A MODEL OF ORGANIZATIONAL AGILITY AMONG COMMERCIAL BANKS IN DAVAO REGION IN THE CONTEXT OF INTERNAL VARIABLES

Gloria E. Detoya, Gloria P. Gempes

The main objective of this study was to develop a causal model of factors affecting the organizational agility of commercial banks in Davao Region. Concept idea of the framework was brought from literature review showing the relationship of the three variables knowledge management, employee empowerment and entrepreneurial orientation to organizational agility, considered as the internal variables within the organization. The sample consisted of 328 commercial bank employees in Davao Region. The researcher collected the data through adapted questionnaires contextualized to the local setting. The data were analyzed using structural equation modeling. Five hypothesized models were tested and the model that came out as the best fit is the direct effect of knowledge management and entrepreneurial orientation to organizational agility, eliminating employee empowerment in the final model. The model further shows the significant relationship between entrepreneurial orientation and knowledge management and that the combination of the two variables accounted for the major variation in organizational agility leaving negligible effect of other unaccounted variables. Finally, the study concluded with practical implications and directions for future research.

Keywords: banks, structural equation model, knowledge management, employee empowerment, entrepreneurial orientation, organizational agility, Philippines

1. INTRODUCTION

Constant change is the new reality. Executives and experts in the banking industry consider this as one of their biggest challenges. To deal with the fast-paced scenario various authors [1], [37], [67] are advocating organizational agility which is the speed of the organization to adapt environmental changes. Bank executives are conscious of this change [53], [60], that an organization’s triumph is partially determined by its capability to respond to it in an agile and precise manner. Historically, however, financial institutions’ management teams have not had the greatest confidence in their ability and capacity in embracing change [47]. A business author [25] offered another view. He said several companies and these include financial institutions like banks, have best intentions as far as organizational agility is concerned but only to realize that their change efforts are blocked by internal barriers such as survival mentality, internal politics, and lack of strategic fit from the top management. Although organizational agility is costly to develop and maintain, sometimes it is even more costly if it is nonexistent [63]. Agility has always been important to organizations and regarded as the prime contributor to improve its competitive position. Some authors [44], [70], widely believed that agility is the backbone for organizations to succeed in an ever changing business environment. In fact organizational agility is now considered as the new normal [2], the new competitive advantage [22] and the highest form of organizational adaptability [27]. Goetzpartners [27] cited Bill Gates as saying that “Success today requires the agility and drive to constantly rethink, reinvigorate, react and reinvent.” However, the big question for organizations today is how to become agile. This requires a comprehensive study on the topic. Cognizant of the importance of organizational agility, the researchers made an extensive review of literature for possible variables that may have some bearing on this paradigm, with focus on internal variables within the organization that may contribute to its agility. Among the numerous internal variables linked with organizational agility; knowledge management [68], [71], employee empowerment [20], [41], and entrepreneurial orientation [11], [57], caught the attention of the researchers as important drivers. Each variable was associated with organizational agility in various studies: knowledge management showed significant bearing to organizational agility [10]; employee empowerment revealed important contribution to organizational agility [42]; entrepreneurial orientation demonstrated significant relationship with organizational agility [62]. The three variables are considered as the independent variables of this study and organizational agility as the dependent variable. Like organizational agility, each independent variable has its own share of worth in an organization. Knowledge management, as one of the variables, is a multidimensional style taking a systematic and comprehensive view to the information resources of an organization [19]. In modern banks, there is no doubt as to the importance of knowledge management, with the aid of technology, as a business practice. The other variable which is employee empowerment is one of the mechanisms employed to promote employee development wherein some extent of authority and autonomy is given to employees [12], [36]. Employee empowerment is essential for the success and survival of an organization in this new era. It facilitates the development of change in organizations thereby increasing organizational effectiveness and wellbeing of employees [45]. Complementing empowerment is entrepreneurial orientation which is understood to exist when innovativeness, risk taking and pro-activeness are manifested by the firm [14], [48]. According to one author [65], innovativeness pertains to willingness in the creation of new services and pro-activeness is looking for new opportunities to address market challenges and risk taking is the courage in...
taking risks in developing and implementing novel ideas in service delivery. On the whole, entrepreneurial orientation [35] is a valuable practice as it makes easier for the organization to grow and enhance performance. For the banking industry, understanding the nature of change to be an agile entity, seems indispensable. Unfortunately few researches exhibit concern on the link of knowledge management, employee empowerment and entrepreneurial orientation with organizational agility within the banking sector; much more in determining the combined effect of these variables on organizational agility in a single study. The researchers decided to combine the three variables in this research with the end in view of determining which among them is the best predictor. As such, it may provide the banking industry important insights how to enhance agility through its best driver that may be realized from the results of this undertaking. This paper builds up theoretical and predictive models with the three internal variables as drivers of organizational agility not only to address a relevant gap in the literature but as a significant novelty on the topic concerning commercial banks. The importance of commercial banks in a developing country like the Philippines cannot be discounted. By adhering to the monetary policy of the central bank, commercial banks contribute to the economic development of the country [3], [34]. With this important role, banks must take effective steps for sustainability. This may not be achieved unless agility is in place in the organization [47]. Pilcher [47] emphasized that banks must cultivate a sense of institutional agility since change in the business environment today is at an alarming rate. Dealing profoundly with the drivers of organizational agility can be an intelligent move. This study, therefore, may be of help to financial institutions that intend to join the new normal which is organizational agility. This study is guided by the following research objectives: describe the status of commercial banks in Davao Region in terms of knowledge management, employee empowerment, entrepreneurial orientation and organizational agility; determine the significance of interrelationships among the variables with organizational agility as the dependent variable; determine the best fit model of organizational agility based on the analysis of the valuable paths which surfaced in the study. The hypotheses are as follows: Ho 1 to 3 hypothesized that knowledge management, employee empowerment and entrepreneurial orientation have no significant relationships with organizational agility and Ho 4, that there is no best fit model for organizational agility among commercial banks in Davao Region.

2. THEORETICAL AND CONCEPTUAL FRAMEWORK

Theoretical Framework. Organizational agility has developed as a means for managing unexpected organizational changes and handling risks [38]. As of date, however, the researchers have not come across an established specific theory on organizational agility. What can be gathered from the literature are only on different definitions and various models, some parallel some conflicting. With this reality, the researchers decided that this study be anchored to organizational change theory [24], supplemented with some propositions. Garvin’s theory [24] has three main components: preparing the organization for change, altering how the organization does business and ensuring changes stick. Since organizational agility is about change then it may stand as the organizational change itself in the theory of Garvin. The three components of the theory are composed of specific elements that may be aligned to the indicator specifics of the three independent variables (considered as the internal forces in this study) that of knowledge management, employee empowerment and employee orientation. This inquiry also covers some propositions that there are positive links between knowledge management and organizational agility [16], employee empowerment and organizational agility [59], and entrepreneurial orientation and organizational agility [73] and between entrepreneurial orientation and knowledge management [28].

Conceptual Framework. Model 1 is the basic model which was structurally modified to come up with models two to five with the aim of discovering what is the best fit model. However only Model 1 is presented in this paper to provide the reader a complete frame of the indicators or observed variables of the three latent variables. In SEM, the latent variables are in oval shape in the figure whereas the observed variables are enclosed in rectangles.

Fig. 1. Hypothesized Model 1

Legend:

- KM - Knowledge management
- MEA_KM - Measurement KM
- INF_KM - Information Technology KM
- LEA_KM - Leadership KM
- PRO_KM - Process KM
- CUL_KM - Culture KM
- EO - Entrepreneurial Orientation
- AUT_EO - Autonomy EO
- INN_EO - Innovativeness EO
- PRO_EO - Pro-activeness EO
- RIS_EO - Risk-Taking EO
- CMP_EO - Competitive Aggressiveness EO
- EE - Employee Empowerment
- MEN_EE - Meaning EE
- COM_EE - Competence EE
- SEL_EE - Self-Determination EE
- IMP_EE - Impact EE
- OA - Organizational Agility
- PER_OA - Perceiving OA
- TES_OA - Testing OA
- STR_OA - Strategizing OA
- IPL_OA - Implementing OA
3. METHOD

The sampling size of this study is 328 employees from commercial banks in Davao Region. As pronounced [29], with business-to-business studies the population frequently is only 200 to 300 individuals. If the frequent sampling size in business of 300 will be considered, then the 328 samples of this study is more than the required samples of as pronounced. The purposive sampling technique was employed in selecting the respondents in consideration of the inclusion criteria. To attain homogeneity, only those commercial bank employees having one year experience were selected as respondents of this study. Due to the limited number of commercial bank employees, the researcher opted to include all available respondents in the subject commercial banks that will qualify in the inclusion criteria of one year in service. Those below one year as employees of commercial banks were not included in the study. The study was made possible through the use of survey questionnaires adapted from different studies, to wit: Knowledge management [64]; Employee Empowerment [52]; Entrepreneurial Orientation [52]; Organizational Agility [27]. The questionnaires were pilot tested to 30 commercial bank employees who were excluded in the actual survey to determine the reliability of the adapted questionnaires wherein some items were contextualized to the local setting. The reliability of the local adapted version was high ($r = 0.84, p<0.05$). The ratings are described as follows, with uniform interpretation patterned after a path study [5], with the following range of means: 1.00-1.79, 1.80-2.59, 2.60-3.39, 3.40-4.19, 4.20-5.00; described from low level to very high level. The corresponding interpretation for each range starts from never to rarely, sometimes, oftentimes and always manifested for every item in the questionnaire. The researchers personally administered the collection of data. Data collection was done after proper permission were sought from the concerned authorities and entities. Encoding, tabulation and data analysis were thoroughly done to assure the quality of the entire study. Mean, standard deviation, Pearson r, regression and SEM were employed in the study. Ethics was thoroughly observed in the conduct of the study. Before the floating of the questionnaire, the preliminaries of the study were sent for review to the University of Mindanao Ethics Review Committee (UMERC) to ensure that ethics would be observed in the conduct of the study.

4. RESULTS

Examining the data in descriptive table 1 on the levels of the identified variables, it could be noted that the standard deviation of the mean scores ranged from 0.68 to 0.91 which are all below 1.0, the typical standard deviation for a 5 point Likert scale. This indicates consistency of responses.

Quantitative research design was employed in this study using structural equation modeling since it involved systems of regression equation to find the best fit model of organizational agility. The venue of this study is Region XI, located in Davao Region in Mindanao, Philippines. The region is composed of five provinces namely: Davao del Sur, Davao Oriental, Davao del Norte, Davao de Oro and Davao Occidental.

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Level of knowledge management, Employee Empowerment, Entrepreneurial Orientation, Organizational Agility</th>
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<tbody>
<tr>
<td>Variables/Indicators</td>
<td>Standard Deviation</td>
</tr>
<tr>
<td>Knowledge Management</td>
<td>0.76</td>
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<tr>
<td>Measurement</td>
<td>0.68</td>
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<tr>
<td>Information Technology</td>
<td>0.91</td>
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<tr>
<td>Process</td>
<td>0.75</td>
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<tr>
<td>Leadership</td>
<td>0.71</td>
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<tr>
<td>Culture</td>
<td>0.74</td>
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<tr>
<td>Employee Empowerment</td>
<td>0.70</td>
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<tr>
<td>Meaning</td>
<td>0.65</td>
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<tr>
<td>Competence</td>
<td>0.68</td>
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<td>Self-Determination</td>
<td>0.74</td>
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<td>Impact</td>
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<tr>
<td>Entrepreneurial Orientation</td>
<td>0.85</td>
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<tr>
<td>Autonomy</td>
<td>0.85</td>
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<tr>
<td>Innovativeness</td>
<td>0.78</td>
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<tr>
<td>Risk-taking</td>
<td>0.96</td>
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<tr>
<td>Pro-activeness</td>
<td>0.78</td>
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<tr>
<td>Competitive</td>
<td>0.80</td>
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<tr>
<td>Aggressiveness</td>
<td>0.80</td>
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<tr>
<td>Organizational Agility</td>
<td>0.74</td>
</tr>
<tr>
<td>Strategizing</td>
<td>0.75</td>
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<tr>
<td>Perceiving</td>
<td>0.67</td>
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<tr>
<td>Testing</td>
<td>0.75</td>
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<tr>
<td>Implementing</td>
<td>0.72</td>
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</table>

Level of Knowledge Management. The very high level of knowledge management ($M = 4.24$) among commercial banks in Davao Region (Table 1) is the result of the very high mean rating of its indicators: measurement, information technologies, leadership and culture ranging from 4.21 to 4.31 and the high level for process ($M = 4.11$) as evaluated by the respondent bank employees. Very high level means knowledge management among commercial banks are always manifested while high level means oftentimes manifested.

Level of Employee Empowerment. As shown in Table...
1, the two indicators of employee empowerment: meaning and competence have very high mean scores of 4.51 and 4.33 respectively denoting that these indicators are always manifested. Two indicators self-determination and impact have high mean score of 4.11 and 4.14 respectively, specifying that they are oftentimes manifested. These results as shown in the table, contributed to the overall very high level of employee empowerment. Among the four indicators, meaning has the highest mean (M = 4.51) suggesting that the work of bank employees are valuable and meaningful to them who are given self-assurance about their capabilities to perform at high standard.

**Level of Entrepreneurial Orientation.** The overall high level of entrepreneurial orientation (M= 4.07), as reflected in Table 1, is the result of the high mean scores of the five indicators: autonomy, risk-taking, pro-activeness and competitive aggressiveness, with mean scores ranging from 3.89 to 4.15 and only one very high rating (M = 4.25) of the indicator innovativeness. The high level of entrepreneurial intention is an indication that commercial banks in the region are continually pursuing new opportunities, placing more weight on novel as well as innovative products/services and their continuous improvement.

**Level of Organizational Agility.** The overall mean score (M=4.13) of organizational agility as shown in Table 4, indicates high level for this particular variable which means that it is oftentimes manifested by commercial banks in the region. There are four indicators for this important variable: strategizing, perceiving, testing and implementing. The mean scores for these indicators ranged from 4.04 to 4.17, all described as high level. In strategizing, banks have defined corporate purpose for sustainability into the future. In perceiving, learning processes are indispensable to the process of continuous change. In testing, banks encourage a culture of openness, especially for the marketplace. In implementing, leaders are being developed, encouraging all employees to share their leadership qualities within the bank, among others.

**Correlation of Internal Variables with Organizational Agility.** As shown in Table 2, the three internal variables: knowledge management, employee empowerment and entrepreneurial intention when correlated with organizational agility, yielded r values of .656, .601 and .729 respectively, denoting significant relationships (p<0.05) with the latter, hence the rejection of hypotheses 1, 2 and 3 that there are no significant relationships between the internal variables and organizational agility. Among the three variables, entrepreneurial orientation revealed the highest correlation with organizational agility as compared to knowledge management and entrepreneurial orientation.

**Table 2**

**Significance on the Relationship among the Variables**

**Test of the Hypothesized Models.** Five hypothesized models were tested and their corresponding summary of values are presented in Table 3. It could be gathered from the table that only model 5 fit the criteria for best fit model. The details and figures for hypothesized models 1 to 4 are not included in this paper. Only the figure of best fit model 5 is presented in this section for presentation. It could be seen in Table 3, that models 1 to 4 did not satisfy the required NFI, TLI, CFI and GFI which should be more than 0.95, hence did not qualify as best fit model. On the other

**Table 3**

**Summary of Goodness of Fit Measures of the Five Generated Models**
relationship \((r=0.82, p<0.05)\) between KNOMA and ENTOR but employee empowerment (EMPEM) is excluded from the model.

Knowledge management (KNOMA) has five observed variables which are actually its indicators as underlined in the conceptual model in the previous section, but this time KNOMA retains only four out of five observed variables namely measurement, information technologies, leadership and process. The indicator culture is not included in the model. For ORGAG only two out of five observed variables are included: strategizing (STR_OA) and implementing (IPL_OA). The indicators perceiving and testing are excluded in the final model. All the observed variables included in the model exhibited significant standardized values with their respective exogenous and endogenous variables. The residual errors represented by “\(e\)” in the model is part and parcel of the whole process but do not in any way affect the particulars of the model specifying the association of knowledge management and entrepreneurial orientation as significant predictors of organizational agility. The coefficient of determination of .95 as reflected in the model above ORGAG implies that 95% of the variation in organizational agility is due to the variations of knowledge management and entrepreneurial orientation combined. The remaining 5% is due to other factors not covered in the study.

5. DISCUSSION
Levels of knowledge management, employee empowerment, entrepreneurial orientation, organizational agility.

Knowledge Management. The level of knowledge management among commercial banks in Davao Region is very high. This is attributed to the very high ratings given to almost all of the items under knowledge management by the respondents as underlined in the Results section of this study. With the advent of global technology, banks have to adopt highest form of technological usage of knowledge and information within their organization to remain competitive. This is observed by the bank employees hence their very high rating on knowledge management for their respective banks. As professed by some authors [4], [33], [31], in the current global economy, organizations are recognizing the importance of adhering to this trend as substantiated in the results of this study.

Employee Empowerment. The commercial bank employees involved in this study have the feeling that they are empowered considering that they accorded employee empowerment with very high rating. Their jobs are meaningful to them, believing that they are significant to bank’s performance. In fact the indicator meaning got the highest rating compared to other indicators of employee empowerment. The importance of employee empowerment in its totality, which includes meaning, competence, self-determination and impact was found by some authors [7], [56], to have significant impact on job satisfaction. This could be one of the reasons why bank employees consider their jobs in the bank meaningful and valuable to them.

Entrepreneurial orientation. Compared to knowledge management and employee empowerment, entrepreneurial orientation was given only a high rating by the respondents, an indication that this variable could not be seen by the respondents as always manifested, and oftentimes manifested only. The employees feel that their banks have still room for improvement on this aspect to attain the very high rating. Accomplishing this goal calls for a manager to display entrepreneurial leadership competence [9], [15]; however, not all leaders are qualified to carry out entrepreneurial behavior [54], [17]. The result therefore is aligned with these pronouncement of various authors.

Organizational Agility. Just like entrepreneurial orientation, organizational agility obtained only high rating, an indication that banks have yet to improve on this matter for a very high rating in their future endeavors. In its totality organizational agility [72] is characterized with quick response to changing environment but one source [74] professed that capabilities of human mind are limited in the context of capturing changes taking place in the environment which is becoming complicated and highly dynamic. The result of the study not having the very high rating on this aspect, finds reinforcement from these authors. In fact, the survey item with the lowest mean rating, although still within the range of high level is that of employees being inspired to innovate and take appropriate risk. The employees could sense that top management are still hesitant to be absolute on this matter which is understandable as banks are dealing with financial ventures involving considerable number of trusting clients.

Significance on the Relationship of Organizational Agility with the Internal Variables. The significant correlation of organizational agility with knowledge management, employee empowerment and entrepreneurial orientation supports the pronouncement of various authors. Knowledge management’s significant relationship with organizational agility in this study finds parallelism with the declaration of some authors [26], [46], [55], who stated that improving knowledge management in an organization makes agility attainable. The correlation coefficient between this two variable is the highest among the three pairs of relationship. This only shows the utmost importance of knowledge management in the practice of organizational agility among commercial banks in the region. The significant result on the relationship between employee empowerment and organizational agility in this study is comparable to the findings of some authors [18], [21], who declared that employee empowerment is among the important elements in creating organizational agility in a competitive environment. Further, the result of the study is an articulation of one of the propositions [59] in this study that there is significant relationship between these two variables. The higher is the level of entrepreneurial orientation of the concerned individuals in the bank’s operation the higher is the
organizational agility of the bank, as implied from the result of this study. The result finds congruence with the study of various authors [13], [49], [62], [69] confirming significant association between the two variables.

**Best Fit Model for Organizational Agility among Commercial Banks in Davao Region.** The analysis on the interrelationships among knowledge management, employee empowerment, entrepreneurial orientation and organizational agility among commercial banks in Davao Region consisted of five models. The models were tested to achieve the best fit model of organizational agility. The assessment of fit was used as baseline for accepting and rejecting the model. Among the five models, Model 5 emerged as the best fit model since all the standard values/criterion of the different standard indices (CMIN/DF, P-value, NFI, TLI, CFI, GFI and RMSEA) are satisfied. Hence, the most parsimonious fitting structural model on organizational agility is best anchored in knowledge management coupled with entrepreneurial orientation as supported by their different measures. Employee empowerment was eliminated in the final model. For organizational agility, only two measures are left that mainly supports it, namely strategizing and implementing. Strategizing and implementing are essential dimensions of organizational agility according to a number of authors [23], [50], [67]. For knowledge management, four measures were identified namely process, leadership, information technology and measurement. The importance of each of these measures of knowledge management was highlighted by a number of authors: importance of information technology [6], [40]; importance of measurement [30], [49]; importance of leadership [61] and importance of process [32]. For entrepreneurial orientation, also four measures were identified: competitive aggressiveness, autonomy, pro-activeness and risk-taking. The importance of each measure to entrepreneurial orientation has been underscored by some authors to wit: on risk-taking [58]; on pro-activeness [8]; on competitive aggressiveness [51]; and on autonomy [39]. The model apparently showed the importance that four out of five factors of knowledge management and four out of five factors of entrepreneurial orientation have strong interconnectedness with each other. Both variables have direct association with organizational agility. The best fit model showed that of the three tested latent variables, employee empowerment was eliminated. Though the level of employee empowerment resulted to a high level, it did not guarantee its influence to organizational agility as the model was generated. As reflected in the model, entrepreneurial orientation and knowledge management are significantly correlated to each other, while directly influencing organizational agility in their individual and combined capabilities. This finds parallelism with the findings of a study [26] confirming the significant effect of entrepreneurial orientation to knowledge management. The direct influence of knowledge management on organizational agility lends support to the proposition [16], that strategy and competency of knowledge management lead to organizational agility. On the direct influence of entrepreneurial orientation on organizational agility, the result reinforces the proposition [73] declaring that entrepreneurial orientation leads to an increase in agility capabilities of an organization. In general, the substantial variation of organizational agility is due to the combination of knowledge management and entrepreneurial orientation which are significantly correlated to each other. The very small percentage of variation left in organizational agility could be attributed to factors not covered in this study but to a very limited extent, implying that knowledge management and entrepreneurial orientation are the major internal variables that drive organizational agility among commercial banks in the region. On the whole, the model is an articulation of the organizational change theory [24] as espoused in the theoretical framework of this study. Organizational agility stands for organizational change; entrepreneurial orientation symbolizes the theory’s [24] change of employee behaviors towards change encouraging them to suggest changes to increase productivity; and knowledge management advocates the systematic process component of the theory on information generation and dissemination and importantly on leadership through modeling and monitoring.

**CONCLUSION**

The use of structural equation model strengthened the rigor of the study because the analysis goes through the steps of model specification, model estimation and model evaluation. Results revealed that the level of knowledge management and employee empowerment are very high while high for entrepreneurial orientation and organizational agility. Significant relationships are evident between the exogenous variables knowledge management, employee empowerment and entrepreneurial orientation with the endogenous variable organizational agility. The best fit model upholds the combination of knowledge management and entrepreneurial orientation as internal variables driving organizational agility which is measured only by two factors strategizing and implementing. Knowledge management retains four factors: measurement, information technology, process and leadership, eliminating culture which in the final analysis could be subsumed by the preceding measures. Entrepreneurial orientation retains four factors: autonomy, risk-taking, pro-activeness and competitive aggressiveness, ruling out innovativeness which may be taken cared of by pro-activeness. The model supports the theory and propositions espoused in the theoretical framework: Organizational change theory [24], and the different propositions on KM-OA relationship[16], on EO-OA relationship [73] and on EO-KM relationship [28].

**RECOMMENDATIONS**

The direct influence of knowledge management on organizational agility suggests that raising the level of knowledge management will also increase organizational agility of banks in the region. Commercial banks in the region have a very impressive high rating on knowledge management in terms of all the indicators as presented in the preceding sections. It is a must that they have to strategize measures to sustain it if they intend to join the new normal which is organizational agility. Although knowledge management obtained very high rating from the respondents, two items did not attain the very high level mark, hence the need to do something to raise them to higher level. These are valuing the knowledge of employees and the other item is evaluating and paying individuals in accordance to their contribution to the improvement of the organization. It is suggested, therefore, that banks may strategize some policies that will address these matters. This calls for the intensification of employee involvement in decision making. This will lead to their pro-activeness and innovativeness in carrying out their
respective responsibilities. These people may have novel ideas that will be of great help to management in coming up with competitive service products for bank clientele. For employees with novel ideas proper incentives and rewards maybe granted to inspire others to do the same. From the results of the study, entrepreneurial orientation is short of the very high rating, having high level mark only. This suggests that there is still room for improvement on all the indicators of this variable; and the measures with the lowest mean, although still within the high level range is risk-taking. There is no simple formula for risk management among banks but adopting proactive strategies is better than none at all. Starting with the formulation of risk management and policy procedure, banks may set up a solid and operative risk control system that will track market risk on a daily basis. It could be an independent unit composed of expert bankers, market experts, statisticians and economists. Based on the unit’s report, banks may device more competitive new service products to maximize gainful opportunities. As for the rest of the particulars under entrepreneurial orientation, banks may strive further to raise them to very high level through intensive training and periodic evaluation of the training outcomes. The significant relationship between knowledge management and entrepreneurial orientation indicates that whatever activities are carried out for improvement and sustenance of knowledge management, these should be supplemented with enhancement activities for entrepreneurial orientation. On the exclusion of employee empowerment in the model in spite of its recognized value to organizational agility as underscored in several literature, the researchers would like to suggest to future researchers that a similar study with larger number of samples may be conducted in another venue to confirm the elimination of employee empowerment in the final model as generated in this study.

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