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ENTERPRISE FLEXIBILITY – A PARADIGM SHIFT

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ABSTRACT

This paper examines the meaning, concepts, need and use of flexibility in different functional areas of an enterprise. The aim of this paper is to determine current management thinking on how the business excellence is achieved within organizations. In many cases when organizational change models are applied in organizations, the emphasis is on advocacy and implementation. There is a need to allow managers to play a role in critically examining these models which should lead to improved models and more informed applications. Further this approach provides the organization with an environment in which rapid changes in processes can be implemented effectively.

Keywords: Enterprise Flexibility, Business excellence, Managing change

Introduction

The nineties decade has been a turning point for the Indian industry. Indian economy has made a shift from control and protection to liberalization, privatization and globalization. Since independence, Indian industry has been at the receiving end of the parental affection and protection of the Government. But the changes in 90's have ensured that now corporate India will have to fight for its survival against global giants on its own (Ranjana, 1999). Further, Ranjana (1999) indicates that, this paradigm shift of Indian economy promises to have the greatest and most urgent impact on the Indian industry in the next millennium. It will now become essential for business organizations in India to meet global standards.

The global business environment continues to demand more innovation, more flexibility, and the ability to control both. Consistent processes create consistent results. Companies that create, control, change and measure processes with flexibility and ease, linking processes across their business environments easily and efficiently, will stay ahead of market demands with products and services that the market will buy. It appears that we cannot persist with the existing set up and have to change fast. We have to find ways and means to merge with the rest of the world. The world is rapidly becoming a global village. It is tempting to find that lot of the developing world is retreating from state owned industry, administered prices, high import barriers, and all other paraphernalia of centralized economic planning. It is now the theory of survival of the fittest that is going to guide the destiny of nations in future. It would require world class efficiency in different economic spheres to face global competition (Verma, 1999).

Enterprise Flexibility

Enterprise flexibility mainly involves functional elements such as R&D, technological and

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organizational change, innovation and investment, an increasing variety of operating or business hours (in addition to reduced and flexibly implemented working hours), and in-house training of young and adult workers. It focuses on human resource management and on improving profitability with a view to eliminate the reasons for poor enterprise performance and lack of competitiveness. Behind the demand for more flexibility (reflected in more movement of employees between enterprises, deregulation of labour law and collective bargaining, new forms of working times and even grater wage differentiation, for example), is also the assumption, that India has a number of institutions, regulations, official practices and policies that may prevent companies from operating efficiently or being competitive on world markets. An evaluation of these factors on an enterprise level may indicate whether such assumptions are correct and whether the range of available options is being utilized. Raymond and Bruce (1993) found that flexibility is an important characteristic of all types of resources, not just materials or machine tools. These include traditional resources, such as people and machines as well as less traditional resources, such as the organization's structure, information flows, culture and decision-making processes. Furthermore, a resource with a high degree of flexibility has increased utility as a potential substitute for other resources. Viewed broadly, a resource may be defined as anything, tangible or intangible, that is under an organization's control and that may be used in pursuit of its mission. Some obvious examples of resources include plant and equipment, raw materials, employees and financial resources. Sharma (2002) suggested that, although flexibility is all pervasive in the very existence of societies, the nations, and the corporate world, in practice, it hides itself more than it reveals, and that is why it embraces a plethora of diverse definitions; although the concept, in its bare essence, is now well comprehended.

Flexibility is variously defined. In the words of Carlsson (1989) flexibility can be understood (a) as those attributes of a production technology which accommodate greater output variation, (b) as the firm's response to uncertainty, especially in the form of fluctuations in demand, but also market imperfection, (c) as a property of initial positions. It refers to the cost, or possibility of moving to various second period positions. One position is more flexible than another if it leaves available a larger set of future positions at any given level of cost. Nilsson and Nordahl (1995) cite a definition of flexibility as the ability to respond effectively to changing circumstances. Upton (1995) defines flexibility as the ability to change with little penalty in time, effort, cost or performance. According to, Benjaafar and Ramakrishnan (1996) flexibility is the capacity of a system to assume different positions or to assume a certain number of different states. Wadhwa and Rao (2000) defined flexibility as the ability to deal with change by judiciously providing and exploiting controllable options dynamically. The flexibility at various levels is dispersed especially for high technology management scenarios. It is proposed to utilize both design and manufacturing flexibility towards performance improvements. Chowdhary (2001) views flexibility as the ability to respond to changes either in the environment or in the system itself. Sushil (2000) defines flexibility as the exercise of free will or freedom of choice on the continuum to synthesize the dynamic interplay of thesis and antithesis in an interactive and innovative manner, capturing the ambiguity in systems and expanding the continuum with minimum time and effort. This definition is in the context of systematic flexibility dealing with options, change and freedom of choice. Based on this concept, Sushil (2001a) proposed a SAP-LAP model to aid the process of analysis and idea generation. Sushil (2001b) defines enterprise flexibility as creating options at various levels in the enterprise, developing ways and means of change across the range of options, and providing freedom of choice to various actors in the enterprise to make this change happen with minimum time and effort.

Flexibility is a word that is broadly used, but the concept of flexibility remains vague. There

are three reasons why flexibility is so poorly understood: (1) the overlap in scope of terms used by different authors to define flexibility, (2) the fact that some terms used to define flexibility aggregate others, and (3) the fact that even when different researchers used the same term to define flexibility, they may attach entirely different meanings to the term. For these reasons, a universally consistent concept of flexibility has yet to be developed. Flexibility is an effective means by which a business can hedge against uncertainty in a swiftly changing environment. Systems, applications, and business processes- in short, the entire environment supporting business- must seamlessly adapt to changes without costly and time–consuming infrastructure overhauls. Decision makers therefore have a growing need for knowledge about business flexibility. However, flexibility remains largely an abstraction in the business domain, with the term often meaning different things to different people. Whereas, very little systematic research has been directed towards the study of flexibility issues associated with business, a rich and burgeoning literature on manufacturing flexibility has accumulated over the past twenty five years.

According to Asian Labour Update Issue (2002), performance- related pay is another aspect of flexibility. Individual appraisal by managers can be biased or arbitrary, which completely undermines the idea of a fair day's work for a fair day's pay. Even if implemented without managerial prejudice, performance-related pay means that individual workers must constantly improve on the previous year's productivity, or no bonus will be paid because performance has not increased. Modern companies themselves are also more flexible. They may exaggerate their mobility to intimidate the work force, but they can and do move operations to areas where Governments are offering commercial and tax incentives. This can be particularly intimidating for workers when managers threaten to move jobs across country borders to places where labour is cheaper and can drive wages down when workers fear they may be left jobless. Companies also use other techniques demonstrating their own flexibility with regard to their employees which they impose on workers; including techniques like subcontracting (outsourcing) and contracting workers through third-party agencies (dispatch working). Flexibility in wages under these schemes is invariably downwards. People emigrating for low-skilled work abroad (even though many of them are skilled and educated) are often in a weak position, as typically they do not have the protection afforded to local workers, and are often working in isolated situations, recruited by agencies and mafia groups that charge exorbitant fees for securing work.

Need for Change- Paradigm Shift

Managing flexibility of the flexibility itself may well become the exigency of the future business systems (Sharma, 2002). Businesses need flexible enterprise applications that can be quickly tailored to support company-specific competitive processes and easily changed to adapt to today's dynamic business environment. In order to meet this challenge a new level of enterprise application flexibility is required. Improved software adaptability enables companies too easily and cost effectively develop unique applications to support complicated business processes and practices that deliver: differentiated product and service offerings that excite customers, shorter process cycle times that improve responsiveness to customers, better profit margins that ultimately increase shareholder value. In addition to the strategic benefits, greater software flexibility provides a company realize a dramatic reduction in the amount of time and IT resources necessary to deploy and maintain applications translating into significant ownership cost savings. The evolution of a flexible management paradigm is visible on the horizon. This is being reflected in various shades through the emerging management approaches such as Total Quality Management, Business Process Reengineering, Learning Organizations, Knowledge

Management, Virtual Organizations, Supply Chain Management, Business Process Management (BPM), Business Intelligence (BI), E-Commerce, and so on. Many of today's businesses have already moved from rigid solo application approaches to more flexible business focused solutions. This is driving the need for transparency in the underlying technologies, and for better levels of standardization and virtualization of the infrastructure, along with consideration of the value chain that includes a company's suppliers and customers.

Use of Flexibility in Different Functional Areas of Enterprise

According to Kanter (1997), CEO Good Measure Inc., following shifts are eminent in the organization's future and each has significant human implications:

- The new staffing principle – from fat to lean- which makes the organization more flexible and cost efficient.
- The new workforce- from homogeneity to diversity- with women and minorities gaining access to positions in which they were formally rare.
- The new power source- from status and command rights to expertise and relationships- with hierarchies being de-emphasized and professional expertise gaining importance over formal authority.
- The new organization- from vertical to horizontal- with more work being done in cross functional or cross departmental team.

Lake (2006) has identified some flexi practices such as Knowledge Management (KM)- comprising of range of practices used by organizations to identify, create, represent and distribute knowledge for reuse, awareness and learning and is typically tied to organizational objectives and are intended to achieve specific outcomes, such as shared intelligence, improved performance, competitive advantage or higher levels of innovation. Many organizations have successfully implemented Knowledge Management such as: Infosys Technologies Limited, Ashok Leyland, Oracle Corporation, IBM Corporation, Tata Consultancy Services, Tata Steel, Maruti Udyog Limited, Patni Computer Systems, McKinsy & Company, Xerox Corporation and World Bank. KM benefits can also be assessed based on the increase in productivity, quality and customer satisfaction etc.; Multi-skilled- enhancing the professional activities of staff so that they can fulfill a range of roles and develop their portfolio of skills and employability. For example, using work experience trainees, cleaners and even actors for TV production rather than expensive and qualified craft technicians. Money saved can be spent on investors in people programs etc.; Hot-desking- the practice whereby workers have to sit somewhere different every time they come into the office; Virtual Workplace- describes a spectrum of scenarios resulting from the paradigm shift brought about by a more holistic approach to hot-desking, enabling Tele-collaboration over electronic networks. Working this way creates innovative sustainable work environments, providing workspace scenarios which benefit the environment and promote social equity. Incidentally, this also promotes healthiness in the young as the kids have to play outside. Logically, it means work can be done wherever you are and this can only be a good thing. Research also shows that, enterprise Instant Messaging (IM) is gaining popularity, as corporate begin to buy into the benefits of using IM over e-mail or voice-mail. At IBM, 77 percent of employees say that IM has changed the way they communicate, lessening the time they must spend with e-mail and voice-mail, on the phone, and in face-to-face communications. More than 80 percent of IBM employees say that instant messaging makes their job easier. Among IBM's clients who have IM, more than 75 percent, say that, the technology makes them more productive (Shukla, 2003). In another study, Sharma (2007) indicates that, brands such as Microsoft, Hewlett Packard (HP), and even Fast Moving Consumer

Goods (FMCG) behemoth Hindustan Lever Limited (HLL) are gearing up to embrace this upcoming medium of IM in India.

Business Process Management (BPM) helps to improve the efficiency of the daily business operations, processes and procedures. It can help reduce costs across all aspects of a business with its capabilities to integrate and monitor current applications, systems and processes. Research also shows that BPM will be one of the most important business drivers of the near future. A projection suggests that revenue in licensing for BPM will grow from $700.3 Million (USD) in 2005 to $1053 Million (USD) through 2008 (Samaddar, 2006). The use of Business Intelligence (BI) by India Inc. is becoming quite sophisticated. Today, companies are turning to BI to derive better return on investment (ROI) from enterprise resource planning (ERP) and other operational implementation, by unlocking the wealth of information stored in these systems. For example, Shopper's Stop uses its BI platform for Customer Relationship Management (CRM) analysis and operational performance analysis for some of its retail formats (Jain, 2007). Electronic Commerce (E-commerce) has become the buzzword for successful businesses across the world, as also in India and it is this technology that businesses in India are poised to take over the country in the next few years. The Business to Consumer sector has generated business worth Rs.2300 crore in 2007, and the growth has been 100 percent for the last three years (Chaudhary & Ali, 2007).

Today, however much has changed. Broadband is becoming ubiquitous; Wireless Fidelity (wi- fi) is an embedded technology of wireless area networks (WAN), as everyone has a cell phone and the ability to access e-mail remotely; Bluetooth; Third Generation (3G) cell phone networks and Voice over Internet Protocol (VoIP) are gearing up to carry ever increasing amount of data. "The way technology has advanced in the five years has been really helpful in making Tele-working more efficient, more productive and therefore, more feasible", said Bob Smith, director of the Tele-work Advisory Group at World at Work- an HR Professionals Association. "You'd be hard pressed these days not to find some level of connectivity". Perhaps the best part is most large organizations already have the technology they need to enable a Tele-workforce. Windows Terminal Server-2003 provides new options deployment, more efficient access to data over low bandwidth, reuse of older hardware, remote management and other tasks (Bernard, 2005). Further, Bernard (2005) indicates that, in the home, technology has also become much more widespread. Most knowledge workers- the group most likely to benefit from a Tele-working arrangement- have home PC's and internet access. If there is no cable broadband available, Digital Subscriber Lines (DSL) provides digital data transmission over the wires of a local telephone network, seems to work well as a substitute and with Worldwide Interoperability (wi- max) on the horizon, which aims to provide wireless data over long distance in a variety of different ways, from point to point links to full mobile cellular type access and enables a user to browse internet on a laptop without physically connecting the laptop to a wall jack. Joe Roitz, AT&T's Tele-work director and HR incident manager, said "AT&T is saving $30 million per year in hard dollars from reduced footprint and operation costs and is netting an additional $150 million in productivity gains from its Tele-work program. In fact, the Tele-work program is so successful; the company is basically only outfitting employees with laptops now". "That's really our office, is just a laptop", he said. "Work is something you do, not a place you go". One of the top companies like Alpine, have based their business plans on Tele-workforce. Alpine's thousands of call center workers are spread all over the country and only work from home. Using customized software the company tracks which employee is doing what, for how long and when they are available to work. By going completely mobile, Alpine has a much larger workforce to draw from and they are attracting higher-caliber people than a geographically isolated call center might have, said founder Jim Ball.

Even as an army of technology innovators led by the likes of Google, Yahoo, and My Space continue to raise the bar for consumer experience with highly interactive services- most makers of enterprise applications are struggling to keep pace with the rate of innovation shown by their web-based cousins. In contrast to the flexibility shown by the web innovators in pulling and personalizing information from a variety of sources, achieving the same in the world of enterprise applications has proved to be a Herculean task. Organizations have tried to solve this problem with the help of web-enabling applications which involve processing user requests at the server and serving Hyper Text Mark-up Language (HTML) pages accessed through the web browser. However, while this method is low in cost, it offers limited functionality. The other option is to deploy thick client applications that are rich in functionality, but expensive due to huge costs of management, installation, deployment and end-user support. It remains to be seen which is the better option? (Hakman, 2006).

Advantages of Enterprise Flexibility

Advantages of flexibility are: improved and higher degree of transparency, speedy information dissemination, better administrative efficiency, easy accessibility, quality of information is far superior, depth of knowledge is increased, raising the quality of service, speedy time management, managing for innovation, meeting growth expectations, focus on results and creating value, reducing the cost, globalization, increased productivity, customer driven excellence, product and service performance, valuing employees and partners, improved employee morale and job satisfaction, ability to retain: valuable, high quality and experienced employees, less expense for office space, furniture and parking, lesser paperwork – less delay – improved pace.

Conclusion

Today, successful companies are seeking new advantages in the marketplace through business processes and technologies to outmaneuver the competition. However, many are struggling to achieve the level of agility required, execute quickly and capitalize on business opportunities. One of the primary obstacles for today's companies lies in the rigid and traditional approaches to solve the day-to-day problems but in every situation the traditional methods do not work. Hence, to meet the challenges of the future, enterprise solutions must serve as an agent of change, as opposed to an obstacle. Thus, organizations combine proven, secure and scalable technologies using an innovative approach that delivers the first truly supportable, flexible enterprise applications.

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