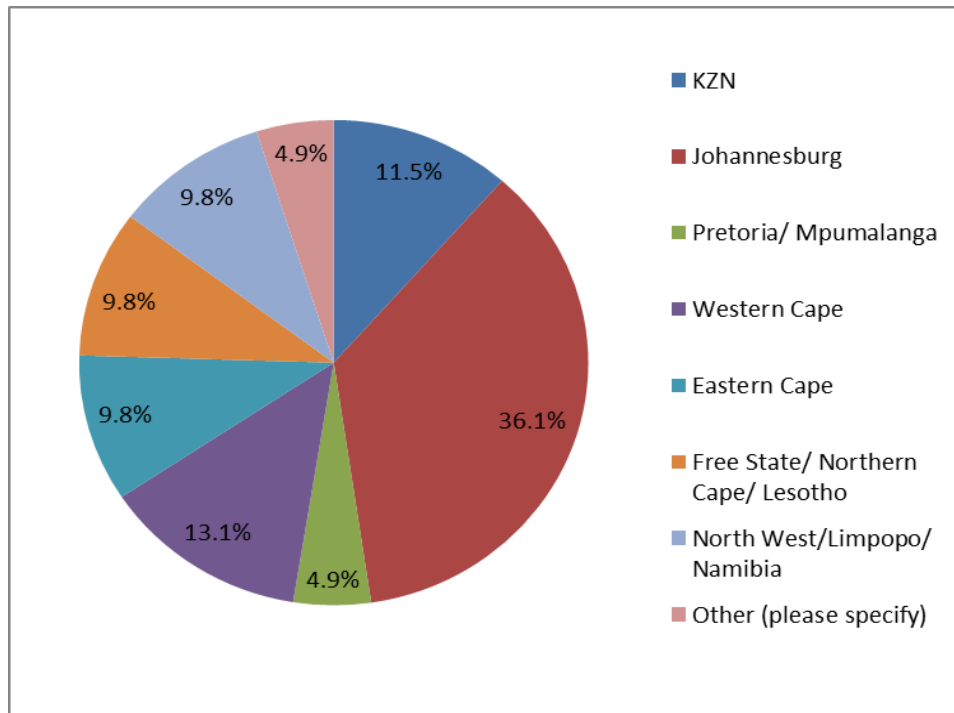


Figure 4.5. Regions represented by Participants

4.3. Presentation of Results

A four point Likert Scale was administered to test the effect of the independent variables on the dependent variable. The scale ranged from; 1 – Strongly disagree, 2 – Disagree, 3 – Agree, 4 – Strongly Agree. According to this scale, the mean was 2.5 for all possible answers. Questions with a mean below 2.5 implied that on average a participant had a negative perception whilst a mean greater than 2.5 implied that on average a participant had a positive perception of that scale item. Table 4.1 presents the average responses to each question on the 4 point Likert Scale.

Table 4.1. Average responses to questions

Organisational Agility	N	Mean
My department is known to be at the forefront of innovation and renovation	61	2.59
My department is effective at out-maneuvering competition in the market place	61	2.61
My department is flexible enough to adapt to external circumstances quickly and effectively	61	2.44
My department develops its products according to the taste of its customers	61	2.80
My department hesitates to introduce new products	61	2.72
Various departments in my organisation coordinate their tasks and share their experiences	61	2.52
My department has a system to receive suggestions on improving company performance	61	2.41
The organisational structure facilitates quicker decision making	61	2.18
Organisational Culture	N	Mean
My department considers teamwork as an integral part of success	61	3.25
My department is supportive of experimentation and innovative ideas	61	2.84
My department prefers a proactive continuous improvement approach rather than reacting to crisis or "fire-fighting"	61	2.61
There are adequate rewards systems in place to keep staff motivated	61	2.28
My department aims for customer satisfaction over profit	61	2.61
Leadership	N	Mean
Leadership is effective at leading a multigenerational team in order to achieve business objectives	61	2.82
Leadership is effective at inspiring others to adapt towards a challenging future vision	61	2.66
Leadership is effective at building consensus and commitment towards the organisational strategy	61	2.82
In my departments top management encourage employees to learn by means of education, experience and relationships within the organisation	61	2.87
Managers in my department look for innovative and modern solutions to daily issues	61	2.66
Those who are involved with the process of making strategic decisions in my department are characterised by being mindful of the changes in the market	61	2.74
Managers create a culture of urgency and stakeholder satisfaction as a daily expectation	61	2.77
Coaching/ Mentorship allows for flexibility in the way work is conducted and encourages suggestions for improvement	61	2.90
Employee Empowerment	N	Mean
Employees have the authority and power to make decisions at work	61	2.56
In my department employees influence decisions taken by management	61	2.41
In my department employees influence the way work is done to improve efficiency	61	2.61
My department encourages people to work together to share what they know and collaborate effectively	61	2.97
I fully understand my role in the organisation and the importance of achieving our business objectives collectively	61	3.28
I am fully engaged and motivated to perform well on a daily basis	61	2.92
Rewards and recognition include group work and collaboration measures	61	2.48
Information Technology	N	Mean
IT systems are appropriate to our needs and allow us to be more competitive in the market place	61	2.26
IT systems make organisational information easily accessible to all employees	61	2.62
IT software supports faster decision making	61	2.39
IT software is updated regularly to reflect current trends in business IT solutions	61	2.56
IT software in our department allows me to provide a better service to our customers	61	2.51

4.3.1. Organisational Agility

Organisational Agility measured the efforts that Organisation X has made towards agility thus far. Organisational Agility was measured using eight statements related to the Organisational structure, responsiveness and new product development. Results from this section highlighted organisational structure as one of the key areas that requires attention with seventy percent of the participants disagreeing with the statement. The highest rated element of Organisational Agility was the focus on producing products according to customer tastes with seventy seven participants agreeing with this statement. The remaining questions indicated a positive opinion about the organisations efforts towards agility. The results of this section of the questionnaire are illustrated in Figure 4.6:

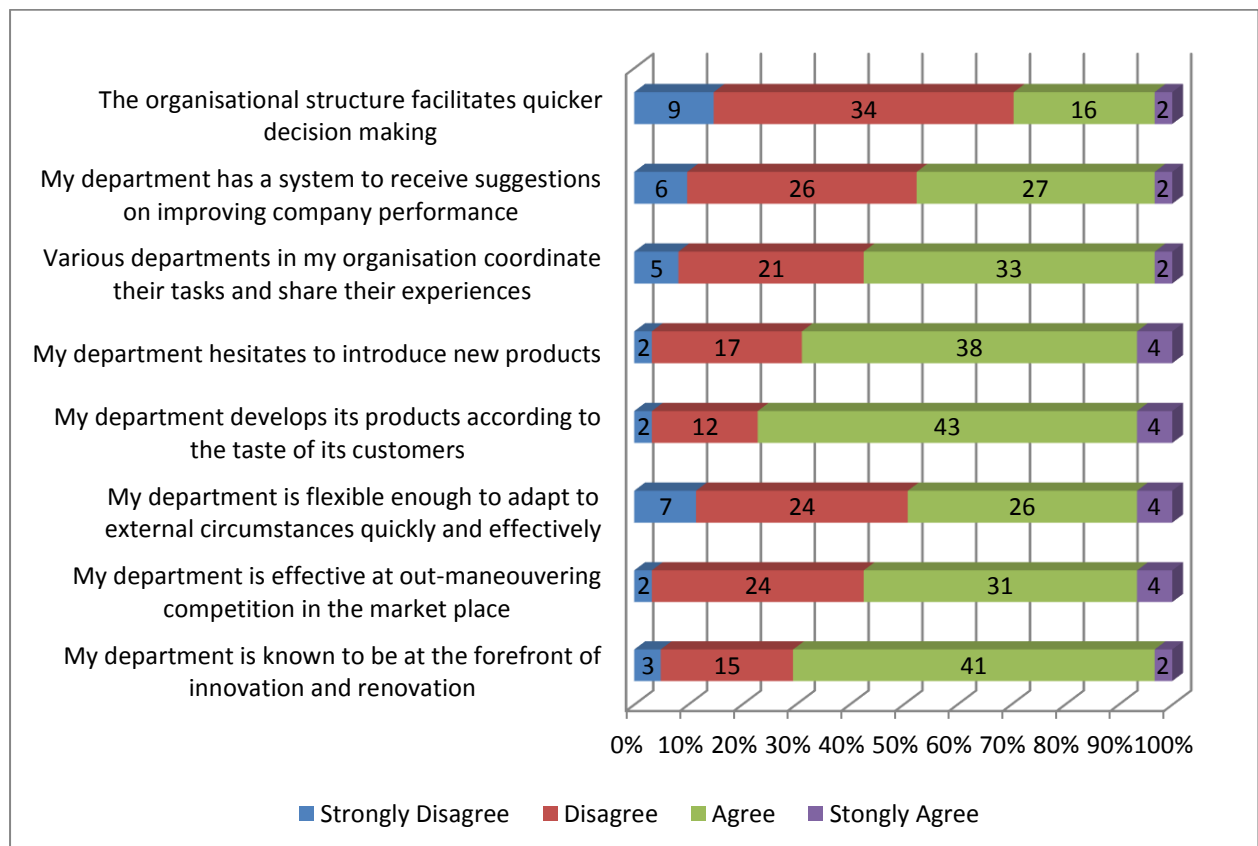


Figure 4.6. Employee perception of Organisational Agility (n = 61)

According to the cumulative frequency distribution, the mean for this section was 19.83. Figure 4.7 indicates that 45.9% of employees tended to disagree with the statements on Organisational Agility.

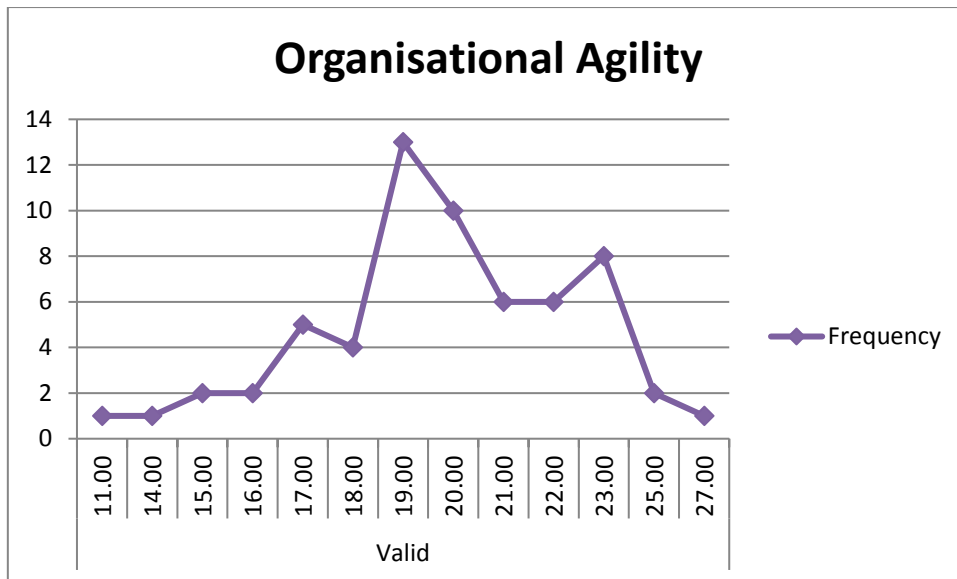


Figure 4.7 Frequency Distribution of Responses towards Organisational Agility (Mean 19.83)

4.3.2. Organisational Culture

The organisational culture is an important predictor of the level of agility in an organisation. The results of the survey measured key aspects of organisational culture such as customer satisfaction, openness to new ideas, innovation and renovation by all employees. Participants agreed that the organisation is effective at harnessing ideas, promoting teamwork and aimed for customer satisfaction. However, fifty two percent of participants believed that the organisation did not include adequate reward systems in place to keep staff motivated. The results of this section of the study are illustrated in Figure 4.8 below:

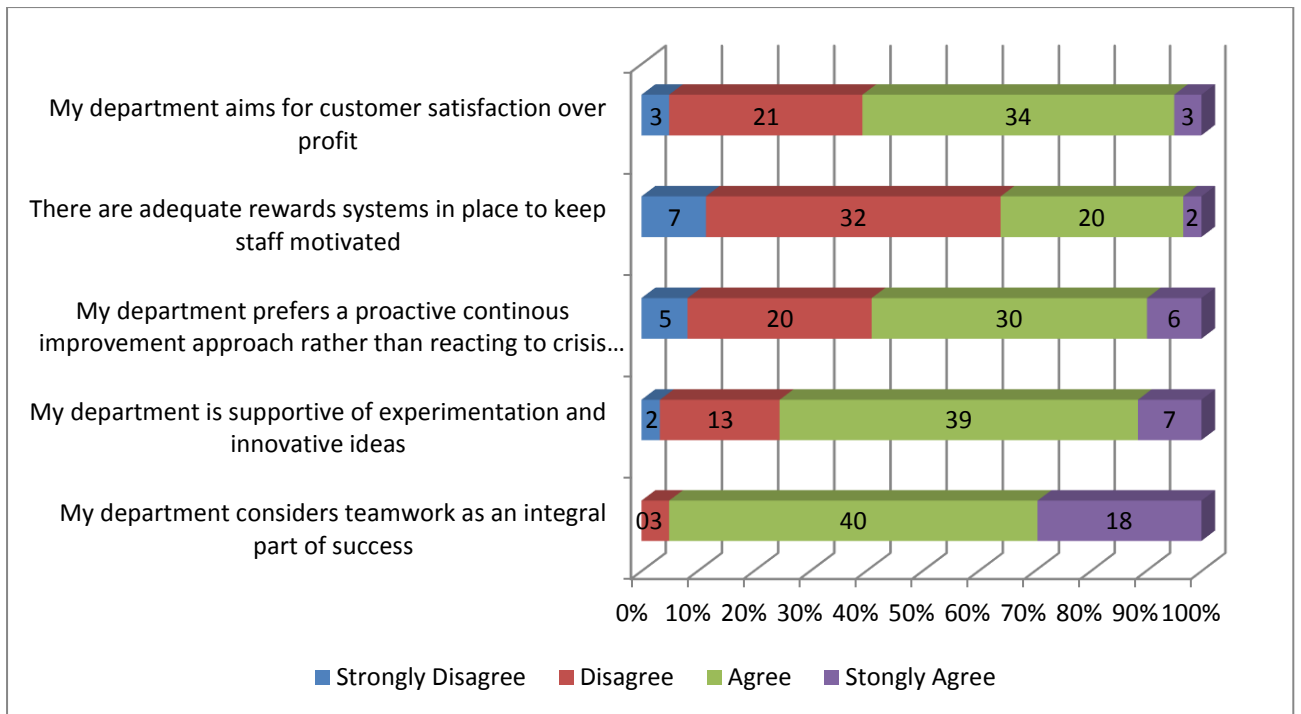


Figure 4.8. Employee perception of Organisational Culture (n = 61)

According to the results of the Frequency and Distribution analysis, 49.2% employees are below the mean of 13.57 for Organisational Culture. The frequency distribution is illustrated in Figure 4.9.



Figure 4.9. Frequencies and Distribution of Responses towards Organisational Culture (Mean = 13.57)

4.3.3. Organisational Leadership

Leading in a VUCA environment requires a flexible and innovative approach to leadership. Leaders influence the culture of the organisation and play a major role in the overall agility of the company. This survey measured the efficacy of leadership using eight questions. According to the survey responses, employee perception of leadership agility was highly favourable. More than fifty percent of participants agreed that leadership has embraced the principles of agility through flexible and innovative techniques. Seventy two percent of participants agreed that employees were encouraged to learn by means of education, experience and relationships within the organisation. This was the most highly rated competence of leaders in the organisation. The least favourable leadership capability in comparison to the rest of the questions is that of inspiring employees to adapt towards a challenging future vision. Only fifty two percent of participants agreed, making this the lowest rated question on Leadership. The results of this section can be found in Figure 4.10.

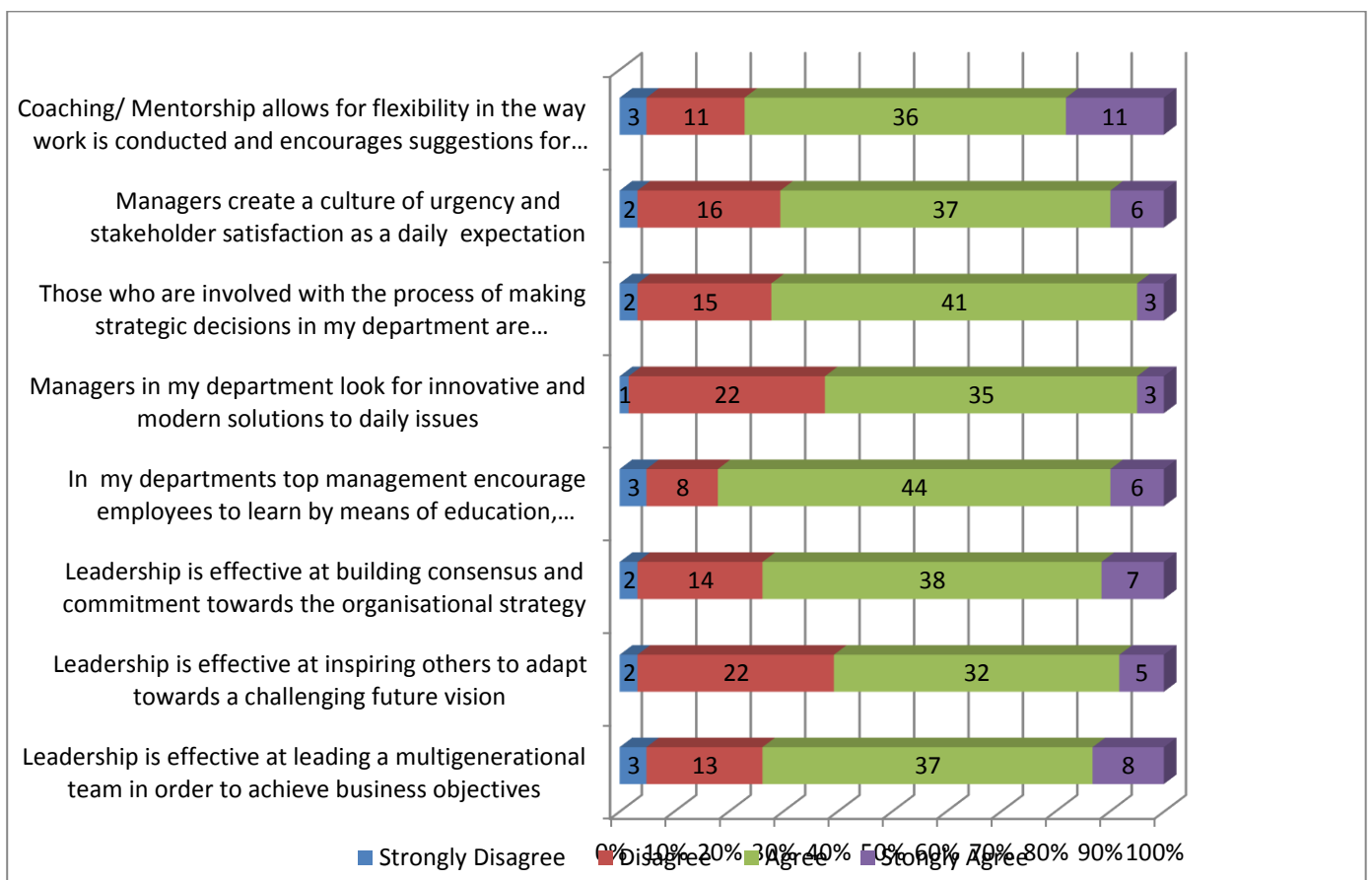


Figure 4.10. Employee Perception of Leadership Agility

Compared to a mean of 22.2, 45.9% of responses tended to disagree with the statements on Leadership, while the remaining 54,1% had a positive perception of Leadership.

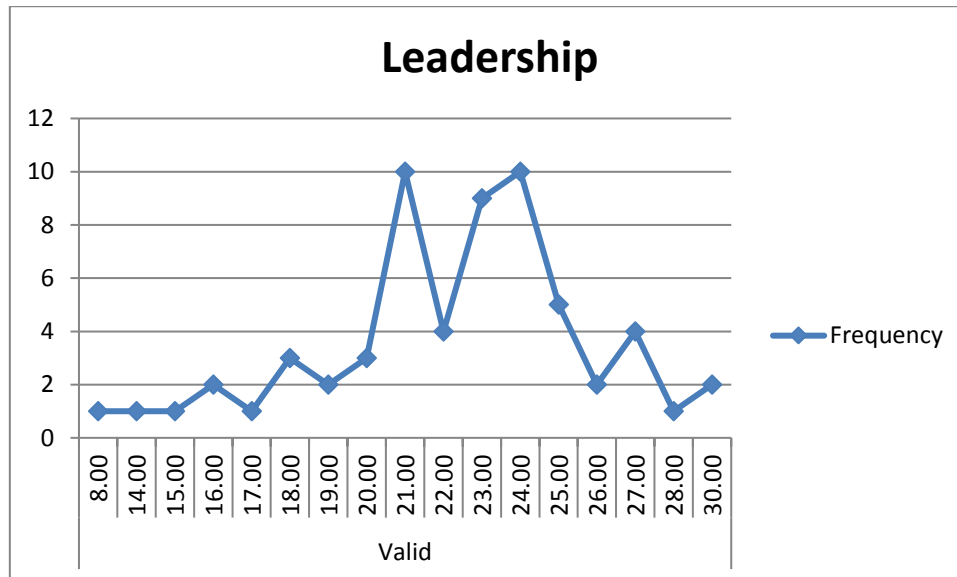


Figure 4.11 Frequency Distribution of Responses towards Leadership (Mean 22.2)

4.3.4. Employee Empowerment

This study measured employee empowerment using seven questions. The questions were broadly designed to measure the level to which the organisation encourages employee empowerment and the degree of employee involvement in decision making. According to the results of the survey, most employees agreed that employee empowerment within the organisation was favourable. However, the remaining statements linked to rewards and recognition and employee influence on decisions were viewed unfavourably. More than fifty percent of participants indicate that the company did not do enough to reward employees in respect of team work and collaboration. Fifty four percent of participants believed that employees had very little influence on decisions taken by management. The results of the survey are illustrated in Figure 4.12.

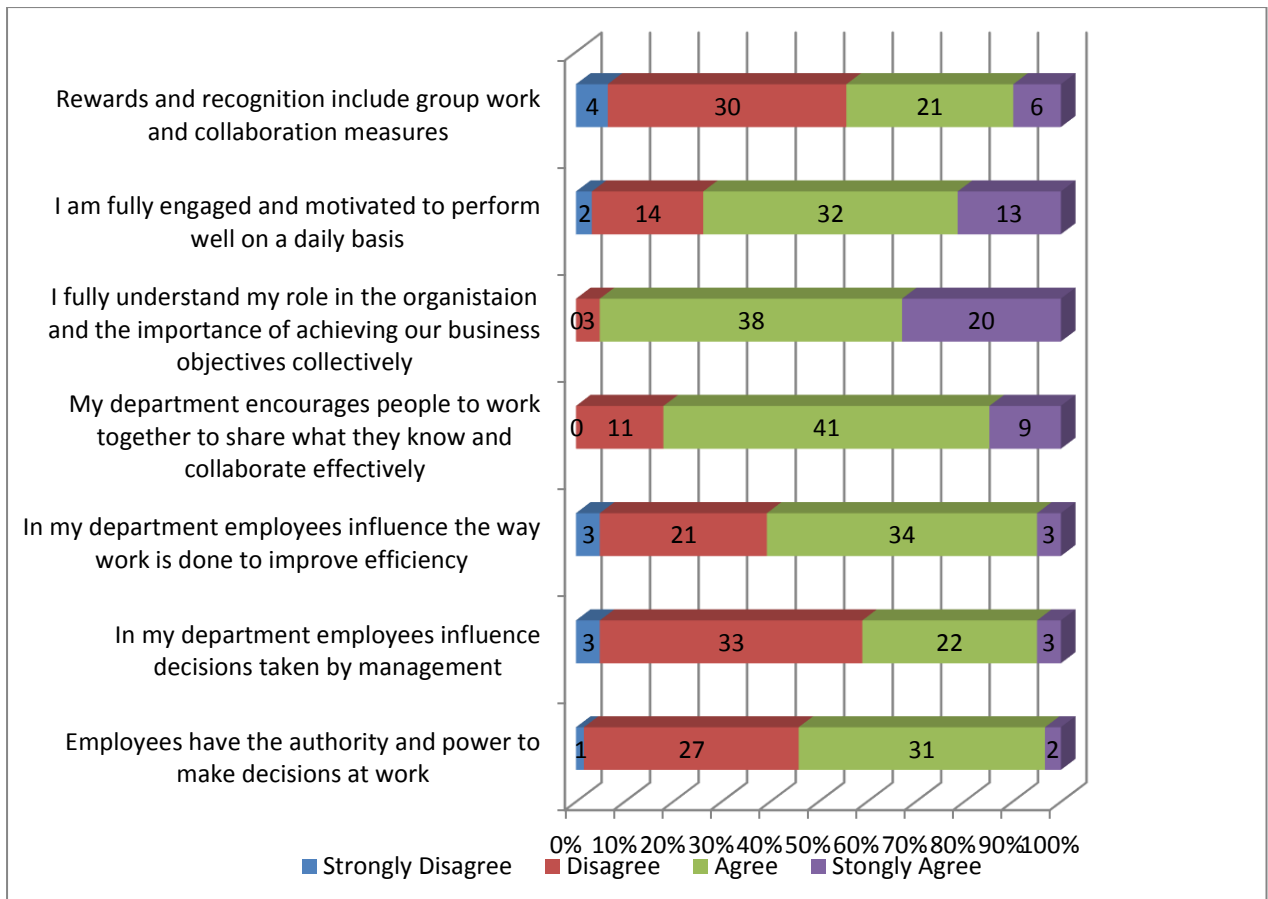


Figure 4.12 Employee perception of Employee Empowerment

The mean response to this section of the questionnaire was 19.21. It was found that 42.6% of participants had a negative perception of Employee empowerment while the majority had a positive perception (Figure 4.13).

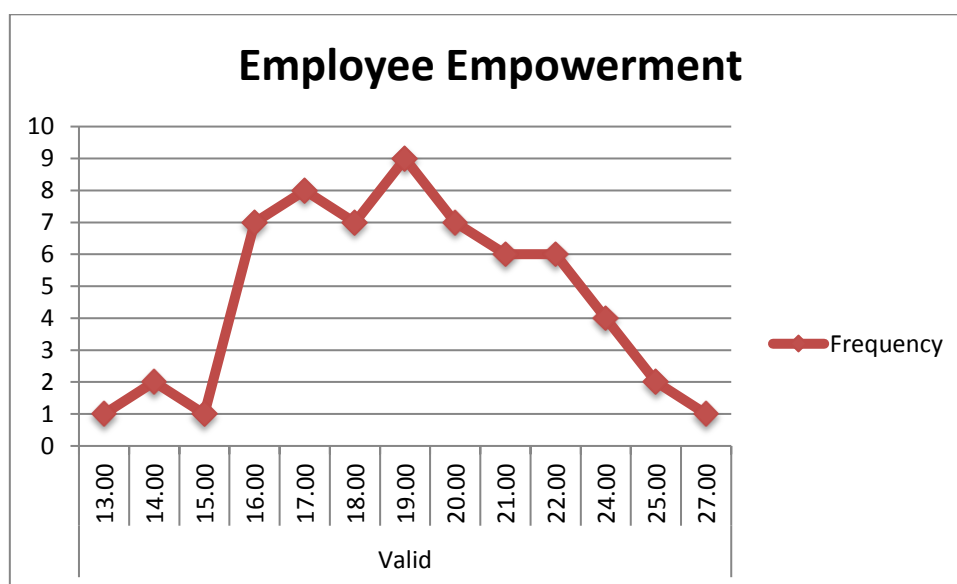


Figure 4.13 Frequency Distribution of Responses towards Employee Empowerment (Mean = 19.21)

4.3.5. Information Technology

This study measured agility of IT using five questions. The questions were designed to evaluate the efficacy of the IT systems in providing a better service to customers, keeping up with IT trends and supporting faster decision making through making information easily accessible.

The results of the study indicate that IT systems have been falling short of effectively meeting the needs of the organisation. More than fifty percent of participants believed that IT did not support faster decision making. In terms of providing a competitive advantage, fifty nine percent of participants indicated that IT systems did not contribute to a competitive advantage in the organisation (Figure 4.14). IT systems have been more effective at providing better customer service, and making information easily accessible to all employees.

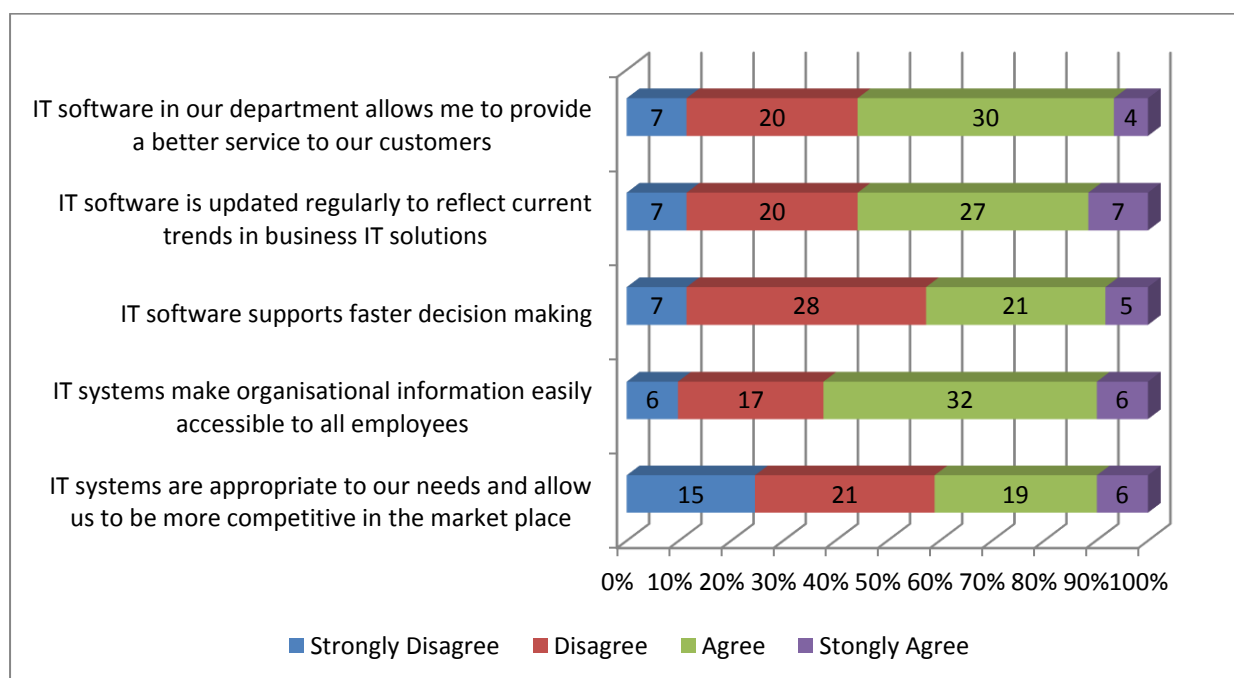


Figure 4.14 Information Technology

Compared to the mean of 12.34, 47.5% of respondents disagreed with the statements on Information Technology. This indicates that most respondents viewed Information Technology as conducive to Corporate Agility in Organisation X (Figure 4.15).

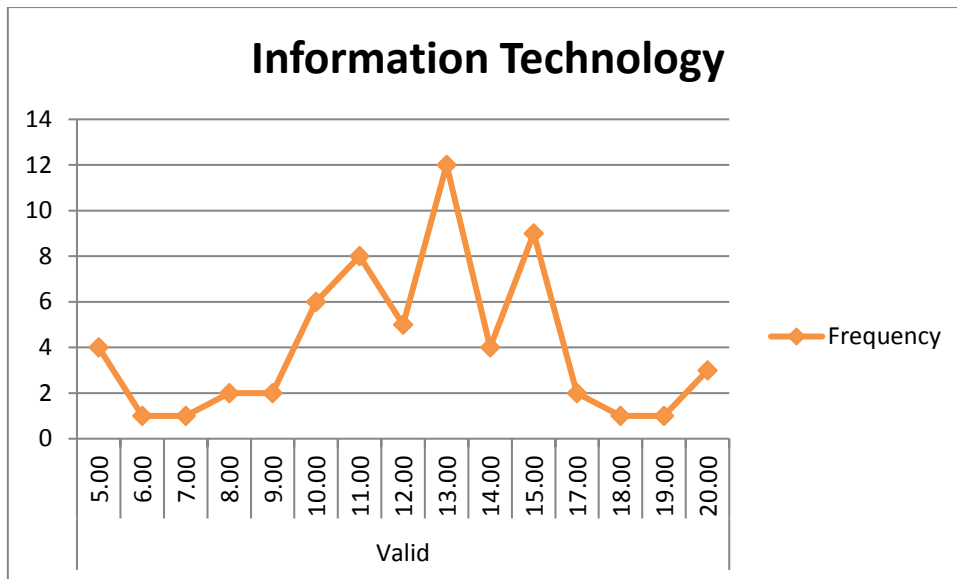


Figure 4.15. Frequencies and Distribution of Responses towards information Technology (Mean = 12.34)

4.3.7. Correlation between the various constructs of Agility

This study measured five constructs of agility. A Pearson's Correlation Coefficient was used to determine the relationship between these constructs. According to the Pearson Correlation Test, it is observed that there is a significant correlation between all constructs of agility. The results of this statistical technique are illustrated in Table 4.1 below:

Table 4.2 Correlation between the five constructs of Agility

		Correlations				
		Organisational Agility	Organisational Culture	Leadership	Employee Empowerment	Information Technology
Organisational Agility	Pearson Correlation	1	.523**	.605**	.421**	.349**
	Sig. (2-tailed)		0.000	0.000	0.001	0.006
Organisational Culture	Pearson Correlation	.523**	1	.633**	.651**	.415**
	Sig. (2-tailed)	0.000		0.000	0.000	0.001
Leadership	Pearson Correlation	.605**	.633**	1	.634**	.516**
	Sig. (2-tailed)	0.000	0.000		0.000	0.000
Employee Empowerment	Pearson Correlation	.421**	.651**	.634**	1	.386**
	Sig. (2-tailed)	0.001	0.000	0.000		0.002
Information Technology	Pearson Correlation	.349**	.415**	.516**	.386**	1
	Sig. (2-tailed)	0.006	0.001	0.000	0.002	

** . Correlation is significant at the 0.01 level (2-tailed).

Further analysis was conducted to determine which of the four constructs had significant impact on organisational agility. A Linear Regression Analysis indicated that Leadership and Organisational Culture were the two constructs with the most significant impact on Organisational Agility at 0.002 and 0.049 respectively (Table 4.3).

Table 4.3. Linear Regression Model Summary of the constructs of Organisational Agility

Model Summary ^d				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.639 ^a	0.409	0.366	2.23359
2	.639 ^b	0.408	0.377	2.21413
3	.638 ^c	0.407	0.387	2.19681
a. Predictors: (Constant), IT, empowerment, oorculture, leadership				
b. Predictors: (Constant), empowerment, oorculture, leadership				
c. Predictors: (Constant), oorculture, leadership				
d. Dependent Variable: Organisational agility				

Table 4.4 ANOVA test for Correlation between Organisational Agility and its constructs

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	192.980	4	48.245	9.670	.000 ^b
	Residual	279.380	56	4.989		
	Total	472.361	60			
2	Regression	192.925	3	64.308	13.118	.000 ^c
	Residual	279.435	57	4.902		
	Total	472.361	60			
3	Regression	192.454	2	96.227	19.939	.000 ^d
	Residual	279.907	58	4.826		
	Total	472.361	60			
a. Dependent Variable: Organisational agility						
b. Predictors: (Constant), IT, empowerment, oorculture, leadership						
c. Predictors: (Constant), empowerment, oorculture, leadership						
d. Predictors: (Constant), oorculture, leadership						

Table 4.5 Linear Regression Coefficient of the constructs of Organisational Agility

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.080	2.010		4.516	0.000
	Organisational Culture	0.412	0.216	0.283	1.910	0.061
	Leadership	0.324	0.112	0.442	2.883	0.006
	Employee Empowerment	-0.042	0.137	-0.045	-0.310	0.757
	IT	0.010	0.095	0.013	0.105	0.917
2	(Constant)	9.083	1.993		4.558	0.000
	Organisational Culture	0.415	0.211	0.285	1.962	0.055
	Leadership	0.327	0.106	0.447	3.084	0.003
	Employee Empowerment	-0.042	0.136	-0.044	-0.310	0.758
	IT	0.010	0.095	0.013	0.105	0.917
3	(Constant)	8.807	1.769		4.978	0.000
	Organisational Culture	0.390	0.194	0.268	2.010	0.049
	Leadership	0.315	0.098	0.430	3.226	0.002

a. Dependent Variable: Organisational agility

4.5. Chapter Summary

This Chapter collated the results of the study and analysed them using statistical techniques. The results of the study were analysed according to the demographics, the five constructs of agility as well as the relationship between these factors. Simple descriptive statistics formed the basis of the statistical analysis and the rest were analysed using ANOVA and Pearson correlation techniques. The findings of the statistical analysis will be discussed in Chapter five by interpreting the results and comparing and contrasting them with the work of previous research on this topic.

CHAPTER 5

Discussion, Conclusion and Recommendations

5.1. Introduction

This Chapter will discuss the results of the study in accordance with the research objectives set out in Chapter 1. The results of the study will be interpreted along with the studies that were reviewed in Chapter 2. The Chapter will compare and contrast the results of this study with previous research done on this topic. The purpose of this Chapter is to make meaningful inferences about the areas for development and areas of proficiency regarding corporate agility.

5.2. Research objectives

The purpose of this research is to measure corporate agility based on employee perception. The study aimed to answer six research objectives:

1. To evaluate Corporate Agility in a VUCA environment based on employee perception.
2. To evaluate the impact of Organisational Culture on Corporate Agility
3. To determine the influence of Leadership on Corporate Agility
4. To determine the level of Employee Empowerment as a factor that contributes to Company Agility
5. To determine if the IT Infrastructure facilitates Corporate Agility
6. To make suggestions to Organisation X on how to improve agility in a VUCA environment

The remainder of this Chapter will discuss each of the research objectives in relation to the results of this survey and the literature available. As discussed in Chapter 4, the mean responses to the questionnaire will be compared against a mean of 2.5.

5.3. Organisational Agility

Organisational agility was considered favourable with an overall rating of 2.55. The results indicate that although Organisation X is agile, there are still some areas that can be improved. The strengths and the development areas regarding Organisational Agility are discussed below.

5.3.1. Strengths of Organisational Agility

The main areas of competence associated with organisational agility were competitive intensity, innovation and renovation, developing products according to the tastes of customers and collaborating with other departments. These findings are supported by the study done by Sharmelly, (2017) and Najrani, (2016), in which innovation and renovation were found to be key characteristics of an agile organisation. Roberts and Grover (2011), further support these findings by stating that competitive intensity and customer satisfaction are key aspects of agility and are directly linked to improved performance. The main consideration for any organisation that aims for customer satisfaction is to sense changes in customer tastes and preferences and to keep up with the changes. Therefore, it is recommended that Organisation X leverage these strengths in a VUCA environment in order to remain profitable.

5.3.2. Development areas of Organisational Agility

The results of this study indicate that the organisational structure can be improved to facilitate faster decision making. The average response for this element of agility was 2.18, which is lower than the mean of 2.5. This finding was further highlighted by the participant's response to the question on organisational flexibility. Participants scored the organisation an average of 2.44, indicating that most employees did not see the organisation as flexible enough to adapt to the external environment. According to the study done by Mehrabi *et al* (2015) the organisational structure of an agile organisation should be one that is flatter, more transparent and support quicker decision making. In a large company such as Organisation X, it is recommended that the company review the organisational structure as an area of development and seek to find ways to achieve a flatter hierarchy. This will involve expanding the organisation laterally as opposed to vertically in a hierarchy. Lateral expansion of an organisation needs buy in from employees and this should include rewards and recognition for contributions made in their roles.

The next area of development pertained to a system for employees to make suggestions in order to improve company performance. Participants believed that Organisation X did not have a system in place to allow employees to make suggestions in order to improve company performance. The average rating for this question was 2.41. According to Sharmelly (2017), innovation and renovation can be achieved by ensuring that the innovation objectives are aligned with the business objectives and

encouraging employees to make suggestions and come up with ideas to improve business operations. This was referred to as open innovation. Open innovation together with innovation teams can yield positive results and improve agility. Therefore, in line with the suggestions from Sharmelly (2017), Organisation X must develop a system for employees and customers to make suggestions, allow the formation of innovation teams and ensure that the business and innovation objectives are aligned in order to take agility to the next level.

5.4. Organisational Culture

The organisational culture was considered to be conducive to agility by most respondents. The average rating for this section of the questionnaire was 2.71. More than fifty percent of participants had a favourable perception of Organisational Culture. Although the overall rating was favourable, there are factors that Organisation X can improve on in order to be more agile.

5.4.1. Strengths of Organisational Culture

The most highly rated factor for organisational culture was the focus on teamwork and collaboration as an integral part of success in the organisation. The average rating across all departments was 3.25. These findings are consistent with the findings of Nold and Michel (2016) and Muduli (2016), which emphasized a culture of collaboration and teamwork and found a statistically significant relationship between teamwork, knowledge sharing, collaboration and organisational agility.

A strength in relation to Organisational Culture was the support for experimentation and innovative ideas from employees. The average rating for this question was 2.84. This indicates that Organisation X successfully encourages employees to contribute innovative solutions and ideas to improve company performance. An innovative culture is imperative in an agile organisation as it involves continuous adaptation to external circumstances (Mehrabi, 2015). These findings are consistent with the findings of Nold and Michel (2016), Muduli (2016) and Mehrabi (2016), in which innovation was considered a vital attribute of Organisational Agility.

A proactive approach to continuous improvement is considered a strength by most employees in the organisation. The average response to this question was 2.61.

These findings are consistent with the recommendations made by Mashki and Teimouri (2013), with respect to a proactive culture. A proactive culture is inclusive and encourages employees to actively contribute ideas and innovation towards agility in an organisation.

A culture that supports customer satisfaction over profit is a key characteristic of an agile organisation (Denning, 2014). In this study, it was found that most employees believed that Organisation X is adept at prioritising customer satisfaction over profit. The average score for this question was 2.61. Overall, customer satisfaction is considered a priority. This finding is consistent with the findings of Alzoubi, Al-outum and Albatainh (2011), in which a culture of customer satisfaction was significantly associated with organisational agility. These findings were further supported by the study done by Roberts and Grover (2011), in which customer agility was found to have a significant impact on firm performance. Therefore, employees perceive Organisation X as highly competent and agile with respect to customer satisfaction.

It is recommended that Organisation X continues to focus its efforts on achieving customer satisfaction and continues to support teamwork and collaboration within the organisation. Promoting a culture of experimentation and innovation is a major strength for the organisation and should be leveraged in order to gain a competitive advantage in the industry.

5.4.2. Development areas for Organisational Culture

Participants were asked to agree or disagree with the statement that there were adequate rewards in place to keep staff motivated. It was found that most employees disagreed with this statement. Rewards and recognition was rated 2.28 and as a result was highlighted as an area that can be improved in order to improve agility in the organisation. According to the study by Keister (2016) rewards and recognition is an important factor when inspiring and motivating a workforce. In this study, although the organisational culture was rated highly, the organisation must look for ways to support this culture through rewarding employees that are contributing towards agility.

5.5. Leadership Agility

Leadership agility is an area that was rated very highly by participants. The average response to this section was 2.78. A total of fifty four percent of the participants had a

positive perception of Leadership in the organisation. The participants in this study comprised of 67.7% employees, 27.4% leaders and 4% senior leaders. This indicates that responses gathered from participants were not biased towards leadership. Leadership was fairly evaluated by the employees that they lead. These results show that leaders in the organisation are highly adept at leading an organisation in a VUCA environment using agility principles. According to Petrie (2011), a leader must be adaptable, have a high level of self-awareness, allow employees to experiment and collaborate as well as network with other departments. All of these aspects were investigated in the questionnaire and was rated highly across all departments. Therefore it is recommended that Organisation X, maintain the current approach to recruiting and trainings leaders in order to support agility in the organisation.

5.6. Employee Empowerment

Employee Empowerment has the potential to drive creativity and innovation in an organisation (Appelbaum, Calle, Desautels and Hasan, 2017). A total of forty two percent of participants had a positive perception of Employee Empowerment. In this study it was found that employee empowerment is an area that is a strength although certain aspects can be improved.

5.6.1. Strengths of Employee Empowerment

The results of this study highlight many strengths of Employee Empowerment at Organisation X. Employees believed that the organisation encourages teamwork and collaboration. Most employees are fully engaged and motivated to be at work and there is a thorough understanding of employees' roles and commitment to achieving business objectives. It was found that employees did influence the way work is done in order to improve efficiency. However, this does not imply that employees influence decisions taken by management. This will be discussed further in the next section. Lastly, participants believed that there was a certain extent of decision making authority held by employees. According to Sherehiy and Karwowski (2014), this is an important characteristic of an agile organisation and can be directly linked to job certainty. Employees that fully understand their job and role in an organisation can make decisions more confidently and thus contribute to an agile organisation.

5.6.2. Development areas for Employee Empowerment

More than fifty percent of employees believed that employees did not influence decisions taken by management. This is a concern for an organisation that aims to become more agile. In the study done by Belagali (2016), self-engaging teams are crucial to the agility and success of an organisation. In order to achieve self-engaging teams, employees must be included in strategy planning and contribute towards the planning in the organisation. This allows for employers to gain buy in from employees and achieve strategic alignment. In keeping with these findings, it is recommended that organisation X allow employees the opportunity to participate in strategic planning and make suggestions on improving business operations. This can take the form of a system to receive suggestions or by simply encouraging employees to attend strategic meetings as part of the development process.

Rewards and recognition in relation to employee empowerment indicate that employees are not rewarded for internal collaboration and networking. According to agility principles, collaboration and networking can overcome silo barriers and ensure that there is more teamwork and greater creativity. According to the study by Keister (2016) and Keister (2014), group work and collaboration facilitate agility and every effort should be made to harness the creativity of employees. It is recommended that Organisation X introduce a rewards system that recognises internal and external collaboration and results in improved performance and efficiency.

5.7. Information Technology

The results from this study indicate that Information Technology as a whole is favourable although there are areas that require more attention in Organisation X. The average response for this section was rated 2.47. This is just short of the mean of 2.5. There are two key areas that are related to poor performance. The strengths and development areas will be discussed in detail in the following sections.

5.7.1. Strengths of Information Technology

The highest ranked question was related to IT making information easily accessible by all employees. The question related to the update of IT software to reflect current trends in technology was rated favourable by participants. Thirty four participants agreed with this statement. The final strength associated with Information Technology is the use of IT in customer satisfaction. These results can be compared to that of Panda and Rath (2016) in which sharing of information between departments and

providing a better service to customers were all key contributors towards agility in an organisation. Contrary to these findings, Muduli (2016) found that sharing information between departments had little impact on agility. However, it was noted that while it had little impact, it was still important. The findings of Muduli (2016), further strengthened the notion that keeping IT competencies up to date significantly impacted the agility in an organisation. Therefore it is recommended that Organisation X continues to leverage strengths in relation to IT while working on developing IT weaknesses in the organisation.

5.7.2. Development areas of Information Technology

The results of this study indicate two very clear areas for development with regards to Information Technology. Participants were asked to agree or disagree with the statement that IT supports faster decision making in the organisation. It was found that seven participants strongly disagreed while twenty eight participants disagreed. Only twenty six employees agreed or strongly agreed. The average rating for this question was 2.39. The study by Panda and Rath (2016), found that IT can contribute to organisational agility through quicker decision making and enhance overall market responsiveness. Therefore it is recommended that Organisation X takes the necessary steps to improve on IT systems in order to support quicker decision making in the organisation.

Information Technology systems can be used to gain a competitive advantage in the industry. This study indicates that Organisation X has not sufficiently leveraged the IT systems to gain a competitive advantage. The overall rating for this question was 2.26. These findings are supported by the findings of Lowru and Wilson (2016), in which Information Technology service and capability was significantly associated with Organisational Agility as it can be used to develop and maintain a competitive advantage.

5.7. Relationship between the Constructs of Organisational Agility

The Pearson Test for correlation showed a significant relationship between all four constructs and Corporate Agility. This indicates that most participants believe that the five constructs are present in the organisation. According to the findings of the literature review, organisational culture, leadership, empowerment and IT are all

factors that can contribute to organisational agility provided that the organisation encourages flexibility and adaptability (Lawrence, 2013).

The significant relationship between leadership and the other constructs are consistent with the findings of Nold and Michel, (2016). According to Nold and Mikel, (2016), the Leadership construct has a ripple effect on the other constructs in terms of creating an agile organisation. Leadership supports agility by creating an agile organisational culture, facilitating collaboration and encouraging creativity thus increasing the overall agile capabilities of the Organisation. These findings were further supported by the study done by Mehrabi, (2013) in which shared leadership was found to support agility through decentralising leadership and empowering employees. In light of these findings, it is recommended that Organisation X harness the competence of the leadership team to drive agility in the organisation and increase competitive intensity.

The significant relationship between Organisational Culture and Organisational Agility are consistent with the findings of Mashki and Teimouri, (2013) in which six dimensions of Organisational Culture were found to have a positive impact on organisational agility. These six dimensions overlap with the characteristics and capabilities of an agile organisation in that both highlight the importance of customer satisfaction, innovation and renovation and collaboration towards improving agility in the organisation (Mashki and Teimouri, 2016 and Roberts and Grover, 2011).

Information Technology drives efficiency and effectiveness in an organisation. The findings of this study indicate that there is a significant relationship between IT and the other constructs. This finding is supported by Panda and Rath (2016), where IT was found to support collaboration and quicker decision making.

Interpretation of these results in reference to the literature review indicate that Organisation X has a high level of Corporate Agility across all four constructs as perceived by employees.

5.7.1. Main drivers of Agility in Organisation X

The Linear Regression Analysis investigated the four constructs of organisational agility to identify the main drivers that contribute to the overall agility at Organisation X. According to this analysis, Organisational Culture and Leadership are the most significant constructs that contribute towards Corporate Agility.

These findings are consistent with the findings of Nold and Michel (2016) as well as Hall and Roland (2016) where leadership was identified as the basic element to achieving Organisational agility. Hall *et al* (2016) described the key characteristics of an agile leader as the ability to craft and execute strategy innovation and gain consensus amongst employees to achieve organisational goals. The survey in this study determined the employee perception of each of these characteristics and both received a positive result.

Organisational Culture can be both an impediment to agility as well as a promoter of agility. An Organisational Culture that is resistant to change and hinders collaboration in the workforce can be an impediment to Organisational Agility (Javdani *et al* (2016). This study evaluated Organisational Culture according to the openness to ideas, innovation, collaboration and customer satisfaction. The results prove that Organisational Culture is one of the main drivers of Organisational Agility at Organisation X. This indicates that the culture at Organisation X is conducive to flexibility and adaptability, ensures that employees are free to innovate and are open to change in the organisation. This finding is consistent with the findings of Nold and Michel (2016), Alzoubi *et al* (2011), Bennett and Lemoine (2014) and Muduli (2015) in which openness to ideas, innovation, collaboration and customer satisfaction are characteristics of an agile Organisational Culture and considered vital to support agility in an organisation.

5.8. Improving Corporate agility in the Organisation

This survey made provision to include suggestions from employees on how to improve corporate agility within the organisation. This allowed participants the opportunity to add suggestions in the form of free text so that there are no limitations on the answers. A total of 30 out of 61 participants made suggestions.

Most suggestions in this section revolved around topics such as collaboration, leadership, IT systems and faster decision making.

5.8.1. Collaboration

In keeping with the spirit of agility, collaboration and teamwork were highlighted as an area that can still be improved further. Some of the suggestions to improve on this area is to allow the formation of an ad hoc committee in which innovative solutions to daily problems can be solved. This ad hoc committee should be cross departmental

to ensure that all departments can contribute to the solution quicker and more efficiently. It was also suggested that there be more efforts to allow employees to share a day with a colleague from another department to share ideas and learn more about the work that is done in other departments. This can be a form of 'cross-pollination' and allow for employees to come up with ideas and make suggestions based on a deeper understanding of how the organisation operates. To facilitate this entire process, it was suggested that leadership be more open to the ideas of collaboration and cross departmental learning.

5.8.2. Leadership

Leadership in the organisation has been mostly effective in terms of inspiring and motivating employees. In order to improve leadership agility, leaders must become more comfortable with encouraging employees to come up with innovative solutions to daily problems. The suggestion for leaders is to create a culture of 'fail fast, learn and correct mistakes' so that employees do not shy away from making valuable and innovative suggestions to improve the business. Leadership can further support innovation through identifying 'what' was the problem instead of 'who' was the problem.

5.8.3. Customer service

Suggestions to improve customer service revolve around tailor making products to accommodate the cultural needs of South African consumers. This involves more effort to understand customers and ensure that innovation and renovation support the South African context . Further suggestions by employees highlight the fact that speed to market is a major concern as competitor companies tend to bring out products faster and more efficiently. A common concern amongst some participants was the organisations actual customer services department and the lack of urgency to resolve key issues such as stock outs and new product availability.

5.8.3. Quicker decision making

Quicker decision making is one of the core characteristics of an agile organisation. Participants in this study believed that the current organisational structure was not conducive to quicker decision making due to 'red tape' and many layers in the organisation needing to approve the material before it is actually mobilised. In order to improve the situation, it is suggested that the organisation encourage more autonomy and decision making authority.

5.9. Limitations of the Study

The following limitations of the study are acknowledged:

- a) The participation rate for this study was lower than expected. A total of 103 email surveys were sent out and only 61 completed. Therefore these findings should be used with caution when trying to apply them to a broader setting.
- b) This study is based on employee perception of Organisational Agility and therefore cannot be used as the sole indicator of Organisational Agility at Organisation X.
- c) This study was conducted in one of the many BU's at Organisation X. Therefore the results must be used with caution when extrapolating to the larger organisation.

5.10. Recommendations for Future Studies

The following recommendations are made for future research on this subject:

- a) Organisational Agility was measured using employee perception. Future studies can measure Organisational Agility using organisational performance over time. Key metrics such as market share, operating profit and volume sales can be used to measure the performance of the organisation in relation to agility.
- b) This study was conducted in one of many BU's due to limited time and resources. Future studies of this nature can include all BU's at Organisation X both locally and internationally
- c) Based on the areas of development highlighted in this study, various steps can be taken to improve these areas and the impact on Organisational performance can be measured.

5.11. Conclusions

The overall objectives and the results of this study are summarised below:

1. To evaluate Corporate Agility in a VUCA environment based on employee perception. It was found that the organisation had made significant improvements in terms of corporate agility. However organisational structure was perceived as ineffective at contributing to corporate agility in a VUCA environment.
2. To evaluate the impact of Organisational Culture on Corporate Agility, it was found that overall organisational culture was viewed positively by most employees. Organisational culture was found to be supportive of corporate agility.
3. To determine the influence of Leadership on Corporate Agility. Leadership was rated very highly by most employees thus indicating that leadership is effective at improving agility in the organisation
4. To determine the level of employee empowerment as a factor that contributes to the company's agility, Employee Empowerment can be improved by encouraging decision making and autonomy of employees
5. To determine if the IT infrastructure facilitates corporate agility, it was found that IT systems are still to be improved in order to achieve corporate agility

The results of this study are encouraging and indicate that Organisation X exhibits a high level of agility. However, according to Harraf *et al* (2015), an Organisation can be increasingly agile but never truly reach a state of complete agility as it is an on-going adaptive process. Therefore, the areas of development highlighted in this study, serves as a starting point for improving the agility even further.

5.12. Summary

The current business landscape in South Africa presents itself with many challenges. These challenges have impacted on the performance of Organisation X through declining market share, pruning of non-profitable BU's and a high staff turnover. The literature describes these conditions as a VUCA environment. To cope in a VUCA environment an Organisation must be agile. This study sought to evaluate the level of

agility at Organisation X by evaluating employee perception of the four key constructs of agility.

It was found that employee perception of Corporate Agility at Organisation X was highly favourable. Leadership and Organisational Culture made the most significant contribution towards Corporate Agility. However, there are specific areas of development that Organisation X can improve on in order to become more agile and improve the performance of the organisation overall.

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Appendix A: Ethical Clearance

Appendix B: Questionnaire

Questionnaire: Evaluating employee perception of Corporate Agility in a Volatile, Uncertain, Complex and Ambiguous environment

Department: _____
 Age: _____
 Gender: _____
 Race: _____
 Number of years working in this Department: _____

Please answer the following questions on a scale of 1-5 in relation to your experience in the Infant Nutrition BU

1 = Strongly Disagree 2= Disagree 3 = Neutral 4= Agree 5= Strongly agree

<u>Organisation Agility</u>	Strongly Disagree	Disagree	Agree	Strongly Agree
1. My department is known to be at the forefront of innovation and renovation				
2. My department is effective at out-maneuvering competition in the market place				
3. My department develops its products according to the taste of its customers				
4. My department hesitates to introduce new products				
5. Various departments in my organisation coordinate their tasks and share their experiences				
6. My department has a system to receive suggestions on improving company performance				
7. The organisational structure facilitates quicker decision making				

Organistical Culture

8. My department considers teamwork as an integral part of success				
9. My department is supportive of experimentation and innovative ideas				
10. My department prefers a proactive continuous improvement approach rather than reacting to crisis or "fire-fighting"				
11. There are adequate rewards in place to keep staff motivated				

12. My department aims for customer satisfaction over profit				
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Leadership

13. Leadership is effective at leading a multigenerational team in order to achieve business objectives				
14. Leadership is effective at inspiring others to adapt towards a challenging future vision				
15. Leadership is effective at building consensus and commitment towards the organisational strategy				
16. In my departments top management encourage employees to learn by means of education, experience and relationships within the organisation				
17. Managers in my department look for innovative and modern solutions to daily issues				
18. Those individuals concerned about the process of making strategic decisions in my department are characterised by being mindful of the changes in the market and by their ability to read and analyse these changes in time				
19. Managers create a culture of urgency and stakeholder satisfaction as a daily expectation				
20. Coaching/Mentorship allows for flexibility in the way work is conducted and encourages suggestions for improvement				

Employee Empowerment

21. Employees have the authority and power to make decisions at work				
22. In my department employees influence decisions taken by management				
23. In my department employees influence the way work is done to improve efficiency				
24. My organisation encourages people to work together to share what they know and collaborate effectively				
25. I fully understand my role in the organisation and the importance of achieving our business objectives collectively				

26. I am fully engaged and motivated to perform well on a daily basis				
27. Rewards and recognition include group work and collaboration measures				

Information Technology

28. IT systems are appropriate to our needs and allow us to be more competitive in the market place				
29. IT systems make organisational information easily accessible to all employees				
30. IT software supports faster decision making				
31. IT software is updated regularly to reflect current trends in business IT solutions				
32. IT software in our department allows me to provide a better service to our customers				

Appendix C: Informed Consent

Appendix D: Turnitin Report



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CHAPTER ONE

Introduction

1.1. Background

The business landscape in South Africa is characterized by rapid and multifaceted change. These changes stem from the advent of new technology, legislation, socio-political structures and globalization (Dunworth, Egan and Dharma, 2011). In response to these conditions business executives embraced the term VUCA to describe the volatile, uncertain, complex and ambiguous environment in which business operates (Lawrence, 2010). Such conditions present many challenges for organizations and may even threaten their long term sustainability. The biggest challenge for companies that operate in this environment is how to adapt swiftly and remain profitable. This is referred to as agility in the context of a VUCA environment. Corporate agility is considered the key to long term sustainability (Petrovic, 2016).

Due to these challenging conditions, even large multinational companies feel the pressure to become more agile. This study will evaluate the agility of one of the leading FMCG companies worldwide, referred to as Organization X. Although the company has a vast portfolio of products, the largest business unit (BU) provides approximately 45% of the profit in South Africa and is currently the market leader in the category (Statista, 2017). In the past 5 years the BU has experienced volatility in market share performance, high rates of employee turnover, a decrease in operating profit and the organization has begun to prove other BUs are not performing. In addition to these indicators of poor performance, competitors are experiencing noticeable growth in some markets. It is evident that despite the organization being successful for the last century, the 21st century brings with it unique challenges necessitated by turbulent change and the company has to adapt to market requirements in order to survive the new century.

According to Porter's Five Forces, there are two forces that are adversely impacting on the organization's market share (Thompson and Gaudin, 2017). The

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