

Chapter 15

Role of Agility in the Banking Sector in Competitive Globalization Era: Evidence From the Turkish Banking Sector

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ABSTRACT

In today's rapidly changing market conditions, organizations need to be agile to gain a competitive market advantage. This chapter details the key points required for agility. Although there has been ongoing discussion whether finance and banking sector can be agile due to rigid structures, processes, and regulators, the chapter aims to prove the vital role of agility in banking sector with the case of Garanti Bank. Thanks to the case, the strategies both on the basis organization structure and marketing level that banks need to apply in agile transformation process, have been exemplified. As a result of the case, the importance of flexibility, speed, monitoring the latest trend, making quick decisions, and being customer-focused in the banking sector is stressed. On the other hand, banks are suggested to engage all their units, shareholders together with their customers in the process to have a more smooth translation.

INTRODUCTION

In this period of rapid technological development and change, the industry is experiencing the first phase of a new revolution, which makes it much more difficult for companies to produce products and services and survive. Competition has moved to a global dimension, product and service life has been shortened and customers' need to satisfy their personal and special needs has increased. In the past, the success of a manufacturer of goods and services was measured with the ability to produce a single product at

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the lowest cost, but today it is being measured with flexibility, speed, the ability to manage continuous development and change, and the ability to anticipate and react to changes in customer needs and market. In order to survive in this dynamic and uncertain competition environment, companies had to develop new and improved production paradigms. As a result, highly agile companies have emerged in terms of both organizational structure and operation and business processes and have gained great competitive advantage by using technology.

Today, competition has become a factor that seriously affects the sector and the institution in which it operates (Yağcılar, 2011). Again, within the framework of important financial developments and global conditions, the concept of competition has become an indispensable element for both banks and other institutions in the markets. Banks, one of the main actors of the economy, appear as institutions that need to be in constant competition both in terms of sustaining their activities in the market and being ahead of their competitors and need to determine strong strategies for the future (Gök and Özdemir, 2011).

The purpose of the study is to analyze the key points of the agility and stress the importance of it in the banking sector. In this scope, the case of Garanti Bank which has been leading Turkish banking sector with its innovative services and products for a long time, has been analyzed. The requirements for organizations to be agile; flexibility, speed, ability to change, ability to monitor the latest trend, adopting the advanced technology, being customer focused, have been detected in Garanti Bank. Although, it has been doubted whether banks can be transformed into agile model, with the help of the case study, it has been proved that agility has vital role in the success of the banks.

There are 3 main parts in the study. In the first part, the concept of agility, the definitions of agility and lean management are made with the help of the different perspectives in the literature. In the second part competition in the banking sector has been discussed in the framework of literature. In the last part, the case of Garanti Bank has been analyzed.

LITERATURE REVIEW

Agile Approach

The developing competitive environment has forced today's businesses to use technology effectively and created a different competitive environment in order to meet human needs more quickly and effectively. In a globalized competitive environment, it has become very important to see how accurately companies use information and how they reflect this to the market. Accordingly, efforts to create organizational culture that quickly learn and implement information are seen as the primary duties of enterprises.

In a changing and rapidly developing market environment, organizations need flexible and adaptive structures that are open to changes and can respond to new developments (Jayaram et al., 2004). The rapidly changing customer demands and expectations, with the contributions of Marketing 3.0 understanding along with the developments in the industry, exceeded the customer satisfaction. As a result of this situation, the business executives have come to the stage of organizing the administrative process with an understanding that constructs and designs the speed which is more than just keeping pace. Agile production approach that comes into play at this point directly enables companies to keep up with these customer demands and changes in demands as soon as possible (Jayaram et al., 2004).

It is seen that the explanations made while defining the concept of agility may overlap with different facts in the literature. In fact, while trying to explain the concept of agility, many expressions that

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