

# Smart Companies in the Dynamic Environment

**Dr. Farajharahsheh**

*Head of Department of Business Administration, Isra University, Amman-Jordan*

---

## **Abstract**

This study aims to identify and analyze the characteristics, elements of smart companies and its role in dealing and facing the changing dynamic and external environment by analyzing the internal environment represented by taking advantage of the elements of strengths, represented by human resources, financial resources, technological, knowledge and material resources and investing them to adapt with the external environment and taking advantage of environmental opportunities such as marketing opportunities, obtaining larger market share, benefiting from human resources, technological and knowledge resources, raw materials, and overcoming the threats such as security, economic, political, competitors, and the crises facing organizations at the present time, especially the global crisis of Corona pandemic.

The researcher recommends that leaders and business organizations must analyze the internal environment and taking advantage of the strengths to adapt with the dynamic changes that occur in the external environment.

**Keywords:** Smart Companies, Dynamic Environment,

## **1. Introduction**

Business organizations and companies are facing different types of dynamic and changing environments that affect the work of companies and business organizations, the dynamic environment consist of competitive environment, economic, security, political, social and cultural, also the that countries and organizations have become suffering from different types of crises in particular economic, financial, political, security and health crises especially the global Corona pandemic. Which surprised the countries and business organizations and affected the lives of people, economy and work of companies.

In order to meet the changing of dynamic environment that affects the work of business organizations and companies, and facing the changes that occur in the external environment, companies must have own and possess the characteristics of a smart organization in order to adapt with various environmental variables, especially sudden dynamic changes, and they have long-term strategies aimed at achieving a sustainable position in the long term (Vickers, 2000), in addition, companies and organizations have the ability of flexibility movement, lightness and agility in generating knowledge, and take advantage and benefit from that knowledge in achieving desired goals by getting, seizing opportunities and adapting with environmental changes and challenges. (Filos, 2005).

The dynamic environment is characterized by uncertainty and risk, and its affects in ability of leaders to make decision, so that manager must find the balance between uncertainty in decisions-making process, and need a decision support system, the greater of uncertainty in planning, managers

need greater amount of information in decision making, also managers should be interested in studying what is happening in the external environment, especially with regard to the threats facing organizations such as competitors, risk degree, technology needs and desires of customers, and what strategies managers need with regard to innovation, creativity, research and development. Organizations have the advantages and characteristics of intelligence and the capability and adaption with the changing dynamic environment in local, regional and international competition.(Liem ,Hien,2020)

The concept of smart organizations appeared as a response in disturbances, imbalances, and changes in the external environment, smart organization includes continuous surveys and adaptation with the environment more than the survey, carried out through annual planning and review. It also includes a continuous process aimed at achieving successful harmonization between the organization and the environment through develop competitive advantages based on the principles and characteristics of smart organizations. (Al-Khafaji,2010).

This study aimed to explain, and clarify the smart organization elements and characteristics that companies and organizations must possess to face the changing environment, especially the sudden changing faced companies and business organizations to achieve growth, sustainability and exit with least losses.

### **Objectives of the Study**

This study aims to highlight and explain the concept of smart organizations, characteristics of smart organization and its role in managing environmental variables, and building a theoretical framework to identify the advantages, objectives, dimensions and elements of smart organizations and their impact on dealing with the dynamic environmental that occur in the external environment, also identifying the concept of the dynamic environment , elements, also explaining the most important variables that occur in the external environment and its effect on the work of organizations.

### **Importance of the Study**

The importance of the study comes from the important of this topics: smart organizations and dynamic environment occur in the external environment (economic, political, security, financial, competitiveness), also the crises facing organizations, including global Corona pandemic. This study is important for organizations in private and public sector to take advantage of the characteristics of smart organizations to face the threats, dynamic changes and crises that occur in the world.

### **Theoretical Literature**

#### **Smart Organization**

#### **Concept of Smart Organization**

Azam,et al,2012) defined Smart organization is known as the ability to distribute knowledge at all levels of the organization, to coordinate work, seize the best opportunities and generate knowledge

value to maintain its outstanding performance and sustainability, smart organization is the organization capable of spreading and distributing knowledge at all levels of the organization to coordinate work and use it in making decisions.(Shaker,2016,37)said smart organization has the ability to make intelligence decisions based on the knowledge it possesses, acquires and disseminates for the purpose of adaptation and response to the external environment.

Objectives of smart organizations, (Robert,2009) said the objectives of smart organizations are:

1. Develop employees' efficiency:
2. Supporting organizational infrastructure.
3. Contribute to the increased demand for information.
4. Shedding light on the knowledge gap in managerial thought.
5. Increased expansion and spread of new business practices.

(George T. Doran,1981) reportedly coined the phrase smart organizations objectives as:

1. **Specific;** goals must be well-defined and focused,focus finds a powerful force. and the goal becomes a magnet your resources toward it. The more focused yourcreates, the more power you can generate.
2. **Measurable:** The goals should be realistic and challenging and within the capabilities and abilities of the workers and be achievable.
3. **Achievable:** design objectives to be challenging, but ensure that failure is not built into objectives. Goals should be agreed by managers and employees to ensure commitment to them.
4. **Relevant:** The goals should be related to achieved the goalsand focus on outcomes.

### **Characteristics of a Smart Organization**

Many researches and studies confirmed long-term success of organizations requires them to possess characteristics of Intelligent that gives entrepreneurship and precedence over others in facing crises and changes that occur in the external environment,(Siriwardanagea&Oduor,2010)

- **Environment sensitivity:** The organization's ability to adapt, change, evolve and keep up with the external environment.
- **Organizational cohesion:** The organization's ability to build a community of committed individuals to the organization at internal or external level and have the ability to develop its personality.
- **Decentralization and tolerance:** the organization's ability to build internal and external relationships with employees and related [peoples and organizations in the external

environment.

- **Culture:** The organization's ability to build a strong organizational culture, values, customs and rituals, and pay attention to other sub-cultures in the organization to reflect positively on organizational efficiency and keep up with the environmental changes.

(Mohammad & Babae,2015,216)Said the characteristics of the smart organization are: agility, rapid response, proactive ability, environmental sensing.

(Artos,2011) mentioned that the characteristics of the smart organization are: adaptability, learning, creativity, effectiveness, mental strength, sustainability.

(Schwaninger,2009) explained that the characteristics of the smart organization are:

- **Continuous learning:** It is called lifelong learning, permanent learning, and the continuous process of changing the behavior of individuals as a result of acquiring experiences and knowledge, and using knowledge to adapt to the changing external environment.
- **Finding strategic alternatives:** Strategic alternatives are one of the components of strategic management and mean developing and finding new approaches that give the organization the opportunity to identify and meet its current and future needs.
- **Understanding the environment:** The environment is considered one of the most important influences on the organization's work and its sustainability, and therefore the organization works to constantly diagnose and analyze its environment, and the more the organization knows about analyzing its environment, knowing its effects, taking advantage of opportunities and resisting threats, especially the threats of competitors, leading to rapid response and initiative to adapt to the environment and achieve its goals. .

### **Dimensions of the Smart Organization**

(Al-kasasbeh,et al ) explain the dimensions of smart organization are achieving the goal, business intelligence, understanding the environment, making decisions and supporting the competitive position, innovation, creativity.

Matheson & Matheson (2001) reported that smart organizations can be divided into 9 dimensions. 1. Vision must provide clarity of purpose. 2. Culture of merit3. Listening to employee opinions. 4. Non-punishment of employees on dissenting opinion. 5. Share extremist ideas. 6. Incentive system.7. Strengthening the values of the Organization. 8. Develop an implicit culture that individuals appreciate. 9. Measure performance correctly.

### **Steps of Smart Organizations Success**

(Kahkha,et al ,2015) Explain the most important steps for the success of smart organization to deal with the changing dynamic and external environment as follows:

- **Attractiveness:** Organizations that want to have a strong and successful smart management must be very attractive through what they offer of wages, salaries, incentives, rewards and material and moral incentives to employees.
- **Good planning:** the possibility of obtaining smart and talented individuals through recruitment, good planning, participation in international scientific conferences, encouraging research and development, and visiting institutes and universities.
- **Experiences and experiments:** The expertise and experience possessed by advanced organizations is one of the steps to success by utilizing the expertise of talented and intelligent employees.

### **Smart Organization Obstacles**

Many organizations face many obstacles and difficulties that limit the intelligence of organizations (Maria, et al ,2020):

- Some senior management does not make enough effort for the work of smart management in the organization.
- Lack of financial resources for the provision of machinery, equipment, technology and technology.
- Low level of incentives, rewards, salaries and wages for employees.
- Routine and bureaucracy. Routine and slow in implementing decisions and actions, applying centralization in decision-making, and not involving employees in decision-making and setting goals are the most important difficulties that limit the intelligence of organizations.

## **2. Environmental Dynamic**

### **Concept of Environmental Dynamic**

Business organizations in the twenty-first century cannot be led by traditional methods, but they must have an integrated comprehensive view that thinks about the future and does not think about the past, by making scientific predictions that enable the preparation of strategy and highly flexible policies, able to respond to all scientific and technical developments and work to adapt in order to achieve the higher interest of the business organization and society at the same time.

The dynamic environment is characterized by sudden and unexpected change and the risks are sometimes high, which increases uncertainty for managers, companies and business organizations operating in that environment, as well as characterized by the unpredictability of competitors and customer needs, and therefore the high risk limits the unpredictability accurately and affects the Decision-making, employees suffer from anxiety, stress and fatigue, and the collection of information about the external environment is very important in the decision-making process helps managers to predict significantly and in a timely manner.

A dynamic business environment can wreak havoc on operating margins and a company's ability to satisfy creditor claims and create shareholder value. It's essential to consider the possibility and effect of a volatile environment when planning and implementing a strategic plan

An environment is dynamic in nature if it is affected by a variety of factors, such as technological, socio-economic, governmental, legal, and competitive and supply chain events.

Environmental dynamic defined is unpredictability of environmental variables such as technology, competitors, customer needs and desires. (Sniazhko,2019).

### **Dynamic Capabilities Concept**

The concept of dynamic capacity reflects the importance of renewing organizational capabilities to cope with environmental changes, and to respond to environmental opportunities by researching, exploring, acquiring, assimilating and using knowledge, technology and resources, also find, explore, acquire, absorb, using knowledge benefits of resources and opportunities and how to organize them. The concept of dynamic capacity indicates that it is a fixed behavioral orientation of the organization for integration, re-formation, renewal of its resources and rehabilitation of its core capabilities in response to the changing environment in order to survive and grow as a nimble and educated organization. (Grover and Bhatt, 2005:261).

### **Sources of Environmental Capacity**

(Nayyar and Garud.,1994:371) said the source of environmental capacity are:

- **Absorptive capacity:** It is the ability to create or own capabilities from external sources, or it is the capacity by which the organization understands and takes advantage of the existing capabilities owned.
- **Transformational capacity:** the ability to transform existing capabilities into new capabilities.
- **Static or hidden capabilities:** the ability that accumulates through collective experiences and settles in the organization's memory.
- **Surface capabilities:** it's used by the organization, but are not considered essential capabilities.

### **Related Study**

Study Adamik and Fernandez (2021) **Smart Organizations as a Source of Competitiveness and Sustainable Development in the Age of Industry 4.0:** Integration of Micro and Macro Perspective.

The aim of this research isto build tool to monitor the use of power of smart organizations in the processes of building the competitiveness and sustainable development of countries, To achieve this goals, the researchers constructed a synthetic power of smart organizations The tool allows for the integration of micro (organization level) and macro (country level) economic aspects into a single construct. Based on the analysis of its results.

Study (Maria, et al(2020) **Smart Organization: Improving Innovation Performance.**

This study explains how smart organization improving innovation performance, the results showed innovation is the only option for maintaining growth and competitiveness. Organizations actually need to become “smart in internetworked, knowledge driven, learning as well as agile in their ability to create home-grown innovative ideas and exploit external opportunities.

Study Liem and Hien(2020) **Exploring the impact of dynamic environment and CEO’s psychology characteristics on using management accounting system.** this study analyzed the impact of dynamic environment on using management accounting system that influences the choice of product innovativeness strategy and the level of using MAS information. The research samples are CEOs in large manufacturing companies in Viet Nam. The results showed that the dynamic environment effect management accounting system.

Lazarevic and1 Lukic (2015) **Building Smart Organization Through Learning and Development of Employees.** The aim of this paper is to analyze the importance of acquisition, generation, application and transfer of knowledge among employees, the concept of smart organization. Learning and development of employees have become the key factors which make difference between successful and unsuccessful organizations. The conclusion show that learning organizations which align all elements of organizational design and effectively use their learning abilities to create value.

Study Filos (2008) **Smart Organizations in The Digital Age:** The chapter aims to explain the concept of the smart organization. This concept arose from the need for organizations to respond dynamically to the changing landscape of a digital economy. The three networking dimensions of smart organizations, ICT-enabled vitality, organizational teaming, and knowledge hyperlinking, are elaborated. This networking capability allows smart organizations to cope with complexity and with rapidly changing economic environments.

## **Propositions**

The researcher suggests and recommends leaders and business organizations must analyze the internal and external environment of companies through the following propositions:

### **Proposition 1**

Leaders in business companies must periodically analyze the internal environment of the organization and identify the strengths owned by the organization represented in (efficient, trained and educated human resources, technical and technological resources, financial, material and knowledge resources) and invest these resources with high efficiency, also strengthening and enhancing organizations resources and benefit from it in to face the threats and dynamic variables that occur in the external environment.

## **Proposition 2**

Leaders and business organizations must analyze the external environment and factors effected the changing dynamic and external environment represented in (economic, political, security factors, competitors, as well as the crises that afflict the world, especially the Corona pandemic) and take advantage of the environmental opportunities that exist in the external environment such as human resources, knowledge resources, technological and marketing opportunities, overcoming external threats, especially threats from competitors and security threats, and adapting with environmental crises, especially the global Corona pandemic.

## **Conclusions**

The concept of smart organizations is a relatively recent concept in contemporary management thought and refers to organizations that encourage learning. Contemporary smart organizations call for change in the way business organizations are managed, taking into account learning, development, training and development. Smart organizations are characterized by their possession of technology, modern technology and knowledge generation. Alternatives and attention to human resources, talented and creative people, encourage research, development and innovation, motivate employees, involve employees in decision-making, keep pace with and adapt to the external environment, resist threats, take advantage and take initiative in seizing opportunities and overcoming competitors by providing competitive services or products, providing services to customers, and gaining loyalty and customer satisfaction by studying the needs And the desires of customers and meet their needs and desires at the appropriate time and time.

Dynamic business environments are characterized by risks and instability. companies and organizations must have the transparency, new technologies, knowledge, globalization, Organizations suffer from multiple crises, including economic, security, competition and health crises, Accurate and good forecasting of crises achieves the organization's survival, growth and competitiveness company's business environment drastically.

## **References**

- Al-Khafaji, Nima Abbas. (2010) Organizational intelligence: a contemporary idea in managing business crises, *Journal of Administration and Economics*.-
- Adamik,Anna and Fernandez ,DorotaSikora (2021) Smart Organizations as a Source of Competitiveness and Sustainable Development in the Age of Industry 4.0: Integration of Micro and Macro Perspectives, *Energies* 2021, 14, 1572. <https://doi.org/10.3390/en14061572>.
- Azma ,Fereydoon - mostafapour ,Mohammad Ali &Rezaeic ,Hamid (2012) "The application of information technology and its relationship with organizational intelligence" Published by Elsevier Ltd ,Procedia Technology,Vol
- Atos ,A. (2011). Smart Organization Consulting. World line ,Atos World Grid and the fish itself are registered trademarks of Origin SA.

- Al-kasasbeh, M.M, Al-kasasbeh, S.A.M,Al-Faouri,A.H(2016) Smart Organization Characteristics and its impact on social and Environmental performance :An Empirical Study on Jordan Phosphate Mines ,International journal of business and management,11(8)m106-115.
- Chartered Management Institute Management House, Nottingham Road, Corby NN17 1TT.
- Filos, E. (2008). Smart Organizations in the Digital Age", European Commission, Directorate-General Information Society and Media. <http://www.veforum.org/apps/recview.asp?P=Article&T>
- Grover Varun & Bhatt. D Ganesh (2005) Role Their and Capabilities Technology Information of Types ,Vol, Systems Information Management of Journal", Study Empirical An: Advantage Competitive i .2. No, 2.
- Kahkha.A.O,Pourghaz,A,Marziyeh,A(2015) Examining the relationship of organizational Intelligence with innovation Management Career Advancement in an Organization ,Journal of behavioral and Brain Science,5(10),395. –
- Lazarevic, Snezana and Lukic, Jelena (2015) Building Smart Organization Through Learning and Development of Employees, Publishing and Organization, Faculty of Business, Economics and Entrepreneurship,8 Miitropolita Petra Street11000, Belgrade, Serbia ISBN 978-86-6069-114-1.
- Liem VO Tan ,Hien,Nguyen Ngoc (2020) Exploring the impact of dynamic environment and CEO's psychology characteristics on using management accounting system, Journal of Cogent Business AND MANAGEMENT, Volume 7,Issue 1.
- Maria El Haiba, ENSIAS, Mohammed, LamyaaElbassiti, Mohammed, RachidaAjhoun, Mohammed (2020) Smart Organization: Improving Innovation Performance Through Recommendation Vision 2020: Sustainable Economic development, Innovation Management, and Global Growth
- Mohammad Hamed Babaei Mohammad (2015) A survey on the components affecting organizational intelligence and assessing the status of these components (case study: Mazandaran Gas Company),visi Journal akademik ,(5). –
- Siriwardanagea, N & Oduor, E. (2010). Intelligent Interface for Crisis management. Master Thesis, Chalmers University of Technology, Sweden.- Shukr, RenasAba Bakr (2016) Environmental sensing and its role in achieving the dimensions of the smart organization: an exploratory, study of the opinions of administrative leaders on a sample of Iraqi universities in the Kurdistan region of Iraq, and an unpublished master's thesis, University of Dohuk, Iraq.
- Schwanninger M. (2009). Intelligent Organizations: Powerful Models for Systemic Management. 2nd Ed Springer-Verlag, Berlin Heidelberg ,German.
- Robert. H., (2009) Management for Intelligent Organization: The Scanning the Environment, Journal of Academic Librarianship.- Vickers, M. (2000). Clever Versus Intelligent Organizations: Cases from Australia. Academy of Management Executive, 14 (3):135 -136
- Dhanya, T. "Real-Time Generator Fuel Level Measurement Meter with Ultrasound Sensor and Data Acquisition System." International Journal of Mechanical and Production Engineering Research and Development (IJMPERD) 8.1 (2018): 879 882.
- Sahu, Supriya, and BB CHOUDHURY. "Cycle Time Optimized Path Planning for Industrial Robot using Robomaster." International Journal of Mechanical and Production Engineering Research and Development (IJMPERD) 7.5 (2017): 95-102.

- Sutariya, Dharmendra. "Performance evaluation of multicast routing protocols in mobile ad hoc networks." proceedings of International Journal of Computer Networking, Wireless and Mobile Communications (IJCNWMC) 6.2 (2016): 45-54.
- Unnamalai, T. "A Study On Factors Influencing Job Satisfaction With Special Reference To Golden Rock Workshop, Tiruchirapalli." (2015). International Journal of Business Management & Research (IJBMR) 2015, 377-382
- Jaimini, Nirupma. "Science Museums As Pedagogical Resource: Task Based Facilitation." International Journal of Humanities and Social Sciences (IJHSS) 5. 6, Oct-Nov 2016; 15 22.
- Park, Yeong-Sang, and Youngsam Lee. "Fast and Kinematic Constraint-Satisfying Path Planning With Obstacle Avoidance." International Journal of Electronics and Communication Engineering (IJECE) 5.3 (2016): 17 28 (2016).