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# INNOVATION, FLEXIBILITY, CHANGE – PREMISES OF ORGANIZATIONAL DEVELOPMENT

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## ABSTRACT

*The features of innovation, flexibility and change mutually influence one another. Provided that change is perceived as a feature leading to innovation, flexibility is the feature that enables it. Innovation cannot exist without change but nonetheless each and every change leads to innovation. Flexibility is a necessary condition but not sufficient for the innovation since it is influenced by change and balanced by flexibility. This fact suggests that the flexible companies lead to a more significant innovation comparatively to those inflexible. The innovations are more likely to develop when the organizational conditions allow flexibility. Concerning innovation, two types of flexibilities have been identified. The first type creates a routine allowing to companies to take advantage of opportunities leading to increasing the input capacity. The second type avoids the existent routine with the aim of creating new opportunities leading to high innovation.*

*The type of innovation requested and that of flexibility are determined by the stability of the organization change and its environment.*

## 1. INTRODUCTION

The central role of flexibility is that of enabling the survival and all the more the success of organizations on a turbulent environment which is characteristic to the new tendencies in the entire world. The more flexible the organization becomes, the more suitable for the change it will be. The flexible companies enable creativity, innovations and speed, all these being included within the processes of their coordinating and organizing. Given the conditions of rapid change, flexibility is a competitive advantage. An organization has to cope with both threats and the inherent opportunities in an insecure future and an unstable environment. Flexibility and promptness are the characteristics of the organizational success whereas the necessity of being flexible is a *must* of competition.

The concept of flexibility, as an expression of the actual tendency for the evolution of the manufacturing processes has not found a definition unanimously accepted by the specialists. In the opinion of most of them, flexibility represents the capacity of a system of manufacturing to adapt to different manufacturing tasks so that it should ensure an economic functioning – the relation time/ cost should be optimum with insignificant changes of structure and for a long period of time.

The concept of flexibility within an organization may be better understood if the relation with other concepts like change, survival, the management responsibility, the organizational conditions, innovations, competitive advantage, risk and profit, strategy, allocation of financial means and the density of environment is analyzed.

Flexibility is a means of expressing the competitive advantage in an unstable environment. The levels and the flexible type requested, both real and perspective are influenced by the competitors, this meaning that the organization has to study and analyze the competitors on regular basis.

## 2. THEORETICAL FUNDAMENTS

The flexible organization registers a competitive advantage also through the agency of speed and surprise.

Speed refers to the quick evolution of products and services and of the modality of developing activities comparatively to those of the competitors. In this way the organization becomes a leader, the industry being in a leading position owing to the capacity of rapid and efficient adjustment. The character of environmental changes as well as the profile of the competitors influence the time necessary to flexibility referring process has to be realized

on a short, medium and long term. For these different times, different types of flexibility are suitable. Surprise brings a competitive advantage through the fact that the flexible organization studies the environment on regular basis, having the capacity of identifying the opportunities such as new products, markets and technological process, efficient from the standpoint of cost, before the competitors do. A flexible organization may influence the environment through its activities and all the more creating uncertainties for the rival competitors so that it may register a competitive advantage.

Thus flexibility is a strategic and important instrument which the administration may use in order to create and maintain the competitive advantage.

There is a close connection among strategy, flexibility and change. The change has to be approached in such a manner so that the flexibility in the organization should be maintained with the purpose of adjusting to the future change. Any decision affecting flexibility should be taken into consideration within the strategic parameters.

The strategy plays the role of constraint for the flexibility (Ansoff 1988), that is why the character of flexibility created in an organization is determined by the strategy.

Flexibility may rather be a modality of obtaining strategy comparatively to the deviated strategic effects or taking advantage from the strategic increased effects of possible events.

The administration should take into account the impetus of developing a new strategy upon the actual and perspective levels of flexibility. The levels of the requested flexibility are based on the current strategy and on the analysis of changing environment and uncertainties. \

### **3. METHODS AND RESULTS**

It is very important to state that the flexible organizations lead to a more significant innovation comparatively to those inflexible.

Establishing the innovation strategy has a very important role. There are three innovation strategies:

- the innovation strategy *technology-push*;
- the innovation strategy *market-pull*;
- the *integrated innovation* strategy.

The central differential criterion concerning the first two strategies is the direction the innovation is initiated. While in the case of the first strategy, the idea for the new product or service comes from the company, usually from the research department, in the case of the *market-pull* strategy, the initiative belongs to the clients.

#### *a) The strategy technology-push*

The companies whose activity is based on *technology-push* premise make efforts in finding adequate possibilities for applying the technological solutions or of the already developed innovations.

This strategic vision has the important advantage of developing a high number of new ideas. However, this strategy is also connected with a high perspective risk and a high degree of failures which occur because of the insufficient orientation on the clients' desires.

The success of a product developed on the basis of *technology-push* strategy are even higher as the degree of innovation and the product utility for the client are high. It is also likely to appear the situation in which the client is not aware of its need for a certain product.

#### *b) The strategy market-pull*

Within the strategy *market-pull* the fundamental idea is based on the premise that the deciding factors for innovating both products and services derives from the market, respectively from the clients' needs. This hypothesis considers that the market needs innovation that is the defining elements for increasing the utility of the products have already been required by the actual clients.

In the last period, in order to identify the clients' desires the so-called *lead-user* concept has gained an utmost importance. It refers to the direct attraction of clients in order to a rapid and well-defined identification of their needs. Within the concept *lead-user*, those clients-users who have already strongly been involved in the products matters, they being particularly concerned about it are also highly motivated in coping with it.

A more diluted form of cooperation may be performed through the method *customer-integration*. In this case it is also aimed at stirring some impulses to develop innovations through *workshops*, different meetings with clients' participation or forums of discussions. Within these methods, the selection of the clients is a more pessimistic one, without being limited as in the case of *lead-user* method.

The innovation strategy *market-pull* offers the possibility of analyzing the future needs of the clients and all the more of discovering the new supporting elements in order to develop the orientation towards clients. Nevertheless this strategy has the risk of the appearance on the market of the *early followers* since the competitors, too analyze the latent desires of the consumers and in turn develop strategy in order to satisfy them.

c) *The integrated strategy of innovation*

The adjustment of the methods *technology-push* and *market-pull* have been long discussed and criticized, nonetheless research has proved that the companies adopting the market-pull strategy have great successes on a long term.

More recently then ever they have frequently represented the vision in conformity with which a rational decision upon the innovation strategy should be adopted taking into account the fundamental strategic orientations of the company and that is the strategy towards the clients, towards the competitors and the technological strategy.

Consequently one should start with the *integrated strategy of innovation*, the so-called *Coupling Model of Innovation* which takes into account not only the technological structure but that of the market, as well, this being shown by the following figure:

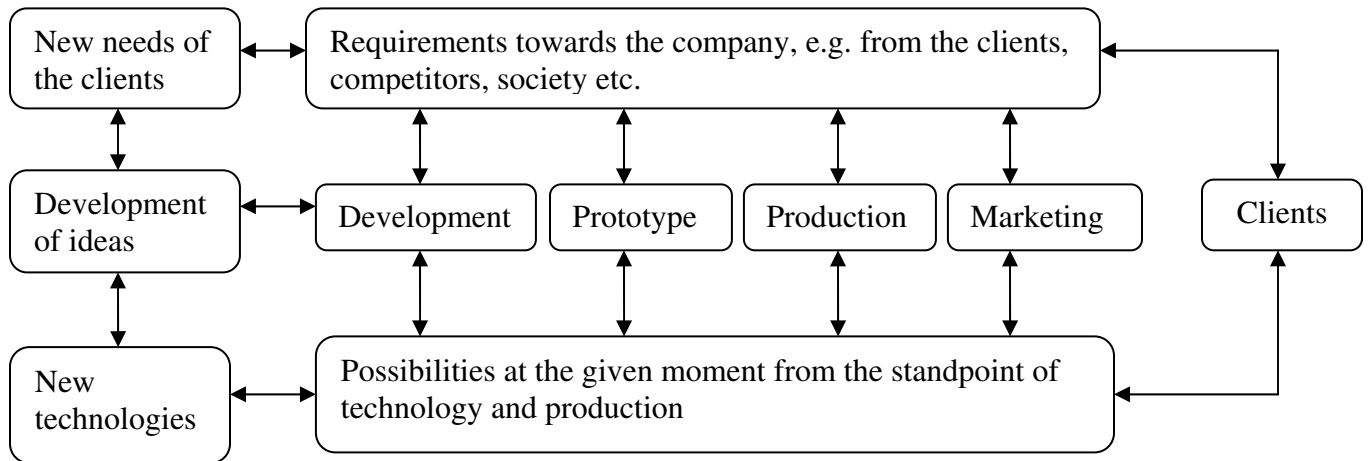


Figure 1. The integrated model for the innovation management within the example of the product innovation

Source: *Turbulence and Organizational Flexibility, Economic Printing House, 2007:119*

**4. DISCUSSION**

This vision is characterized not only through integrating the market and technology requirements; it also refers to integrating the external partners, as for example the suppliers within a concept of *Simultaneous Engineering*. Thus through organizational and technical provisions, they try to connect the innovative process of the suppliers with that of the manufacturers aiming at entering the market before the competitors do.

In this case it is obvious the fact that the innovation may be initiated both by the company and through the impetus of the actual clients, nonetheless an integrating vision upon products and services is convenient.

**5. CONCLUSION**

Flexibility is a necessary condition but not sufficient for the innovation since it is influenced by change and balanced by flexibility. This fact suggests that the flexible companies lead to a more significant innovation comparatively to those inflexible. The innovations are more likely to develop when the organizational conditions allow flexibility. Concerning innovation, two types of flexibilities have been identified. The first type creates a routine allowing to companies to take advantage of opportunities leading to increasing the input capacity. The second type avoids the existent routine with the aim of creating new opportunities leading to high innovation.

The type of innovation requested and that of flexibility are determined by the stability of the organization change and its environment.

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