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Integration of Operational Excellence into Organizational Culture and Organizational Agility

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In an increasingly competitive and dynamic business environment, companies must develop the ability to adapt and innovate to remain relevant and successful. This research examines the transformation of Operational Excellence into Organizational Culture and Organizational Agility. The focus of the study is to evaluate how Operational Excellence influences Organizational Culture and how these two elements contribute to Organizational Agility. Through literature analysis and case studies, this research finds that Operational Excellence must become an Organizational Culture that supports the enhancement of Organizational Agility. This agility, in turn, enables companies to respond more effectively to market changes and business environments. The research suggests that, to achieve sustainable success, companies need to integrate Operational Excellence practices into a culture that supports agility and adaptability to change.

1. Introduction

In today's world, where global competition is intensifying, combined with the globalization of information, advancements in digital technology, generational transitions, and various environmental and social challenges, businesses and industries must strive to retain their competitive edge. Organizational excellence becomes a key factor in securing long-term success (Evans & Jack, 2003). Achieving this success requires implementing effective strategies and best practices that continuously enhance organizational performance. Furthermore, it involves adapting to emerging opportunities, processes, and technologies to ensure consistent outcomes (European Foundation for Quality Management, 2017).

The evolving behavior of markets and customers, who increasingly expect superior performance, alongside rapid technological advancements, pushes organizations to continuously improve their quality and strive for excellence. Excellence frameworks serve as a potential pathway to meet these demands (Mohammad et al., 2009). According to Sampaio, Saraiva, and Monteiro (2012), the variety of excellence models fosters competition and drives improvement. Organizations often employ these frameworks for self-evaluation and enhancement, customizing them to gain a competitive edge.

Technological advancements are reshaping the business environment, compelling companies that once operated traditionally to transition towards more professional and agile management approaches (Pujianto et al., 2018; Wulansari & Azlina, 2022; Lestari, 2021). While digitalization in information systems offers enhanced speed and precision, it can present challenges for organizations that are not well-adapted to these shifts.

External factors like environmental regulations, fluctuations in exchange rates, and rising logistics costs also impact business sustainability. To manage these changes, companies need to adopt adaptive strategies, with organizational agility emerging as a key approach (Sarhadi & Gunasekaran, 2019). Organizational agility refers to the capability to swiftly adjust to shifts in the market and business environment, while leveraging flexible resources to deliver products and services that align with customer demands (Sarhadi & Gunasekaran, 2019).

Organizational Agility (OA) can be developed by fostering operational excellence and a strong organizational culture. Integrating OA into the company's culture enables organizations to adjust to change while preserving their competitive edge. Organizations that effectively incorporate adaptability into their culture are often better equipped to navigate changes (Iizuka & Kaneko, 2014).

2. Method

This research was conducted using a qualitative method by conducting in-depth interviews with company employees. Several aspects interviewed include (a) Employee Perspective (b) Application and Implementation of the Agility concept.

Tabel 1 Research Variables:

Scope of Questions to Respondents	Question Dimensions	Indicators
1. Concept and implementation of Operational Excellence	• Strategy Alignment • Operational Efficiency • Quality Management • Risk Management	• Alignment of departmental objectives with organizational strategy. • Level of efficiency in operational processes. • Product or service quality standards. • Ability to identify and manage risks.
2. Organizational Culture	• Values and Beliefs • Norms and Rules • Leadership Style • Internal Communication	• Values and beliefs held by members of the organization. • Norms and rules that govern the behavior of members of the organization. • Leadership styles applied in the organization. • Effectiveness of internal communication between members of the organization.
3. Organizational Agility	• Response Speed • Adaptability • Innovation • Proactive	• The organization's ability to respond quickly to market changes. • Flexibility in organizational processes and structures. • The level of product and service innovation. • The ability to anticipate changes in the business environment.

3. Result and Discussion

Based on literature preview and case studies on companies, it can be concluded that there is a relationship pattern between Operational Excellence, Organizational Culture, and A

This relationship pattern can be described as follows:

a. Relationship between Operational Excellence and Organizational Culture

For operational excellence (OE) to be effective, it must be integrated with organizational culture (OC). A supportive OC enhances the awareness and success of OE initiatives. However, many organizations encounter difficulties in implementing excellence models due to cultural constraints, highlighting the need for cultural alignment to achieve excellence (Araújo & Sampaio, 2014).

b. Relationship between Operational Excellence and Organizational Agility

OE can enhance organizational agility (OA), but adaptability is crucial for long-term success. OA involves the capacity to swiftly respond to market and environmental changes. Research shows that organizations adopting agile strategies can overcome stagnation and enhance their OE (Bertels & Buthmann, 2013; Wageeh, 2016).

c. Relationship between Organizational Agility and Organizational Culture

OA depends on a culture that fosters agile practices. A culture that encourages change and innovation boosts an organization's ability to adapt quickly to external shifts. Combining a responsive culture with an agile strategy equips organizations to face the challenges of a dynamic and complex business landscape (Gunasekaran & Yusuf, 2002; Hermansen & Caron, 2003).

d. Excellence Model

The excellence model integrates technical and social factors to achieve continuous improvement, focusing not only on operations management and engineering processes but also on the people involved and their impact on success. According to the Shingo Institute (2014), tools do not inherently organize or change organizations; rather, they are used by individuals to achieve desired outcomes. The effectiveness of these tools is significantly influenced by the beliefs, values, and working methods of those involved.

e. Culture and Human Characteristics

The culture and human attributes within an organization empower excellence programs, yet they also pose the greatest challenges. Achieving excellence requires motivation and involvement from individuals, including strong leadership, commitment from top

management, and full employee engagement. A cultural focus on excellence is essential; simply applying tools or methodologies is insufficient for generating exceptional results.

f. Culture Oriented Towards Excellence

A culture focused on excellence is vital. Sustaining outstanding results requires transforming the culture so that everyone is actively engaged in making incremental improvements daily, which eventually lead to significant transformations over time (Shingo Institute, 2014).

g. Alignment of Culture, Quality, and Excellence Programs

The alignment of culture with quality and excellence initiatives has shown positive results in guiding organizations toward sustained excellence. However, cultural changes brought about by excellence programs are often limited in scope and duration, which can hinder agility and prevent organizations from developing a lasting capability to adapt to the demands of an increasingly volatile business environment (Irani, Beskese, & Love, 2004; Evans, 2010).

The solution for PT. DGP to enhance and achieve high agility is to integrate operational excellence practices into its organizational culture. This transformation involves shifting the focus of excellence from technology, machinery, and equipment, as well as machine operators with production skills, towards embedding these values within the company by prioritizing leadership, human resources, and fostering strong interpersonal relationships and communication

Here are some suggestions that can be done by PT. DGP to integrate Operational Excellence (OE) into Organizational Culture to create Organizational Agility:

Establishing a Vision and Mission Aligned with Operational Excellence

Companies must ensure that their vision, mission, and goals reflect the importance of Operational Excellence (OE) in all processes. This creates a strong foundation for a corporate culture that supports innovation, efficiency, and agility.

OE-Based Employee Training and Development

Employees at all levels should be trained and empowered with skills that support OE practices, such as Continuous Improvement, Lean Thinking, and rapid problem-solving. Training programs should be ongoing, focusing on both technical and soft skills development.

Open and Transparent Communication

A key to integrating OE into organizational culture is fostering open communication at all levels. Companies must facilitate dialogue between management and employees regarding innovation and process improvement to ensure agility.

Implementing an Agility-Based Performance Measurement System

To cultivate a responsive and adaptive culture, companies should implement a performance measurement system that prioritizes speed, quality, and adaptability, not just efficiency. Metrics like decision-making speed and adaptability to market changes are important to track.

Collaboration and Cross-functional Teams

Companies can establish cross-functional teams to address changes and challenges swiftly. This promotes integration between different business units, facilitates quick decision-making, and accelerates innovation.

Implementation of Technology to Support Agility

Technologies that enhance organizational agility, such as digital platforms and automation, should be implemented to monitor and improve operational processes. Companies should adopt technologies that enable rapid response to market dynamics.

Focus on Continuous Improvement

To embed OE into the organizational culture, companies must foster a culture of continuous improvement in all processes, from daily operations to strategic decision-making. This ensures ongoing efficiency and faster adaptation.

Leadership that Supports Transformation

Leadership must serve as role models in implementing and promoting OE. Leaders should be proactive in driving change, encouraging calculated risk-taking, and advocating for the integration of OE practices into the organizational culture.

Flexibility in Operational Procedures

Operational processes should be designed with flexibility to adapt to rapid changes. Rigid procedures can hinder agility, so PT. DGP needs to ensure that its processes allow for quick

responses to changing market conditions or client projects.

4. Conclusion

ased on a review of literature and case studies, it can be concluded that there is a significant relationship between Operational Excellence (OE), Organizational Culture (OC), and Organizational Agility (OA). To achieve sustained excellence, OE must be fully integrated into the organizational culture, creating an environment that supports continuous improvement, innovation, and adaptability. A strong OC enhances the success of OE initiatives, but many organizations struggle with cultural constraints, underscoring the importance of aligning culture with excellence programs. Additionally, OE helps enhance agility by enabling organizations to respond quickly to market changes, but this agility requires a culture that fosters flexibility and innovation to thrive in complex business landscapes.

For PT. DGP, achieving high agility and excellence requires embedding OE within its organizational culture. This can be done by aligning the company's vision and mission with OE, promoting open communication, offering continuous employee training, and implementing agility-based performance measurement systems. Furthermore, the use of technology, cross-functional collaboration, and flexibility in operational procedures will ensure that PT. DGP remains adaptable and responsive to changes. By integrating OE, OC, and OA, the company will be better equipped to sustain long-term success in a competitive and rapidly changing environment.

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