

 <p>ISSN NO. 2320-5407</p>	<p>Journal Homepage: -www.journalijar.com</p> <h2 style="text-align: center;">INTERNATIONAL JOURNAL OF ADVANCED RESEARCH (IJAR)</h2> <p style="text-align: center;">Article DOI:10.21474/IJAR01/ 9270 DOI URL: http://dx.doi.org/10.21474/IJAR01/9270</p>	 <p>INTERNATIONAL JOURNAL OF ADVANCED RESEARCH (IJAR) ISSN 2320-5407 Journal Homepage: http://www.journalijar.com Article DOI:10.21474/IJAR01/9270</p>
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RESEARCH ARTICLE

THE IMPACT OF ORGANIZATIONAL CULTURE ON ADOPTING THE AGILE METHOD IN SERVICE PROJECTS.

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Manuscript Info

Manuscript History

Received: 12 April 2019

Final Accepted: 14 May 2019

Published: June 2019

Key words:-

Agile, Waterfall Method, Project Management, Organizational Culture.

Abstract

The article will address one subject that most researchers hesitate or avoid tackling. Criticizing organizational culture and assessing its impact on important decisions is not a popular endeavor. The article highlights the impact of organizational culture on adopting the Agile Method in Service Projects. With the agility revolution in implementing project management, many organizations have shifted from the waterfall method - the traditional method - into the Agile Method. This kind of decision could not have happened without a new mentality in interacting with new practices. The article will show how some organizations selected the Agile Method in IT and software projects, and it will show how this can happen in service projects. In this article, *service projects* are categorized as any projects excluding IT, software, construction, and manufacturing projects. Business restructuring, marketing campaigns, advertising campaigns, total quality management, event management, logistics, etc., are the most common types of service projects.

The organizational culture not only affects the interaction between stakeholders within and outside of a firm but also influences other aspects of the enterprise such as productivity, teamwork, integration, and the overall performance of a project. According to Alvesson & Sveningsson (2015), an organizational culture shapes the firm's decision-making patterns and guides actions while driving the behaviors of all its members.

Therefore, this article will show the importance of adopting flexibility in the organizational culture in order to have less resistance to change, which can help organizations move from waterfall to the Agile Method.

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Introduction:-

Modern enterprises are characterized with increasing need to quickly adapt to the rapidly changing market dynamics like consumer tastes and preferences. Additionally, continuous advancements in technology such as the availability of sophisticated software and computing capabilities present the need for organizations to adopt the right tools to attain success in their project implementation exercises. The implementation of change should be undertaken using appropriate methodologies to ensure that the operations in a project run smoothly. Waterfall and Agile are two methods that are being adopted by organizations in the implementation of software projects. While the waterfall

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method is associated with certain benefits such as ease of management, the approach is characterized by rigidity and hence most organizations are rapidly adopting Agile as part of their software project implementation strategy.

According to a 2015 *State of Agile Survey*, companies are increasingly embracing and scaling Agile as part of a vision to ensure faster, smarter, and easier delivery of software. About 94% of the surveyed enterprises were practicing Agile. The increase in the uptake of Agile is associated with the benefits that organizations realize in the adoption of the methodology. The 2017 *State of Agile Survey* report identifies some of the benefits of Agile as effective management of changing priorities, enhancement of project visibility, promotion of team productivity, alignment of business and information technology operations, and increase in the delivery speed as well as shortening the time to market. Apart from the benefits, some of the reasons for adopting Agile include the facilitation of the success of the software project implementations. 98% of organizations are reported to have realized success from the implementation of Agile.

While there has been an increase in the adoption and practice of Agile, the 11th *State of Agile Survey* reports that more than 60% of teams out of the 94% who responded are applying agility on projects but are not following the standard Agile methodology. Similarly, the survey showed that the majority of respondents (80%) indicated that Agile was still at a 'maturing level' denoting a significant gap in the adoption of the methodology in organizations. The 11th *State of Agile Survey* therefore identifies growing opportunities. The implementation of the Agile methodology is affected by a number of organizational and external factors that may have significant impact on the transition from the waterfall approach. This article describes how organizational culture may contribute to the delay of the implementation of Agile.

Successful implementation of any project is affected by a host of factors. Organizational culture is one such aspect that determines whether a project implementation is successful or not. Driskill (2018) defines organizational culture as the underlying values, behaviors, and assumptions as well as the manner of interaction that leads to the creation of a unique social and psychological environment in an enterprise. The organizational culture not only affects the interaction between stakeholders within and outside of a firm but also influences other aspects of the enterprise such as productivity, teamwork and integration, and the overall performance of a project. According to Alvesson & Sveningsson (2015) an organizational culture shapes the firm's decision-making patterns and guide actions while driving the behaviors of all its members.

Organizational Culture and Decision-Making in Agile Adoption in Service Projects

Service projects are at the center of business operations as they entail the implementation of support systems for other functions in enterprises. For instance, human resource projects are critical for the acquisition of appropriate personnel and manpower for the accomplishment of the firms' objectives. Business consulting projects are critical for an increased access to the services lacking in the organization. Similarly, an enterprise can also offer consultation to other organizations at a fee and hence the need for reliable systems that can be used to effectively implement the desired functions. Sales and marketing campaigns require systems to implement functions such as order placements, scheduling, shipping, and invoicing. Quality management projects are critical for customer satisfaction due to the need of high standards of goods and services.

The implementation of Agile methods in service projects entails a significant decision-making process since the transition from the traditional waterfall approach leads to changes in the organization's daily operations. Some of the factors that characterize the evolution in service projects include changing consumer and stakeholder patterns as well as constant introduction of technologies that disrupt service delivery.

Organizational culture is a critical determinant of the decision-making processes in any organization. As a shared belief system, an organization's culture affects people's decisions and actions and hence influences whether firms adopt certain technologies. According to Jalal (2017), culture is the cornerstone for enhancing a competitive advantage as well as for adapting to the vital technologies for improving process efficiency. Consensus generation is a type of decision-making that is affected significantly by cultural aspects and is effective in organizations where relevant stakeholders are involved in all actions that are undertaken. A multi-cultural environment can, for instance, hinder the decision-making process due to the possibility of clash and lack of understanding. Communication is consequently an important factor in ensuring that collaboration and a team spirit is established in the organization.

Enterprise Resource Planning (ERP) Projects Implementation through Agile Systems

Dezdar & Ainin (2012) uses the example of enterprise resource planning (ERP) adoption to describe the impact organizational culture has on the implementation of service projects. ERP implementation is used as a case in this article to describe the adoption of Agile in organizations. ERP has a wide range of applications in non-service projects due to the ability of software to streamline operations and hence improve efficiency and the productivity of teams. Organizations use ERP to collect, manage, interpret, and store data that are generated through the many business activities that involve non-service projects.

An organizational culture in which ERP implementation is likely to succeed is the one that is characterized by open systems, results, and employee-oriented approaches. Accordingly, Dezdar & Ainin (2012) emphasize the need for organizations to strategize the future of implementation towards the creation of the right atmosphere and cultural framework for the success of the projects. Similarly, Zaglago et al. (2013) assert that most software projects such as ERP represent a major cultural change in an organization. The cultural factors that may affect project implementation include a lack of preparedness and the associated difficulties. The implementation of ERP systems in organizations requires significant changes and large amounts of resources and are consequently associated with extensive considerations in decision-making processes (Sampietro & Isetta, 2019). The use of Agile for the implementation of ERP projects is further associated with various challenges such as the need to reconfigure toward effective operations of systems. ERP systems can be adopted for various applications like in supply chain management and logistic projects. Transitioning to Agile in the implementation of ERP projects is, however, important due to the complex nature of software as well as challenging dynamics in the environments in which businesses operate.

Organizational Culture and Change Management in Agile Implementation

Resistance to change is one of the most significant challenges in the transition from waterfall to Agile. Organizational culture affects the adoption of service projects due to the influence on change management. According to Raza & Waheed (2018) managing change is a critical element in the implementation of Agile methodology as a software project. The need to manage change is also based on the fact that people can act both as drivers of and hindrances to Agile transformation and development. An Agile project is characterized by enormous changes that require flexibility and adaptation. Changes are experienced in the Agile processes as well as in the transition from the Waterfall to Agile. Similarly, Gandomani et al. (2014) assert that the transition from waterfall to Agile is characterized by an extensive need to change the behavior and mindset of the people within an organization. An organizational culture in which resistance to change is prevalent does not favor the transition into Agile systems. Resistance to change occurs due to the fact that people are accustomed to status quo. Individuals may also fear the challenges that accompany the adoption of Agile systems as well as the possible complexities in the new roles (Gandomani & Nafchi, 2016). On the same note, employees may fear losing their jobs due to the uncertainties associated with the transition from waterfall to Agile. Some managers may also not be ready to have their powers decreased or allow their team members to be free or given more roles.

Accordingly, people's perception of Agile transition is the main source of resistance to change as members or managers may feel threatened about the adoption of the methodology (Gandomani & Nafchi, 2016). Other organizational factors and resistance to change elements that may hinder the implementation of Agile include incongruent group dynamics, non-reinforcing reward systems, and reluctance to breaking routines. Individuals may resist change in a culture where they do not foresee any reward that will arise from the implementation of a new system (Jones, 2013). Conformity to the existing group dynamics may further contribute to the resistance to any new changes that may challenge prevailing conditions. According to Chen, Ravichandar, & Proctor (2016) there is need for the development of new management practices that can be used in sustaining Agile development. Key among such new practices is the creation of an organizational culture in which members can easily adapt to change and be willing to pivot into the Agile methodology.

Changes in organizational culture drive the adoption of the Agile Method in service projects.

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