

ACCELERATING BUSINESS TRANSFORMATION: UNLEASHING POTENTIALS FOR CHANGE AND CONTINUOUS IMPROVEMENT THROUGH AGILE PROJECT MANAGEMENT

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Abstract: *Withstanding challenges constantly emerging in today's ever-evolving business environment, organizations are facing the need to accelerate their business transformation more than ever before. Embracing agile project management practices appears to be among the possible solutions to unlocking the full potential for change and continuous improvement at all levels leading organizations towards better performance. Thus, this paper explores how agile project management serves as a catalyst for driving business transformation and aims to provide valuable guidelines for organizations seeking to accelerate their business transformation by adopting agile project management practices and leveraging the potential of agility. By doing so, organizations can seamlessly integrate and adapt to frequent and intense changes, harnessing the power of agility and delivering long-term value through short-term and successive iterations. The paper also acknowledges that certain industries, such as ITC, may already be well-versed in agile project management, while others, like manufacturing, face unique challenges in implementing this approach effectively, but the focus remains on all organizations tending to become more agile and responsive to changes regardless of the sector and activity.*

Keywords: business transformation, agile project management, change management, continuous improvement, organizational agility

1. INTRODUCTION

As markets rapidly evolve and technology advances at an unprecedented pace, being agile in change is not always an easy task. The ability to adapt, innovate, and drive transformation has become essential for organizations aiming to stay ahead of the curve, and there is no one-size-fits-all approach for achieving impactful and sustainable change (Ćirić et al., 2016). Therefore, agile project management, traditionally associated with the realm of IT companies and software development projects, has transcended its narrow boundaries, and evolved into a powerful tool for embracing change in all industries. Recognizing the imperative role of agility in driving growth and performance, businesses are now compelled to explore how agile values and principles can be applied to foster continuous improvement, enhance operations, and disrupt markets by delivering innovative products and services. Accordingly, this paper aims to explore the transformative potential of agile project management in accelerating business transformation and provides an overview of main aspects of its broader application in the context of building change awareness and continuity.

The paper is comprised of six independent sections, including introductory and methodological ones, and tends to explain essential elements of business transformation in an agile way. Thereby, the aim of the paper is to compensate the lack of systematic literature reviews in the field of business transformation, change, and continuous improvement naturally fostered by agile approach.

2. METHODOLOGY

To examine business transformation in the context of agile project management and its change and continuous improvement practices, we have been using systematic review approach. The idea is to gradually introduce three main stages of agile transformation – deploying organizational agility, harnessing agile project management benefits, and sustaining change in the long term, and increase transparency and clarity in transformation studies. The first step was to identify key research that provide relevant findings on business transformation, agile project management, or both combined, and we have been using databases like Scopus or Web of Science as well as literature published by Elsevier, Emerald

Publishing, and Springer, prominent international publishers, and the focus was on papers published in the past five years, periodically broadening to a ten-year publishing scale. The main criteria in selecting papers and books for this research were their accuracy, citing score, publishing journal, actuality, and innovativeness. We have also provided comprehensive quality assurance and peer-to-peer review prior to submitting the paper.

Note that this paper is introduction to agile transformation research and aims to collect basic data on matter-related topics thus ensuring support for further research covering application of empirical studies, grounded theory approach, and practical implementation of transformational project.

3. ORGANIZATIONAL AGILITY AS A CATALYST FOR CHANGE

Organizational agility has transcended its association solely with IT firms and has emerged as a vital strategic approach for embracing change and remaining competitive in dynamic and volatile business landscape (Circic et al., 2018; Nejatian et al., 2019). Many authors consider organizational agility a key factor influencing growth and performance, thereby understanding all-important role of organizational agility in driving change and continuous improvement remains crucial to overcoming challenges and achieving business transformation (Appelbaum et al., 2017). However, although resistance to change seems to be a matter of the past, it is still an imperative to foster organizational agility and ensure alignment of processes and operations with change-friendly agile practices.

Recent research shows that the readiness to learn, create, innovate, and adapt, especially regarding new technologies and digital transformation, depends to a significant extent on organizational agility (Rafi et al., 2022; Puriwat & Hoonsopon, 2022; Liu et al., 2023, Nagy et al., 2019). This stems from the built-in incremental approach that harmonizes planning, developing, testing, and refining activities within consecutive iterations, thereby ensuring the acceptance of changes and the delivery of exceptional products and services to customers and other stakeholders involved (Grebic, 2019; Kurniawan et al., 2021; Puriwat & Hoonsopon, 2022). Therefore, organizational agility enhances quality and reduces risk exposure, with change responsiveness and adaptiveness remaining consistently present rather than being sporadic and ad hoc activities (Dakovic et al., 2020).

Appelbaum et al. (2017) state that “increased organizational agility increases the ability to respond proactively to unexpected environmental changes” confirming that organizational agility is gaining more importance today. Moreover, increasing technology turbulences (e.g., the rise of artificial intelligence) and sustainability concerns (e.g., climate changes) spur broader adoption and deployment of organizational agility at all levels. With this in mind, we can observe a growing emphasis on organizational agility across enterprises of all sizes, industries, geographical locations, and more.

It is equally important to highlight that organizational agility influences both the strategic and operational facets of an organization. Yildiz and Aykanat (2021) discovered that organizational agility has positive effects on company’s performance and innovation, and they position agility as a strategic management tool for gaining a competitive advantage. On the other hand, Carvalho et al. (2020) combined operational excellence and organizational agility to demonstrate their aligned impact in addressing challenges and ensuring survival in these unpredictable times. In line with these perspectives, organizational agility emerges as a catalyst that empowers change at all levels of an organization, transcending hierarchical and bureaucratic boundaries.

4. LEVERAGING AGILE PROJECT MANAGEMENT TO DRIVE CHANGE AND CONTINUOUS IMPROVEMENT

Agile project management has fundamentally changed the way change is managed and is usually considered a revolutionary approach that encourages early acceptance of changes and enables project teams to derive benefits from them (Arefazar et al., 2019; Franklin, 2021). Nowadays, there are dozens of agile project management methodologies and frameworks and all of them have the same in common – welcoming changes at all stages of a project and simultaneously shifting between the ever-changing requests of stakeholders and the internal needs, constraints, and capacities of the teams employed (Gandomani et al., 2013; Grebic, 2019; Albuquerque et al., 2020). For instance, Scrum, a widely used agile framework, assumes executing projects through multiple iterations of equal duration which include predefined planning, review, and introspection sessions, as well as continuous developing, testing, and delivering activities, thus allowing changes to be observed as positive events that improve quality rather

than negative events that consume resources. Considering this, along with agile values and principles, it becomes evident that agile change management serves as both a mean and strategy for driving change and transformation in the modern business context (Arefazar et al., 2019; Grocholski, 2022).

Franklin (2021) highlights that agile project management encompasses two essential elements that uphold effective change implementation: iterations and processes. Firstly, breaking the change lifecycle into iterations enhances the likelihood of change to be carried out successfully and enables it to be seamlessly integrated within the project or even treated as an independent project. Secondly, by establishing a continuous change management practice along with processes required to cope with change in agile manner, we facilitate its delivery and provide justification for the change within an organization. Therefore, agile project management helps changes to be recognized as a necessity for maintaining business continuity, i.e., remaining competitive and meeting expectations of both internal and external stakeholders. Additionally, agile practices challenge project (or work) scope imposing frequent refinements and rapid change implementations which are crucial for handling uncertainty and avoiding uncontrolled changes (Marnada et al., 2022).

Despite the prevailing belief that agile project management is primarily suited for software development projects and IT companies, numerous authors emphasize the imperative of adopting agile approach to change for businesses striving for continuous improvement, operations enhancement, and market disruption through the delivery of innovative products and services (Ciric et al., 2018). Alawairdhi (2016) asserts that when a more comprehensive change management approach is required, agile methods should be embraced due to their proactive nature and ability to align with specific requirements, solutions, and circumstances. There is also a significant potential for implementing agile project management in the manufacturing sector as digital transformation emerges as a strategic goal for many companies operating in this field; thus, agile methodologies are increasingly becoming the new usual across industries, including construction, energy, automotive, etc., at least within the context of the digital transformation and development of the matter-related software (Edwards et al., 2018; Savkovic et al., 2022; Ågren et al., 2022). Consequently, agile approach to change is being applied on a large scale and its deployment tends to increase in the following years.

Building on the previous findings, we can draw the conclusion that agile project presents itself as a suitable approach for building sustainable, adaptable, and flexible ecosystems, regardless of an organization's field of play or its level of readiness for change. Additionally, the readiness for change significantly improves when agile project management is implemented, typically leading to an overall performance enhancement. Consequently, agile project management, with its integrated proactive change management, remains a prominent practice for delivering value accurately and with high quality delivery to both customers and the organization itself.

5. SUSTAINING CHANGE THROUGHOUT THE TRANSFORMATION PROCESS AND BEYOND

Sustaining change may arise as a challenge for many organizations undergoing the change, thereby, seizing the opportunity of the continuity in change appears to be a proper solution for today's ever-evolving business environment. Building a capacity for change is usually seen as a main factor influencing organizations' ability to recognize and harness change potential and it is inseparable from the organizational development, organizational learning, and organizational structure, with all of them being pillars of the change, transformation, and performance (Hodges & Gill, 2015). Agile project management itself promotes change awareness and may be perceived as a kind of roadmap for continuous change and incremental improvements thus creating environment for change to be accepted and implemented even when everything works smoothly. Therefore, agile project management supports transformation process and encourages further changes and transformative initiatives.

Reinventing conventional business process management to become more adaptive and adjustable is also considered a great advantage of agile project management (Badakhshan et al., 2019). Using agile project management, especially in the field of change management, assist companies and organizations in optimizing processes and boosting performance, and it usually serves as a starting point for initiating organizational changes aiming to build resilience and improve responsiveness to risks and challenges constantly emerging (Petrillo et al., 2018). Additionally, applying agile approaches, methods, and practices may result in increasing flexibility, enhancing quality, simplifying communication, reducing costs, and strengthening collaboration, that is beneficiary for sustaining change and achieving organizational

excellence (Wipfler & Vorbach, 2014; Lloyd et al., 2019). Therefore, agile project management, with its proactive and highly effective change management practices, naturally facilitates continuous change and enables transformation to be realized.

However, embracing agile project management does not imply the exclusion of traditional project management, it enables organizations to tailor their approaches to change based on specific goals, requirements, and the dynamics of their industry, market, and environment. This grants organizations a more comprehensive view and deeper insight into their needs, capabilities, and the external factors influencing them, which is essential to sustaining a continuous state of change.

6. DISCUSSION

This paper aimed to provide a step-by-step overview of how agile project management impacts business transformation through change management and continuous improvement practices. The purpose of the paper is achieved by analyzing relevant and up-to-date sources that encompass various aspects of this topic, particularly organizational agility, the application of agile project management, and sustaining change throughout transformation process.

Based on the literature review, the first step in accelerating business transformation should be to establish leadership, workforce, and organizational capabilities that support and integrate agile project management practices; these are collectively seen as an organizational agility, enabling and empowering change. Therefore, organizational agility has numerous dimensions, but the one focused on continuous improvement and the pursuit of excellence may be considered the most significant in the context of business transformation. Furthermore, agile project management, with its tools, methods, and frameworks, introduces new possibilities for managing change and creating value, representing a revolution in the modern business environment. Breaking beyond the boundaries of the IT sector, agile project management has become somewhat a generally accepted change practice that provides guidelines for both driving and managing change, positioning itself as an approach that supports organizations in fostering innovation and achieving a competitive advantage. Bearing this in mind, agile project management encourages growth and performance enhancement, making it often regarded as an indispensable facilitator of business transformation.

However, there are limitations to this approach, including to some extent unclear distinction between change and transformation, as well as difficulties in effectively maintaining continuum of change. To address these challenges, additional research that connects the elements of managing change and transformation in the agile landscape should be undertaken. This would also reduce the limitations of this research, which focuses on theoretical aspects of accelerating business transformation by employing agile project management.

Further development in this area can be achieved by examining agile transformation from the perspective of people, processes, and organization, encompassing a wider range of literature, and conducting comprehensive empirical research. Additionally, agile transformation should be viewed in the context of leadership, employee performance, organizational learning, and organizational culture, all of which are crucial for understanding specific changes in behavior and approaches to value creation brought about by agile project management. Lastly, connecting agile transformation with creativity, innovativeness, and disruptiveness can yield both theoretical and practical benefits for any organization undergoing or intending to undergo business transformation in an agile manner.

7. CONCLUSION

This paper emphasizes the significance of employing organizational agility and agile project management practices in driving change and business transformation. Organizational agility is proven to be a vital catalyst for growth and performance, providing the essential adaptability to overcome challenges and achieve transformation. Agile project management, through its iterative and change-friendly approach, ensures that changes are embraced and integrated seamlessly within projects, yielding exceptional results, and encouraging transformative initiatives. As technology and sustainability concerns continue to shape the business landscape, the importance of organizational agility and agile project management will become even more pronounced. Looking ahead, further research can explore the long-term sustainability of change initiatives under agile project management, as well as the integration of traditional and agile project management approaches to address specific organizational needs. Additionally, investigating the

impact of agile practices on different industries and their overall performance would provide valuable insights into the broader adoption and benefits of agile change management.

In summary, we can highlight two significant, slightly nuanced, states that can describe the tremendous impact of agile project management: 1. Agile project management changes the way change is managed; and 2. It's not just about being agile, it's about being agile in change.

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