Chapter 1
Introduction

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With growing uncertainty in the business environment, it has become imperative that organizations build flexibilities into the systems so as to cope with a dynamic environment. These uncertainties can be: (1) State uncertainties (Conrath 1967), when business environment or a particular part of it is unpredictable, (2) Effect Uncertainty (Duncan 1972), deals with the effect of these uncertainties on a particular project or firm as a whole, (3) Response uncertainty (Conrath 1967; Duncan 1972), deals with the inability to gauge the consequences of choice of response. Organizational flexibility is helpful in overcoming environmental uncertainties and enhancing competitiveness of organizations.

Organizational flexibility refers to the ability of an organization to respond to a variety of changes in the competitive environment in an effective and timely manner, and depends upon the managerial capabilities and the responsiveness of the organization (Volberda 1996). It indicates the capability of an organization to respond effectively to the opportunities and challenges presented by the competitive environment (Sanchez 1995). Such responses from flexible organizations occur with little penalty in time, effort, cost and performance (Upton 1994). When flexibility is low, the administrative relations of the organization become rigid and the organization tend to adhere to bureaucratic practices (Barrett and Weinstein 1999). Flexible organizations need agility and versatility to change and innovate and robustness and resilience to ensure stability and sustainability of advantage (Rahrami 1992). In order to respond to the internal and external conditions of an organization, it may need to develop operational, structural and strategic flexibilities (Volberda 1996). Bureaucratic structures typically emphasize formal rules and procedures leading to rigidity and inflexibility in organizations (Dastmalchian and Blyton 1998). Golden and Powell (2010) identified four dimensions of flexibility namely temporal (Eppink 1978); range (Eppink 1978) intention (Volberda 1996) and focus (Ansoff 1984). Temporal dimension is about the time taken by an organization to adapt. Range refers to the options which are available to an organi-

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M. K. Nandakumar et al. (eds.), *Organisational Flexibility and Competitiveness,*
Flexible Systems Management, DOI 10.1007/978-81-322-1668-1_1, © Springer India 2014

zation for unforeseen change and to react to such change. Intention indicates the degree of proactiveness or reactiveness exhibited by an organization. Focus refers to the internal or external orientation of flexibility. Empirical evidence suggests that organizational flexibility is helpful in enhancing organizational performance (e.g. Barrett and Weinstein 1999).

A flexible business organization should change its offerings to the market through its ability to create new and innovative products and services in a dynamic manner. One major dimension of change is strategic change and firms need strategic flexibility to implement strategic change. The role of strategic flexibility has become even more important in wake of cyclical changes in the global economic environment. Strategic flexibility is helpful in facilitating greater level of innovation in organizations (Zhou and Wu 2010; Li et al. 2010). It also enhances organizational performance (Grewal and Tansuhaj 2001; Nadkarni and Narayanan 2007; Worren et al. 2002). Organizations need to develop the following capabilities to foster strategic flexibility: (1) ability to pay attention to negative feedback, (2) ability to collect and assess negative data in an objective manner and (3) ability to institute and accomplish change in a timely manner especially when the organization is facing uncertainty (Shimizu and Hitt 2004).

Overall strategic flexibility in organizations can be accomplished by attaining flexibilities in organizational functions like supply chain, human resources, information systems, marketing and finance. Maintaining flexibilities in supply chains is essential to mitigate dynamics of changing customer needs, reduced cycle times, lower inventory levels, storage and transportation (Duclos et al. 2003; D'Souza and Williams 2000; Martinez and Perez 2005). Accordingly, five types of supply chain flexibilities dealing with product, launch, volume, access and responsiveness (Vickery et al. 1999) need to be built in an organization. Good flexibility in supply chain is thus essential to enhance customer value and profitability. Flexibility in an organization's human resource function is helpful in overcoming uncertainties relating to attracting and retaining talented employees, downsizing, outsourcing and down scoping (Valverde et al. 2000). Furthermore one can also maintain HR flexibility within the organization by developing a wide range of skills and/or behavior in an employee through training or job rotation (Wright and Snell 1998). Maintaining such internal and external HR flexibilities is very important in services industries which are affected by technology lifecycles, economic cycles and competition. Flexibility in information systems deals with the range of possibilities that an information system provides before a major change is required (Sethi and Sethi 1990). This flexibility could be built in terms of the use of the information system or the ease of making further changes in the system (Hanseth et al. 1996). This information system would provide effective support to business processes including procurement and customer relationship management. Flexibility in marketing can be developed by building flexibility in systems and structures of marketing. If a firm wants to involve its customers in the value co-creation process, then there should be enough flexibility in the marketing system to facilitate interaction between the firm and its customers. This should lead to better customer satisfaction and marketing performance (Calin 2009). Financial flexibility deals with a firm's ability to access new finances and/or to restructure existing finances at low cost (Gamba and Triantis 2008). Such firms could avoid distress in times of negative shocks and fund profitable investment opportunities. This would result in truncating the downside in the event of financial distress for equity holders. Furthermore such flexibility is invaluable in case of startups while attracting venture funding (Trigeorgis 1993).

This book is intended to provide a conceptual understanding of organizational Flexibility and its impact on competitiveness of organizations by exploring research studies concerning various types of flexibilities exhibited by organizations. The papers discussing about a variety of issues concerning the planning and operation of a flexible enterprise are organized into following parts:

Part I: Strategic Flexibility and Competitiveness
Part II: Organizational and Human Resource Flexibility
Part III: Information Systems Flexibility
Part IV: Financial Flexibility and Risk Management
Part V: Operations and Marketing Flexibility

The first part namely "Strategic Flexibility and Competitiveness" consists of 6 papers. Strategy execution is equally important as strategy formulation and flexibility is extremely significant during execution. The first paper on this theme elaborates on the strategy execution process. The role of a mentor in the strategy development and its execution can never be underestimated and the second paper discusses the role of a mentor in the strategy development and execution process. While strategic flexibility allows a firm to meet the uncertainties around its environment, enterprise performance measurement and management system allows it to monitor and control the performance in order to achieve the strategic objectives of an organization. Information system (IS) flexibility in terms of flexibility to use, flexibility to access and flexibility to change a system helps an organization to effectively monitor the performance. The third paper on the theme presents an empirical study on upstream oil industry in India and tries to identify the effect of strategic flexibility and IS flexibility on enterprise performance measurement and management. In a fast changing business environment many researchers are now discussing the role of virtual enterprises to take advantage of IT and globalization. The fourth paper discusses the transformation of a traditional enterprise to a virtual enterprise. The last two papers are based on the study of competitiveness in the Indian context. While one of these two papers studies the competitive situation of a key segment in solar photo voltaic industry in India using techniques such as "SAP-LAP" and "Scenario building" the other one attempts to give a new perspective on industrial competitiveness.

"Organizational and Human Resource Flexibility" theme consists of four contributions and elaborates on various issues such as knowledge management and flexibility, role of gender and positions in shaping HR flexibility, advantages of organizational flexibility on an employee's personal life, and leadership. The first paper discusses the relationship between knowledge management and flexibility. The second paper, through an empirical study, establishes that managerial flexibility is not influenced by gender, positions (junior, middle, senior), or type of organization such as private or public. The third paper examines whether organizations should adopt a flexible approach in employing married couples. The research findings indicate that men and women whose spouses work in the same organization have significantly poorer marital quality when compared to those whose spouses work in a different organization. The findings of this study suggest that it may not be a good idea to employ couples since poor marital quality may have an impact on their performance at the workplace. The fourth paper explores the impact of Information and Communication Technology (ICT) on academic leadership exercised by the heads of academic institutions. The findings of this study indicate that those heads of institutions who effectively lead ICT integration within their colleges classically perform well in leadership and management, vision and goal setting, student learning, teaching, professional development and training, operations and infrastructure support, and assessment and evaluation.

Firms can use Information systems to derive flexibility and competitive advantage. While information technology information systems have the capability to enhance flexibility, care must be taken to ensure that they do not lead to rigidity (Golden and Powell 2000). Therefore, the ability to use Information Systems for competitive advantage depends upon effective management of IT assets such as highly coherent and dedicated human resources, reusable technology base, and a strong relationship between IT and management of an organization (Ross et al. 1996). The "Information System Flexibility" is now emerging as new winning criteria in the changing business paradigm and this is extensively discussed in part III consisting of four papers. All the four papers in this section touch upon different issues pertaining to the theme. For example, the first paper discusses various factors that influence the acceptance of ERP by its users and then proposes a model that captures all the relevant issues. The second paper demonstrates how information system flexibility addresses the environmental concerns. Another paper in this section stresses upon the need for incorporation of flexibility by IT companies to have a sustainable competitive advantage.

"Financial Flexibility and Risk Management" is discussed in part IV consisting of two papers. While the first paper in this section is based on a case study and evaluates the financial flexibility of a leading infrastructure company in India the other paper discusses the impact of a new law affecting mergers and acquisitions in India.

Operational flexibility is an important element in a firm's operations strategy, providing the capability to respond quickly to changes in the market conditions (Boyer and Leong 1996). Evidence from the literature suggests that operational flexibility is becoming a major competitive advantage and even a condition for adaptation and survival of the enterprises (Zukin and Dalcol 2000). Therefore, future research should explore how this flexibility could effectively be developed and implemented. The last part of this book is on "Operations and Marketing Flexibility" and consists of six papers. The first five papers in this section are based on supply chain and flexibility related issues. The last paper of this section discusses the popular marketing scales their limitations and potential research directions. Two papers in this section have made use of quantitative techniques such as Data Envelopment Analysis (DEA) and Genetic Algorithms (GA) to discuss flexibility in supply chain management. One of the three conceptual papers discusses about a framework for analyzing flexibility in supply chains.

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http://www.springer.com/978-81-322-1667-4

Organisational Flexibility and Competitiveness
Nandakumar, M.K.; Jharkharia, S.; Nair, A.S. (Eds.)
2014, XVIII, 359 p. 72 illus., Hardcover
ISBN: 978-81-322-1667-4