

Journal of Entrepreneurship, Business and Economics

ISSN 2345-4695

2020, 8(2), 154–174

OPTIMISATION OF ORGANISATIONAL PERFORMANCE VIA I-TOP STRATEGIC AGILITY MODEL

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Received October 2020; accepted December 2020

Abstract

Organisational sustainability has become a major issue as organisations are struggling to achieve their targeted performance due to a dynamic business environment driven towards Industry 4.0 via technological advancement. Under such circumstances, it is a challenge for organisations to achieve the strategic agility needed for a fluid corporate strategy to manage the current disruptive business environment. To achieve optimal organisational performance, organisations must be efficient in managing time, money, and energy. The I-TOP Strategic Agility model is a very fluid model that helps organisations achieve strategic agility which is needed to manage the environmental dynamism. Optimising the return on investment (ROI) is crucial for organisational performance and sustainability. This can be achieved through the dimensions of the I-TOP Strategic Agility model called Technology Infinite Possibilities, Outright Environmental Scanning, and People-Human Capital Development. Organisations that utilise this model would be able to attain the strategic agility needed as the trendsetter and achieve business sustainability.

Research paper

Keywords: Organisational Performance; Strategic Agility; Technology Infinite Possibilities; Outright Environmental Scanning; Human Capital Development

Reference to this paper should be made as follows: Muthuveloo, R., & Teoh, A. P. (2020). Optimisation of Organisational Performance via I-Top Strategic Agility Model, *Journal of Entrepreneurship, Business and Economics*, 8(2), 154–174.

Introduction

The purpose of this paper is to present a novel model that utilises holistic and vital factors towards optimisation of organisational performance via strategic agility. This model has been grounded on the Resource-based View and substantiated with empirical evidence from both academic and industry research. The philosophy fundamental to the I-TOP model (Muthuveloo & Teoh, 2013) focuses on the optimisation of return on investment via Technology Infinite Possibilities, Outright Environmental Scanning and People-Human Capital Development. In complex organisations with diverse culture, human capital management, and the work values of the employees are of importance to be noted (Ingham, J., 2007 and Salamzadeh, Nejati & Salamzadeh, 2014).

Since the I-TOP model's inception in 2013, the authors carried out continuous research work to collect empirical data to refine the model. Five years later, the model was upgraded to I-TOP Strategic Agility model. Initially, the author propagated that I-TOP model leads to business sustainability via optimisation of the organisational performance. However, after more rigorous testing of the model through research and consultancy projects, it is confirmed that I-TOP model leads to strategic agility which comprises three main dimensions called Organisational Awareness, Decision Making Capabilities and Implementation Power.

As shown in Figure 1, I-TOP leads to Strategic Agility, which in turn optimises the organisational performance that is crucial for business

sustainability in a dynamic business environment (Ramesh, G. & Devadasan, S.R, 2007).

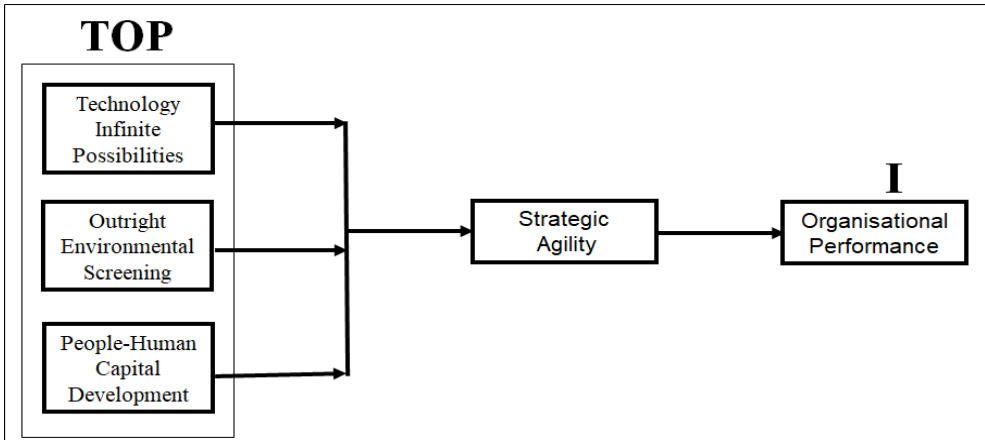


Figure 1. I-TOP Strategic Agility Model

Thus, organisations can only be the leader or trendsetter (or known as the BOSS) at the TOP of their game, by establishing strategic agility, which in turn, optimises the return on investment which leads to organisational performance. Specifically, the I-TOP Strategic Agility model encapsulates the message of BOSS via I-TOP (Muthuveloo, 2018). In fact, Tajpour, Hosseini & Moghaddm (2018) also emphasised that successful leaders are managers who are able to comprehend and capitalise on the opportunities to adapt to the changes in the business environment.

I-Top Strategic Agility Model

The following sections further elaborate on the I-TOP Strategic Agility model and its fundamental principles.

What is I-TOP Strategic Agility Model?

I-TOP Strategic Agility Model (see Figure 2) is an extended version of the I-TOP model introduced by the authors earlier (Muthuveloo & Teoh, 2013).

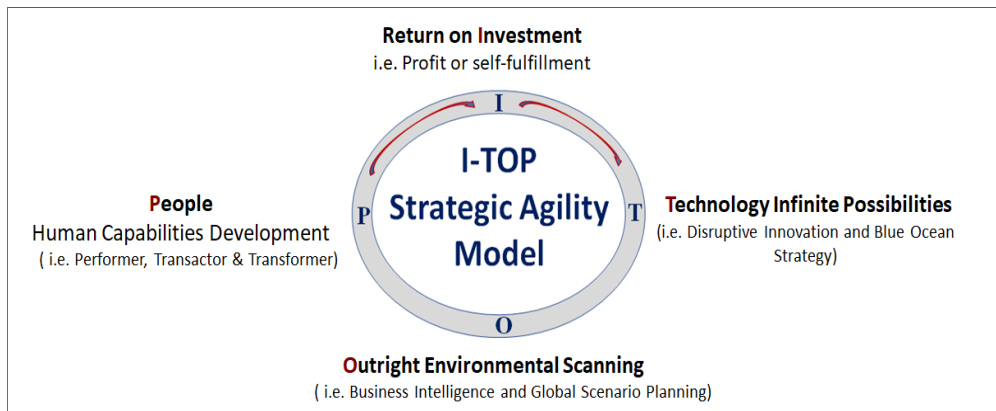


Figure 2. I-TOP Strategic Agility Model

Based on Figure 2, I-TOP stands for the following acronyms:

I-Return on Investment

The 'I' stands for Return on Investment, which indicates the level of achievement of goals or targets set by the shareholders of profit-oriented or non-profit oriented organisations. Depending on the vision of the organisa-

tion, the **I**-Return of Investment could be tangible such as profits or monetary gains or intangible such as self-fulfilment. Besides, '**I**' also stands for myself. As propagated by this model, '**I**' or myself can only be the BOSS of any organisation if '**I**' can be the ROI champion. This can be attained through the TOP concept which comprises **T**-Technology Infinite Possibilities, **O**-Outright Environmental Scanning and **P**-People- Human Capital Development

T-Technology Infinite Possibilities

The '**T**' stands for Technology Infinite Possibilities, which indicates the organisations' capabilities in continuously being a trendsetter or market leader in their respective fields. These capabilities can be achieved when novel and noble ideas are generated through disruptive innovation (Erdil, S., Erdil, O., & Keskin, H., 2004; Radović Marković, M., Salamzadeh, A., & Vujičić, S., 2019). The value innovation concept called "ACE" introduced by this author, which is in line with the value innovation introduced by Blue Ocean Strategy (Chan, W.K., & Mauborgne, R. (2005), enables organisations to continuously refine their winning factor to be the trendsetter. This means that organisations, which have **T**-Technology Infinite Possibilities, would be able to either **A**dd or **C**reate value for their customers and **E**liminate redundancy within their organisations. Consequently, these organisations are able to differentiate themselves from their competitors, thus moving into the blue ocean to be the trendsetter instead of competing in the red ocean (Li, Y., Liu, Y. & Ren, F., 2007)

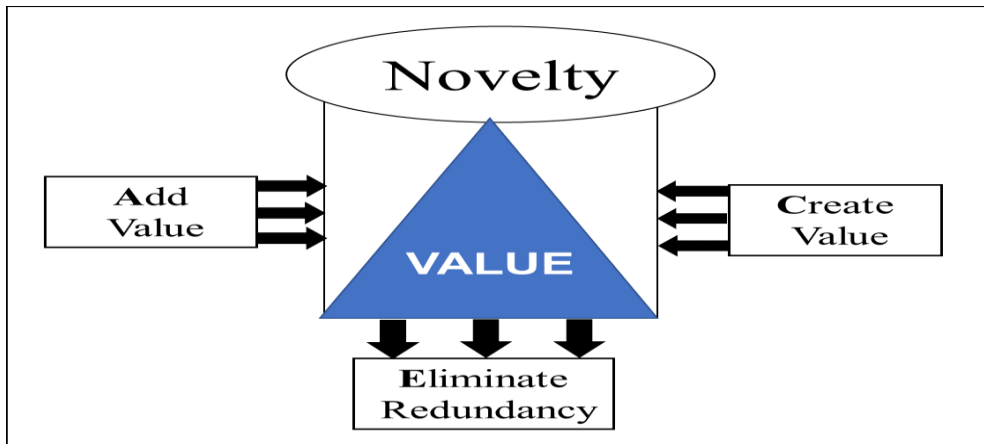


Figure 3. “ACE” Winning Factor

As shown in Figure 3, the acronym ACE indicates A-Add Value, C-Create Value and E-Elimination of redundancy/unnecessary features. Add Value, Create Value and Elimination of Redundancy will continuously optimise the value offered to the customer by being the trendsetter. These can be achieved through the contemplation propagated by the RACE- The Theory of Emergence for Strategic Entrepreneurship (Muthuveloo, R. & Teoh, A. P., 2017) developed by this author.

O-Outright Environmental Scanning

The **O** stands for Outright Environmental Scanning, which indicates an elaborate global scenario planning carried out to understand the possible business opportunities available for the novel and noble ideas generated through Technology Infinite Possibilities. The two Outright Environmental Scanning methods currently used by organisations are business intelligence

and global scenario planning (Ringland, G., 2006). Upon understanding the possible business opportunities, organisations could narrow down to probable business opportunities and finally pursue preferred business opportunities. The preferred business opportunities are usually based on the vision of the organisation, which is set by the shareholders. These opportunities are utilised to identify the three types of future customers shown in Figure 4, known as competitor’s customer, refusing customer and unexplored customers.

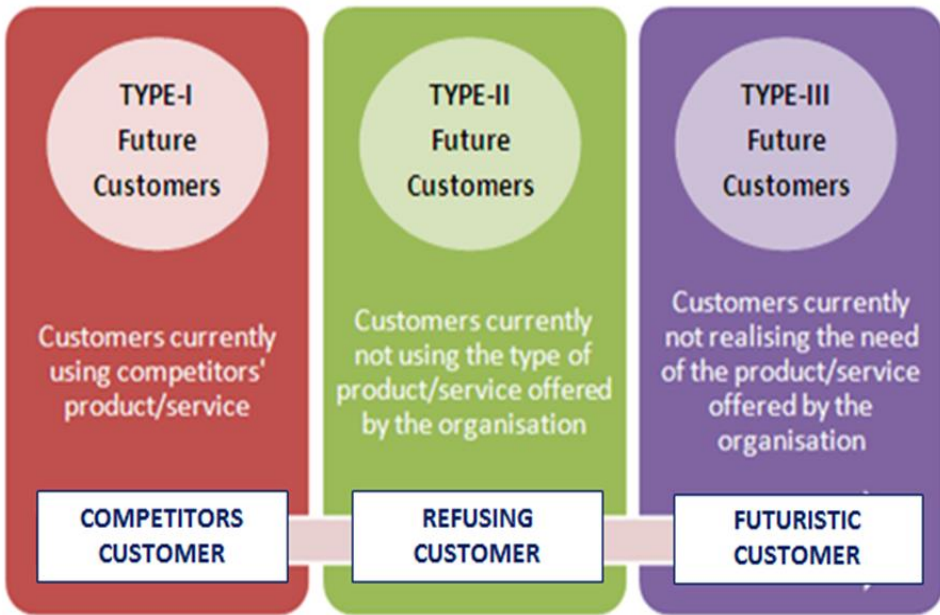


Figure 4. Future Customers

Type-I: Competitors' Customer

Future customers that are currently using competitors' products/services similar to that offered by the current business. The various reason for a customer to utilise competitors service or product could include price, size, colour and etc.

Type-II: Refusing Customer

Future customers who currently have refused to use the type of product/service offered by any organisation. They do not use any of the products due to their personal preference, normally arising from their values and believes.

Type-III: Futuristic Customer

Future customers who currently have not realised the need for the product/service offered by the organisation. Most probably, we do not create a need for them, or we completely ignore them. These customers would be of the highest value to the organisation as they provide the organisation with an opportunity to be the trendsetter or competition free. Here, the return on investment will be the highest.

Upon identifying the future customers, global scenario planning will help the organisations to develop appropriate organisational capabilities (i.e., organisational structure and management structure) to effectively and efficiently utilise the money, energy, and time provided by the shareholders. Based on the nature of the business, the organisational capabilities can be

achieved by setting up the most suitable type of organisation which comprises local, international, multinational, global, and transnational type organisations (Martelli, J.T. & Abels, P.B., 2011). For instance, transnational type organisations are appropriate for fast cycle products such as semiconductors, while the multinational type of organisations are better for slow cycle industries such as cement manufacturers. Under the current challenging business environment, the author is propagating that the futuristic organisation has to be the WIN type organisation as depicted in Figure 5. WIN refers to futuristic organisations that have **Worldwide** efficiency, effective **Implementation** power, led by aspirations that have **Novelty/Nobility**.

Worldwide efficiency indicates that the organisation must have the capabilities in handling a mass market to optimise the return on investment. It should have the ability to handle quality and quantity instead of just quality. **Implementation** power is crucial for the organisation to work towards zero waste or fully utilise the money, energy and time given by the shareholder to optimise the return on investment. **Novelty** indicates continuously being creative and innovative in being a trendsetter (Ho, L.A., 2008 and Kuo, T.H., 2011), while **nobility** means always being human and environmentally friendly.



Figure 5. Futuristic Organisation

P-People- Human Capital Development

The **P** stands for People-Human Capital Development, which in this context, refers to the different type of characters and personalities that individuals possess. As shown in Figure 6, employees in the organisations are classified into three categories which are Transformer, Transactor and Performer.

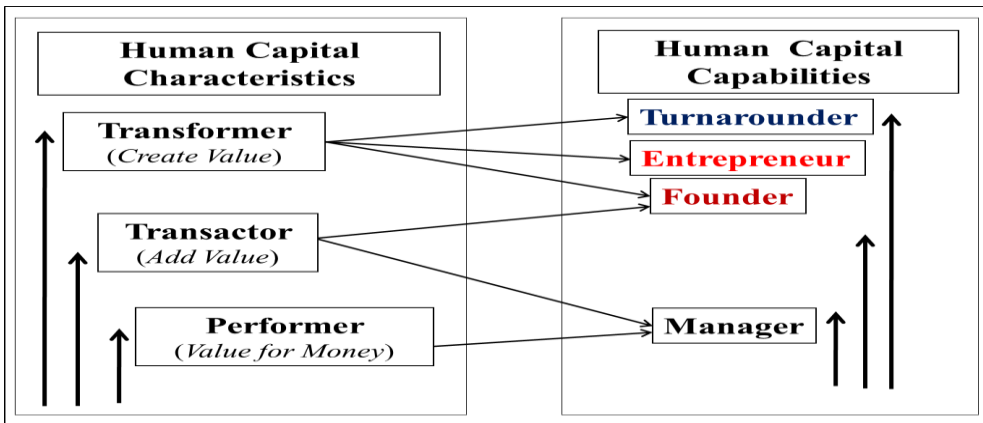


Figure 6. People-Human Capital Development

Transformers are employees who have high awareness, high agility, and novelty. They take risks to create value and lead the organisation to be the trendsetter and market leader (Imenez-Jimenez, D., & Sanz-Valle, R. 2008). Transactors are employees who have high awareness and low agility. They only take the risk to add value to the process or product offered. Performers are employees with low awareness and low agility. They take no risk and work towards value for money in which they just fulfil their duties or roles assigned to them. By matching the job characteristics and employees' characteristics, organisations will be able to energise and empower their employees to have an entrepreneurial mindset that can optimise their performance and organisational performance (Chiang, H.H., Han, T.S. & Chuang, J.S., 2011; Radovic Markovic, M., & Salamzadeh, A. 2012; Garcia-Morales, V.J., Llorens-Montes, F.J. & Verdu-Jover, A.J.,2008).

Fundamental Principles of I-TOP Strategic Agility Model

In the view of achieving the targeted strategic agility, the I-TOP Strategic Agility model was developed based on the five fundamentals stated in Figure 7.

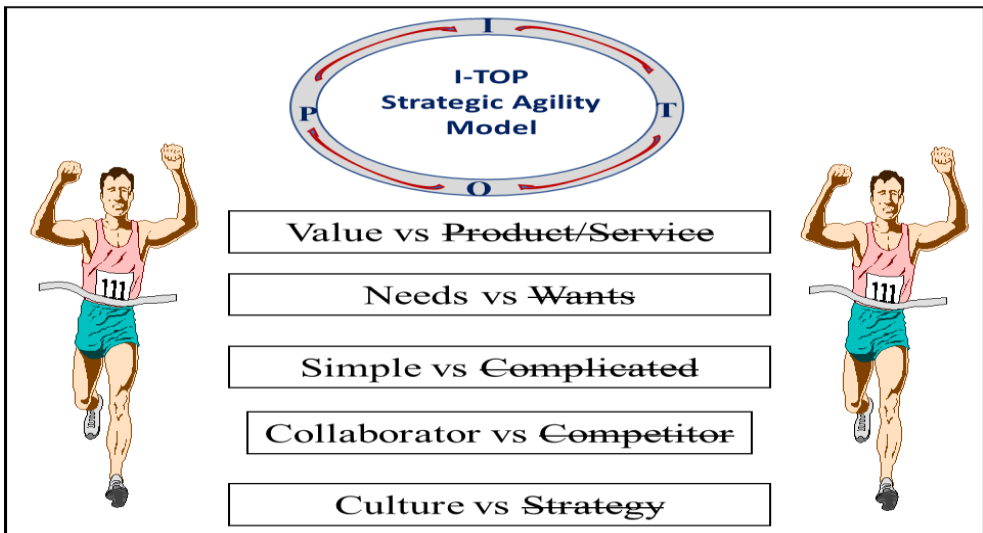


Figure 7. Fundamental Principles of I-TOP Strategic Agility Model

Value versus Product/Service

What organisations offer to customers are actually values, not products or services. Products or services are the means through which values are offered to customers. In other words, customers are paying for the value which they will derive from using the products or services offered. The higher the value perceived by the customers, the higher the customers will be willing to pay; thus, raising the return on investment.

Needs versus Wants

In order to offer the highest value to the customers, the product or service offered should be towards fulfilling the customers' needs instead of wants. As a result of this, among the four core competencies comprising customers' needs, uniqueness of input, irreplaceable product/service and intellectual capital, customers' needs stand out as the most common winning factor. As customers' needs are changing continuously, organisations need to have high strategic agility to manage the changes to achieve business sustainability (Wolff, J.A. & T.L. Pett, 2006; Murat, I.A. & Baki, B., 2011)

Simple versus Complicated

The idea or process of creating value, which can be derived from using the products or services, should be as simple as possible with minimum money, energy, and time spent on it. Complicated ideas are normally difficult to implement and will reduce the return on investment (Prajogo, D.I. & Ahmed, P.K., 2006; Murat, I.A. & Baki, B. 2011).

Collaborator versus Competitor

The idea generated has to be implemented and offered to the maximum number of customers as quickly as possible in order to optimise the return on investment (Hsieh, Y.C., Chiu, H.C. & Hsu, Y.C., 2008). Organisations need to do this by collaborating with existing players in the market, instead of doing it on their own and turning existing players into competitors.

Culture versus Strategy

A strategy needs to guide, tell, or force people to do what they are supposed to do, while culture will nurture them to do it automatically without much effort from our side. Thus, we should work towards making our strategy as a culture, which can eventually become the organisational culture (Gupta, V., 2008; Cheung, S.O., Wong, P.S.P. & Lam, A.L., 2012; Tang, T.W. & Tang, Y.Y., 2012; Ogbonna, E. & Harris, L.C., 2002)

Strategic Agility

Strategic agility refers to the dynamism of the organisations' corporate strategy. In particular, with strategic agility, organisations have the flexibility and adaptability to quickly develop and deploy resources needed in response to the dynamic external business changes (Doz & Kosonen, 2010; Junni et al., 2015; Verma et al., 2017). Strategic agility enables organisations to have the foresight to be the trendsetter instead of being the follower reacting to changes and becoming the victim of open war (Junni et al., 2015; Muthuveloo, 2015). On this basis, strategic agility positively assists the organisations to optimise their performance in the current unpredictable business environment. Strategic agility consists of three main dimensions of awareness, decision, and implementation (see Figure 8).

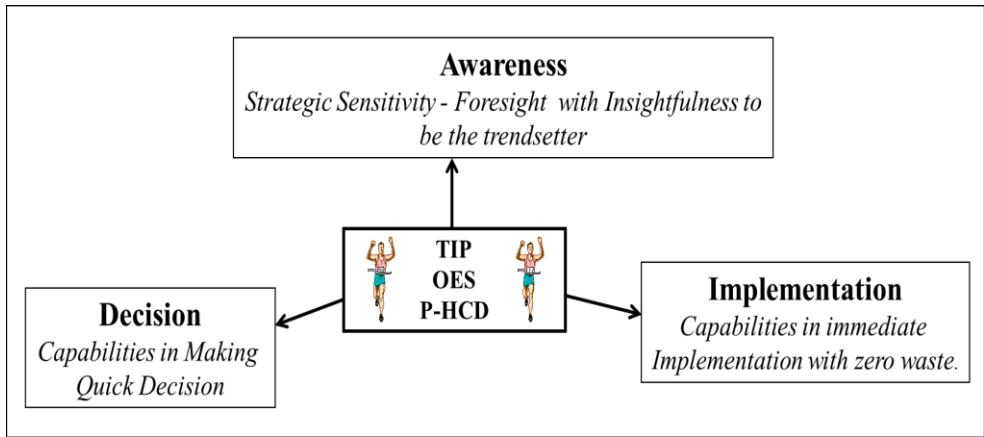


Figure 8. Strategic Agility

Awareness

Organisations must be not only fully aware of all the current happenings but also of future happenings in their industries. This is rather challenging as the business environment is becoming more dynamic with the development of business intelligence and artificial intelligence, which are driven by Industry 4.0. Thus, in order for organisations to optimise their performance and return on investment, they must have foresight and insightfulness to be the trendsetter instead of being a follower. Organisations should utilise Technology Infinite Possibilities (TIP) and Outright Environmental Scanning (OES) to be the trendsetter. By doing so, organisations would be able to ACE their Winning Factor through RACE-The Theory for Emergence of Strategic Entrepreneurship which enables disruptive innovation and uses global scenario planning to identify future customers.

Decision

Through People-Human Capital Development (P-HCD), organisations are able to identify the right employees who can make the best and fastest decisions (Shaw, J.D., Park, T.Y. & Kim, E., 2012). Employees' characteristics are able to be matched with the respective job requirements. When this happens, employees will be fully empowered to become entrepreneurs who have mastery over their job and performance.

Implementation

In order to achieve optimum implementation with zero or a minimum waste of money, energy, and time, organisations need to have the combination of People-Human Capital Development (P-HCD) and Outright Environmental Scanning (OES) to identify the right employees and appropriate organisation capabilities (WIN Type).

Optimisation of Organisational Performance

Figure 9, a continuation of Figure 1, which was illustrated at the beginning of this paper, propagates that the I-TOP model leads to strategic agility, which in turn, optimises the organisation's performance. The acronym of TOP is a three-dimension combination of **T**echnology Infinite Possibilities, **O**utright Environment Scanning, and **P**eople-Human Capital Development. First, Technology Infinite Possibilities will be moderated by contemplation to be the trendsetter that can be created through disruptive

innovation and blue ocean strategy concept. Next, Outright Environmental Scanning will be moderated by foresight, which assists in identifying future customers and designs appropriate for organisational capabilities via the WIN type organisation. Finally, People will be moderated by characteristics, which enable the proper fitting between the employees' characteristic and their assigned jobs. This will help the employees to be empowered and gain mastery over their jobs by having an entrepreneurial mindset (Andrey, P., & Bourne, M. 2011). All the three dimensions of TOP mentioned above can be derived from RACE: The Theory of Emergence of Strategic Entrepreneurship.

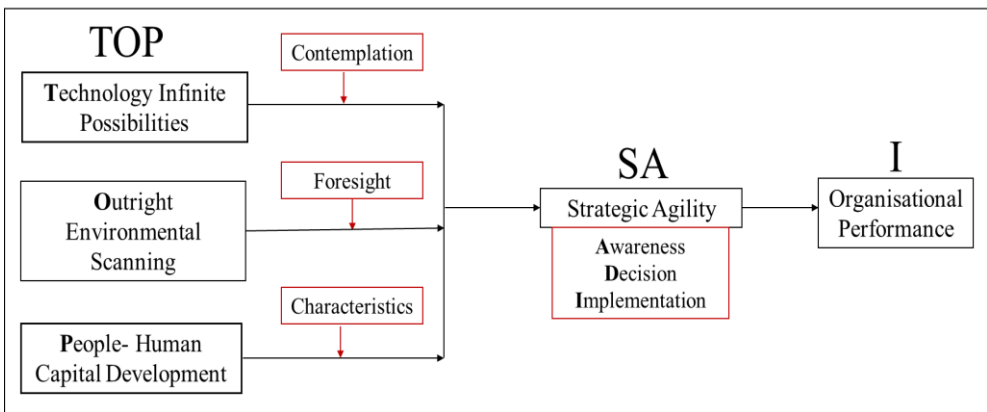


Figure 9. Optimisation of Organisational Performance

Consequently, the dimensions of TOP will create the strategic agility needed by the organisations. These organisations can leverage strategic agility's awareness, decision, and implementation capabilities when planning their corporate strategy to manage the open war. As such, the dynamism of

the corporate strategy will be sufficient for organisations to optimise their organisational performance and return on investment which are crucial for business sustainability (Chen, J.S. & Tsou, H.T., 2012).

Conclusion

The purpose of this paper is to highlight that the I-TOP Strategic Agility model injects dynamism into the corporate strategy for organisations to have the flexibility to manage the open war and attain business sustainability. Future research can utilise this model by analysing empirical data to test its application. The I-TOP Strategic Agility model creates strategic agility, which in turn, optimises the organisational performance. The paper also elaborates the fundamental principles of the I-TOP Strategic Agility model and RACE: The theory of Emergence of Strategic Entrepreneurship as the foundation of this model. In a nutshell, the I-TOP Strategic Agility model is crucial for organisations to optimise performance and attain business sustainability.

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