

Flexible Organization

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Abstract

Purpose: The aim of the paper is to overview the main contributions in the area of organizational flexibility, by emphasizing a multidimensional perspective.

Design/Methodology/Approach: The paper underlines that flexibility is an important source to obtain competitive advantage and is structured as follows: after a short introduction, we overview the literature addressing the concept of organizational flexibility. In the third section, the main strategic variables that define the flexible organizational development are analysed, and brief discussions on the Romanian case are included. The Conclusions section summarizes the main ideas in this paper.

Keyword: Organization, organizational flexibility, strategic variables, competitiveness

JEL classification: D83, D90, M10, M21

Paper type: Research Paper

1. Introduction

Flexible organization is that which understands the essence of change. Key-question for managers and modern firms' entrepreneurs to answer is: "What is happening with the environment and what are we supposed to do to adapt?(Bacanu, 2006).

To adapt to nowadays business environment changes, organizations must be led by managers with strategic vision and human resources with multiple competences, a flexible managerial system, material and financial resources, performance technologies, as well as an organizational change oriented culture. Each component is a well – defined position in organization's internal environment configuration and a specific part in its working mechanism.

Flexible organization is future-oriented and managerial team's strategic vision is reflected by human resources behaviour, which must show same involvement in current organizational issues, as well as in change projects.

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Organization managers and entrepreneurs must identify, analyze and evaluate Cartesian and systematically main variables of impact inside and outside organizational environment. To maintain in economical and social efficiency area, firms must show flexibility, to fundament and adopt proactive business strategies, with initiation processes and periodical implementation of adequate organizational change.

It is recommended that organizations evaluate periodically their internal potential, doubled by profound analysis of business environment, with special reference to competition within activity frame. Thus, we consider necessary a major mutation to managers and entrepreneurs' mentality, meaning the understanding of the analysis and evaluation importance, which complexity vary depending on the extent and specific of organization's activities.

In the context of new knowledge-based economy, organizational flexibility and managers' manifest of a pro-change attitude, employees and firm, in its ensemble are sine qua non criteria to reach strategic objective and to launch organizations on the trajectory of economic and social efficiency.

The aim of the paper is to overview the main contributions in the area of organizational flexibility, by emphasizing a multidimensional perspective. The paper underlines the fact that flexibility is an important source to obtain competitive advantage and is structured as follows: after a short introduction, we overview the literature addressing the concept of organizational flexibility. In the third section, the main strategic variables that define the flexible organizational development are analysed, and brief discussions on the Romanian case are included. The Conclusions section summarizes the main ideas in this paper.

2. About organizational flexibility

Flexibility represents a complex and multidimensional concept, difficult to define, with a significant approach in several papers (Dreyer and Gronhag, 2004).

Thus, Eardley et al. (1997) appreciate that flexibility reflects the capacity to quickly change direction and deviate from a predetermined course of actions, while Evans (1991) defines it as being "the capacity to do something different from what initially planned". Most definitions in studies and researches gravitate around the idea that flexibility is an organization's capability to change and react (Golden and Powel, 2000). For the fact that change could be approached in two manners – as initiation and as reaction – Johnson et al. (2003) limits proactive flexibility from reactive flexibility. Proactive flexibility reflects an organization capacity to anticipate change of future environment, while reactive flexibility indicates a capacity to quickly and efficiently respond to changes to present environment, as soon as they become evident (Celuch et al., 2007).

Flexibility is essential in strategic planning. on this resort, a quantitative empiric study made in several firms worldwide (Europe, North America and Asia) emphasize a positive association between flexibility of strategic planning process and organization functioning, not matter the level of environment dynamism (Mbengue and Ouakouak, 2011).

Strategic flexibility present a major importance in organizational practice, especially in the context of contemporary dynamism, manifested economically, technically, technologically, managerially and so on. The strategy is "the most representative product" of an organization for it defines long termed orientation. The moment in which a firm launches a new strategy must be prepared thoroughly, similar to launching a new product on market. Essential instrument of strategic management, strategic planning stands in the ensemble of activities by which the organizations is prepared for

implementation of new strategy with the objective of gaining more favourable competitive position compared to competition firms (Ionescu, 2004).

On strategic level, flexibility supposes permanent improvement of process and activities, materialized in obtaining sustainable competitive advantages (Matthyssens et al., 2005). The flexibility of planning process is a critical factor for adapting strategic plans to competitive environment in a permanent change (Dibrell et al., 2007).

Bhalla et al. (2006) appreciates that, without managerial actions to ensure survival by flexibility and adjustment, rigidity of planning process may cause, on medium and long term, organization malfunctions. As a consequence, flexibility is one of the essential attributes of strategic planning.

Flexible strategies have a greater importance on competitive environment described by a high level of uncertainty (Volberda, 1996; Hitt et al., 1998).

Published studies and researches emphasize the importance of flexibility, as a natural source to obtain competitive advantage and also as a management instrument for rapid change situations which come from organization environment (Spicer and Sadler-Smith, 2006; Alpan et al., 2007). Organizational learning has an essential role in obtaining flexibility, in substantiation competitive strategies and establishing organization performances (Santos-Vijande, Lopez-Sanchez and Trespalacios, 2012).

Deepening flexibility issues, renowned professor Henk Volberda from Erasmus University in Rotterdam differentiates four types of flexibility: conservatory, operational, structural and strategic. Conservatory flexibility resides in static procedures of organizational performances optimization while the results remain constant in time, operational flexibility, most frequent, is an ensemble of abilities, almost entirely routine, which mainly follows increase of activity volume, structural flexibility aims for changes on organizational and decisional level, in order to adapt to environment evolution, while strategic flexibility generates modifications within inside objectives and activities, manifesting especially when novel changes upon the environment. Strategic flexibility presents a double dimension: quality and novelty (Volberda, 1996).

On structural organization perspective, organization flexibility aims to following main directions: specialization of employees' knowledge horizon in order to fulfil objectives; the existence of a permanent communication between organizational subdivisions, as well as inside them; moving authority centre towards the area which carries complex tasks; constantly redefining tasks, competencies and responsibilities by adjustment and interaction; supporting human resources in their approach to reaching specific job objectives, by sending useful information and consultancy.

Other authors (Moldoveanu and Dobrin, 2007) consider that flexibility is a function of several variables arising from the organization's functional approach, namely: flexible manufacturing, commercial flexibility, flexibility, information, research and development flexibility, organizational flexibility, human resource flexibility, geographical flexibility. Financial flexibility may be a restriction in achieving manufacturing flexibility, which in turn can stimulate and complement the commercial flexibility. Managers are tasked to create and maintain a balance between the seven types of operational flexibility.

Therefore, organizational flexibility, particularly strategic one, directs operation of the organization, conditioning decisively its long-term performance. (Nadkarni and Naraynan, 2007). In this context, the area of management literature increasingly recognizes more flexibility issues in general and the strategic, in particular, as an important area of research (Nadkarni and Hermann, 2010).

3. Strategic variables of flexible organization

Flexible organization initiates and develops periodically strategic changes. Organizational change corresponds with a new orientation, fundamental and radical, concerning modalities on which the firm will develop activity, with essential implications on all its members' behaviour (Nica, 2006). Launching a change process supposes acknowledgement of change necessity, manifesting change wish, gathering knowledge, as well as necessary ability to implement change.

As any system, flexible organization tends towards balance. It is essential that management to create and maintain a balanced combination between stability and change. In other words, organizational balance supposes an adequate proportionality between stability and change. Flexible organization are those which adapt permanently to changes made on the environment, maintaining also the directory lines of business strategies they promote.

In our point of view, strategic variables of flexible organization are the complex of resources, organizational culture, competitive capacity and competitive position.

Form functional perspective, organizational resources complex includes human resources, research-development resources, commercial resources, technical and technological resources, as well as financial resources. To these categories it is added knowledge, which tends to become more and more important within the set of organizational resources.

Human resources are essential because they have inexhaustible creative and development potential, with the capacity to adequately produce and combine all the other categories of organization's resources. In such context, we appreciate that the analysis of human resources must be structured on two coordinates – quantitative and qualitative. The quantity coordinate of analysis refers to adequate dimensioning of personnel effective, while the quality coordinate concerns a series of aspects, such as: structure evaluation, competency and manifested attitude of human resources in fulfilling due tasks; systematically growing theoretical and practical knowledge on own or related activity domain; requalification of human resources according with imposed standards and changes inside and outside the organization; gain of knowledge and thoroughgoing study in economics, management, informatics and so on; elaborating types of development programmes; raising human resources quality in order to promote; augmenting professional mobility on structural modification perspective and need to change the workplace.

The analysis of research-development resources target, mainly: manners of elaborating prospective studies, of prognosis, plans and programmes; organizing the record of production capacity and studies targeting their optimal use; assimilation in fabrication and/or in execution of some new products and/or services, such as modernizing the existing ones; introducing modern technologies of fabrication, in order to obtain some products to correspond international quality standards; applying modern methods and techniques of organizing firm's activities.

Commercial resources are involved in marketing activities, in technical-material and sales supplies. Marketing activity analysis includes internal market prospect, of external market (in the case in which organization is integrated in the system of international economical relations) and is finalized by suggesting ways of product sales growth. The analysis of technical-material supply is focused on a series of aspects, such as: correlation of supply needs with the volume and structure of raw material consumption; preparation of supply necessary and issue purchase order to suppliers; end and follow-up of signed economic contracts with them. Sales segment is analysed by the

perspective of elaboration of sales plan, to ensure portfolio of orders for finished products and services, to identify distribution channels and finalizing client contracts.

Technical and technological resources present a special importance within flexible organization, especially in the context of augmenting moral use of products and technologies.

This resource category analysis landmark consider calendar staggering of product processes and services, graphs concerning programming, launching and operational tracking of such processes, implementing performance fabrication technologies, implementing total quality management in production activities and services, management of energetic resources, as well as developing efficient programmes for equipment maintenance. Nowadays, innovation technologies have an important part within technical and technological resources, which refer to: artificial intelligence; fabrication of advanced semiconductors and superconductors; digital images; biotechnology, manufacture of flexible computers and so on.

Financial analysis resources aim to evaluate circulatory assets on the point of view of structure and volume, of cash flow and relations with banks. Financial resources have a significant impact on economic force of organization on what concerns market competition, thus it imposes their rational use, especially nowadays, marked by major financial constraint.

From the perspective of resources complex, companies in Romania, especially SMEs, are faced with several difficulties, among which (Ministry of Economy, Trade and Business, 2010):

- low technological level;
- high leverage;
- modest financial resources / low liquidity.

A critical point of Romanian companies is tied to poor entrepreneurship training, with special reference to the following:

- inefficient management;
- insufficient knowledge of export techniques / access to foreign markets;
- low level of information about rights and opportunities of companies of Romania as an EU Member State;
- knowledge in a small measure of external financing instruments.

Another strategic variable is flexible organizational culture of the organization, which is an effective way of assessing staff, allows the company to adapt to developments in the environment, increases the degree of adhesion of human resources to organizational objectives and support the process of socialization and integration their legitimate statuses, roles and promotion systems (Nica, 1994).

Management specialists consider that the cultural model, as organization's philosophy of the business conduct, is one of the key factors of competitiveness and operational excellence (Dygert and Jacobs, 2006, Ming-Fong Lai and Lee, 2007; Sopow, 2007).

Flexible organization must promote an evolutionary cultural model, oriented towards results and economic performance. In this regard, management should initiate coordinated actions on human resources and motivation level to adopt policies that have as inspiration their employees outstanding results. Development of such a cultural model assumes that managers and entrepreneurs to design reasonable standards on objectives, to treat human resources with respect, give them creative freedom and also to give them sufficient autonomy to excel.

In Romania, most firms are at the stage of redefining the organizational culture. Since the time it takes articulating a coherent cultural system is relatively high, management companies should be involved by initiating and coordinating actions. Each organization has a certain cultural inertia, proportional to size. From this perspective, small businesses, mostly in the Romanian economy can act more quickly in terms of reshaping the organizational culture. Thus, a major benefit of SMEs, especially for micro and small firms is the possibility of selecting and employing human resources whose value systems are consistent with the strategy to be adopted or developed cultural model of entrepreneurship.

Culture is, along with skills and resources, an element of the company, influencing its strategic options and, consequently, the type of strategy adopted. Culture plays a crucial role both in the foundation stage and development strategy, as its determinant, and in the implementation phase, the tool (Bacanu, 2006). The foundation stage of the strategy is necessary to analyze organizational culture, identifying its strengths, respectively, vulnerable. In the implementation phase, the strengths of cultural model should be maintained and possibly enhanced, and the vulnerable should be reduced or, as far as possible, eliminated.

Maintaining or changing organizational culture is a strategic decision a company. Flexible organization must promote a cultural model in which to improve the old ways, while cultivating the tradition. It is essential that managers understand and subsequently to induce employees that tradition is not new and in a report antagonistic, but complementary. An organizational culture that promotes success is the change in the company, without taking away the value systems developed and cultivated over time, which gives it a certain cultural identity (Ionescu, 2008).

Competitive ability is another strategic variable and flexible organization lies in competitive advantages and skills that it has over the other competitors on the market. Thus, an organization with a strong research and development department may hold a manufacturing technology to ensure obtaining products qualitatively superior to those offered by competitors. The existence of the organization of human resources with multiple skills and abilities are another source of competitive ability.

In Romanian companies, competitive analysis should be capacity to identify landmarks competitive advantages, the opportunity to change the development strategy applied at a time, prospects of the organization by maintaining its strategic orientation, possible adjustments to the strategy in line with changes in industry products business activity and comparison with its competitors in terms of key success factors such as price, quality products and services, technology performance, production flexibility, level of training of human resources etc..

Competitive position is a result of organization's competitive capacity. This strategic variable is determined by a series of factors, from which we remind: existence of competitive advantages, having several resources of research-development, commercial, technical and technological, financial superior on quality and quantity compared to those of competitive firms, strategic group membership with an important economical power within activity frame, extent to clients' target-group and so on.

An essential demand of sustainable competitive position is represented by practice of proactive and flexible management. An organization has a sustainable competitive position when it maintains certain advantages for a long period of time. Proactive managerial approach stands in anticipation of mutations which will be registered in business environment, in evaluating potential opportunities and constraints, such as initiating certain actions for materialization certain favourable moments which can appear in the evolution of activity branch. Competitive position of the firm can be

consolidated by offering products and differentiated services, by orienting towards a segment which presents a high rhythm of sales, as well as by withdrawal of declining segments.

4. Conclusions

Managers and entrepreneurs in organizations must identify, analyse and evaluate Cartesian and systematically main variables of impact inside and outside the organization environment. To maintain inside the area of economic and social efficiency, firms must manifest flexibility, fundament and adopt proactive strategies in business, which include initiation processes and periodical implementation of adequate organizational change.

A flexible organization initiates and develops periodically strategic changes. Organizational change corresponds to a new orientation, fundamental and radical, concerning manners of business conduct, having essential implications on all its members' behaviour. Launching a process of change supposes acknowledgment of change need, manifesting wish of change, gathering knowledge, as well as forming abilities to implement change.

Flexible organization, change oriented is, by excellence, a learning organization. In such an organization are developed and grown new thinking models, human resource are permanently trained in learning process to obtain competencies and each experience is considered as a learning opportunity. Investment in education and human resources training and continuous learning process represent fundamental coordinates of flexible organization. Managers must induce to employees the feeling of change necessity and to imprint a pro-change and pro-learning attitude, creating a stimulating organizational climate, dynamic and propitious to reach operational excellence, with beneficial effects on firms' competitiveness.

Strategic variables of flexible organization are the complex of resources, organizational culture, competitive capacity and competitive position. Approach of organization from functional perspective, the complex of resources includes human resources, research-development resources, commercial resources, technical and technological resources, as well as financial resources. Such categories of resources are added by knowledge, which tend to become more and more important within the set of organizational resources.

An evolutionary organizational culture, oriented to results and economic performance, are an important variable of organizational flexibility as it promotes homogenous values, configuration of perspectives which offer positive motivation, as well as practice of participative style in the process of fundament and adopt managerial decisions.

Competitive capacity of organization is landmark for identifying competition advantages, opportunity of development strategy change applied in a certain moment, organization's perspectives in the context of maintaining its strategic orientation, possible adjustment of strategy according to mutations in activity branch and comparing the firm with its competitors form the perspective of success key-factors such as price, product and services quality, technology performance, production flexibility, training level of human resources and so on.

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