

# THE IMPACT OF A FIRM'S FINANCIAL FLEXIBILITY ON ITS STRATEGIC RENEWAL – AN ELEMENTARY ASSESSMENT OF THE LITERATURE REVIEW

S.Balasubrahmanyam<sup>1</sup>, Prasad Kaipa & K.B.Akhilesh

**Abstract: Purpose** - To propose a research agenda towards making an assessment of a firm's practices of financial flexibility and their impact on its strategic renewal.

**Design / Methodology / Approach** - The paper takes the form of a theoretical discussion on four major practices of financial flexibility that a firm can choose to exercise in its attempts to bring about strategic self-renewal on a sustained basis.

**Findings** – The paper triggers a discussion on few possible takeaways for organizations in their attempts to integrate existing financial practices, generate new practices of financial flexibility and successfully exploit this new knowledge towards strategic renewal initiatives of the organizations.

**Research limitations / implications** – This is a developmental paper and many of its suggestions require rigorous testing through studies in a wider array of settings.

**Practical Implications** – Firms can inculcate the spirit of financial flexibility judiciously towards enhancing their strategic flexibility in their attempts to augment their prospects of strategic renewal.

**Social Implications** – Finance being the most fungible resource that a firm possesses, every attempt should be made to leverage such a resource towards optimally managing the diverse portfolio of projects that a firm undertakes in its endeavor to fructify its strategic renewal goal, on an ongoing basis.

**Originality / Value** – The paper provides a snapshot of various corporate practices of financial flexibility that can go a long way in the strategic self-renewal of many an organization.

**Paper type** – Literature Review / Research paper

**Keywords** - strategic flexibility, financial flexibility, strategic renewal, resource fungibility, resource leverage

---

<sup>1</sup> Visiting Assistant Professor (Strategic Management), Indian Institute Of Management Kozhikode, IIMK P.O, Kunnamangalam, Kozhikode – 673570 (INDIA). bala@iimk.ac.in , s.balasubrahmanyam@gmail.com

## **Introduction - Changing competitive environment**

A new competitive landscape has been emerging as a consequence of the forces of liberalization, privatization and globalization (Hitt, Ireland, and Hoskisson, 2001), particularly with respect to developing countries like India (Ramaswamy & Namakumari, 1999). The strategic discontinuities encountered by firms are transforming the nature of competition (Hitt, Keats, and DeMarie, 1998). The business environment has been characterized by shrinking product life cycles, low prices, plethora of choices to the customer, exacting demands of the buyers' market, blurring of industry boundaries, opening up of global markets, intense foreign competition in domestic markets, increasing rate of technological change and diffusion, increasing knowledge intensity resulting in the emergence of positive feedback industries (where returns continue to increase often by building knowledge), increasing focus on innovation and continuous learning, descalation of time frames for strategic actions, emergence of IT as a key resource that annihilates the barriers of time and distance, advent of the new information highway (the internet), changing career dynamics and employee expectations etc (Hitt et al, 1998; Mische, 2001; Ramaswamy & Namakumari, 1999). The degree and complexity of the constantly changing environment is driving firms, both large and small to seek new ways of conducting business to create wealth (Stopford, 2001).

In the global and electronic economy, market space is no longer confined to specific geography and clear-cut industry boundaries. The industry demarcations are now blurred and quickly disappearing, and geographical and physical barriers have been bridged by technology. Today, organizations reside in a multi-dimensional space and construct that includes physical and virtual spaces and transcend traditional boundaries. They face an ever-changing variety of physical and virtual competitors. Thus, companies no longer compete in the traditional ways for market share or industry position, but rather for market space that either exists in multiple domains or is waiting to be created (Mische, 2001). Expanding world-wide competition, fragmenting markets, and emerging technologies force established firms to create new sources of wealth through new combinations of resources (Guth & Ginsburg, 1990). To navigate effectively in this new competitive landscape, and to build and maintain competitive advantage requires new ways of doing business.

With the changing dynamics in the new competitive landscape, firms face multiple discontinuities that often occur simultaneously and are not easily predicted. Faced with

escalating complexity in the business environment, firms must develop new strategies and new ways of organizing to deal with this exceedingly complicated landscape. It requires that they use the latest technology, continue to develop new technology, actively participate in global markets, structure themselves to gain advantage in these markets, develop and maintain strategic flexibility, and build a long-term vision that allows managers to balance short-term performance with long-term needs (Hitt et al., 1998). To gear up to the aforementioned global challenges, organizations need to be flexible enough to the changes in the business environment, both in the proactive sense and in the reactive sense to achieve strategic organizational renewal, on a sustained basis. Indeed, competitiveness in such challenging times will demand among other things, flexibility, especially on strategic dimensions (Momaya, 2002).

### **Strategic flexibility**

The dynamism, uncertainty and unpredictability in the new competitive landscape require substantive changes in many firms to be competitive. Perhaps the most important attribute that firms must achieve to operate or navigate effectively in such a new competitive landscape is that of strategic flexibility (Hitt, Keats and DeMarie, 1998).

Broadly speaking, a firm's strategic flexibility stands for "not putting all of one's eggs in a single basket" (Ansoff, 1965) or "the ability to keep options open or exercise flexible options" (Bowman & Hurry, 1993) or "the capability to switch gears" (Hayes & Pisano, 1994) or "degrees of freedom of managers in high technology product markets to coordinate products, manufacturing processes, markets, distribution channels, and competitive boundaries that are in a state of continuous flux" (Evans, 1991). Indeed, it is the capability of a firm to proact or respond quickly to changing competitive conditions and thereby develop and / or maintain competitive advantage (Hitt et al., 1998).

Creating and maintaining competences in dynamic market environments requires the flexibility to acquire / access and deploy assets in new ways appropriate to changing circumstances (Sanchez in Volberda & Elfring, 2001). Thus, in dynamic product or resource markets, strategic flexibility – the ability to change or stretch (Hamel & Prahalad, 1994) a firm's strategic uses of resources and capabilities (Sanchez 1995; 1997a) or exercise their potential fungibility (Mahoney & Pandian, 1992; Penrose, 1959; Teece, 1982) to maximize the value extracted from them (Danneels, 2007) – becomes critical to a firm's success in

competence-based competition. Strategic flexibility has been characterized as depending jointly on a firm's resource flexibilities and the co-ordination flexibilities of a firm's managers in imagining new configurations and uses for current and new resources (Sanchez, 1995a). In this view, the flexibilities of a firm's resources and managerial co-ordination increase with the number of alternative uses to which a firm can apply its resources and capabilities, and decrease with the cost and time required to change from one alternative use to another. Taking a related view, Volberda (1996a, 1998) proposes that a firm's organizational flexibility increases with the variety of actual and potential managerial capabilities the firm has, and with the rapidity with which the firm can activate its alternative managerial capabilities.

Strategic flexibility is a proactive and reactive organizational potential (Hitt et al., 1998), created by a flexible configuration of resources and broad strategic schemas (Volberda, 1998), whereby a firm can incorporate (create and exercise) various strategic options (Sanchez, 2004) for possible extension of firm's domain of competence and corresponding opportunity set (Covin & Slevin, 1991), for maintaining a dynamic fit between organization and environment (Volberda, 1998). Strategic options are the perceived opportunities to create value in the market.

Such a strategic flexibility can be exercised on multiple fronts in the context of leveraging various resources e.g., human resources, financial resources, information technology, general resources (Volberda, 1998; Hamel and Prahalad, 1994). However, in this paper, our focus is restricted to a firm's financial flexibility and allied practices in the context of a firm's attempts to renew itself on an ongoing basis.

### **Strategic renewal**

Strategic renewal can be broadly defined as the activities a firm undertakes to alter its path dependence (Volberda et al., 2001). This definition is in tune with the definitional framework proposed by Sharma and Chrisman (1999) where strategic renewal refers to the corporate entrepreneurial efforts that result in significant changes to an organization's business or corporate level strategy or structure, and renewal activities reside within an existing organization, and are not treated as new businesses by the organization. Strategic renewal involves the creation of new wealth through new combinations of resources (Guth and Ginsberg, 1990). As such, the process of strategic renewal is applicable to all organizations of

varying ages and sizes. To accomplish this, firms need to escape the competence trap by remaining in a dynamic capability building mode and continuously renew themselves by exploring opportunities arising in their environment (Teece et al., 1997).

### **Research Gap**

Notwithstanding the literature on financial performance of firms and organizational change initiatives, there has hardly been any study investigating the links between the financial flexibility practices of a firm and its financial performance or / and its market performance (Vithessonthi and Chaiporn, 2010). These researchers have made rudimentary predictions that financial flexibility is positively associated with organizational change and that financial system structure moderates the effect of financial flexibility on organizational change. However, detailed indicators of a firm's financial flexibility, financial performance and market performance have not been included in these few elementary studies. Our paper is an attempt to plug this research gap by streamlining various facets of financial flexibility of a firm and linking them to its strategic renewal in terms of its market performance and financial performance at a conceptual level.

### **Methodology**

The paper takes the form of a theoretical discussion of four major practices of financial flexibility that a firm can choose to exercise in its attempts to bring about strategic self-renewal on a sustained basis. As such, it entails an elementary assessment of the pertinent literature and streamlining the thoughts underlying various practices of financial flexibility of a firm and associated concepts thereof.

### **Financial Flexibility**

Based on literature review, we make an eclectic approach towards identifying related practices of financial flexibility practiced by various firms. In the process, we attempt to identify the concepts underlying such practices. Financial resources have the highest degree of fungibility; i.e., they can be assigned to the highest variety of uses (Danneels, 2007). In the flexibility literature, some authors have pointed to two concepts that determine, and therefore precede, the possibilities that an organization has of being flexible. The first concept deals with the organization's capacity to come up with liquidity (Evans, 1991) or resources that are not committed in the long term (Volberda, 1998). In Upton's (1994) definition, this nuance is mentioned when he considers that it is an ability to change with few

cost penalizations. In other words, with no financial limitations, all companies can change easily and, therefore, be more flexible, because flexibility has a cost (Sanchez, 1995; Kickert, 1985). This important antecedent of flexibility is called organizational slack (Bourgeois, 1981) or financial flexibility (Aaker and Mascarenhas, 1984). Some contributions as regards financial flexibility can be found in the literature on organizational slack (Singh, 1986; Bourgeois, 1981). However, Hamel and Prahalad (1993; 1994) prefer stretch to slack, in view of a firm's hidden business potential (over and above the potential of slack) that creative and unconventional resource leverage practices can unleash from the seemingly scant resources. Verdu-Jover et al (2006), in their study of 417 European firms, on environment-flexibility coalignment and performance, have included various indicators of a firm's financial flexibility such as the use of uncommitted resources, short payback of the capital invested, use of short-term contracts and ability for access to financial resources.

**(i) Investment flexibility:**

The literature on real options has extensively documented that investment flexibility, such as the ability to delay or stage investment, or to mothball, reallocate or abandon assets, can significantly enhance corporate value, particularly if a company faces high levels of uncertainty in its operating environment (Dixit and Pindyck, 1994; Schwartz and Trigeorgis, 2001). Volberda (1998) refers to various practices of investment flexibility such as splitting large investments into smaller, independent parts, depending on the availability of funds, shortening the payback period on investments, liquidate certain assets and restricting long-term contracts that cannot be terminated prematurely in the context of building a flexible firm.

**(ii) Budgeting flexibility:**

A budget that is prepared, after analyzing the behaviour of each element of cost with respect to volume, and with such an understanding of cost behaviour patterns, can be tailored easily to any particular level of activity is known as a flexible budget and such a budgeting flexibility is helpful in planning when managers are trying to choose from among various activity ranges; they are equally helpful ex post facto for performance evaluation (Chandra, 2003, p. 138-140). A flexible budget facilitates the analysis of both marketing / volume variances and efficiency variances (Chandra, 2003, p.148). Volberda (1998) refers to various practices of budgeting flexibility in terms of increasing the availability of financial resources that have not yet been allocated (uncommitted resources), restricting / expanding budgets

with regard to production, number of staff, and size of capital, leasing certain industrial equipment, and the ability to make additional investment for certain expansion of capacity and / or new facilities easily in the context of building a flexible firm.

**(iii) A blend of operating and non-operating leverage:**

There are many ways to reduce operating expenses and overhead costs (indirect expenses or non-operating costs), that may be far more beneficial to a company's long-run financial viability than a decreased head count (Young, 2003, p.1). Ramesh Rao (1992, pp. 193-195), defines operating leverage as the commitment to fixed production costs (See also Brealey and Myers, 1991, pp. 199-200). Projects with high operating leverage are riskier because a high proportion of the cash flows is committed to fixed outlays, outlays that cannot easily be reduced when revenues fall (Awerbuch, 2000). The operating leverage is determined by the cost structure of a firm (usually: relationship of fixed to total costs. When fixed costs are high relative to total cost, the firm has a high exposure to variances in operating income. See Damodaran, A. (2002a), p. 193. A higher operating leverage means that a higher proportion of fixed costs determines an increase of Specific risk (Malagoli and Magni, 2007).

Companies can bring about reduction in fixed costs by various techniques such as relating both capital budgeting and capital debudgeting to strategy, careful assessment of investments in strategic alliances, siting the facilities strategically, considering alternatives with higher payoffs, making the plant more flexible etc (Young, 2003, p.64-80).

Concomitant to reduction in fixed costs that leads to a better operational leverage, companies can achieve a better non-operating leverage by striving to eliminate some potentially unneeded activities, with corresponding cost reductions, and possibly to cut costs without the need for personnel reductions (Young, 2003, p.49). Some of the pertinent techniques could be reclassification of some overhead costs as direct costs, reconfiguring employee travel, negotiating better hotel rates, reducing travel, going paperless and cutting frivolous expenses (Young, 2003, p.49-63). Volberda (1998) talks about various related practices such as reducing fixed costs and reducing indirect costs in the context of building a flexible firm.

**(iv) Strategic Capital Mobilization:**

A firm, can go in for strategic capital mobilization, as for example, Bajaj, which could mobilize low cost finance from global market through Euro-issue (Ramaswamy and Namakumari, 1999: p.421). In fact, the main purpose of the issue was to become more cost competitive. Bajaj already has an advantage in cost of production, as it has been consistently enhancing its size, as size is a major avenue of cost advantage in the two wheeler industry. Now, it was securing an advantage in cost of finance through the Euro issue. If it raises Rs. 800 crore through Euro issue, it can make a saving of Rs. 100 crore a year in cost of finance. It can pass this on to its customers by way of price reduction. Or, it can spend the money on advertising, distribution and customer service. Bajaj, in fact, used the resource in extending concessions to customers such as low down-payment and low interest on instalment purchases. On a very low down-payment of Rs. 990, buyers could ride away a Bajaj two wheeler; and they needed to pay only 9 per cent interest per annum. Hamel and Prahalad (1994), among others, also talk about similar practices such as use of banner brands that bring about savings, mobilizing debt / equity capital through creative and unconventional practices etc.

**Indicators of Strategic Renewal**

**(i) Market Performance**

This construct can be operationalized by three sets of questions that captured the perceived rate of growth (absolute, relative to largest comparable competitor and relative to the total market) of each of the company's market shares in exploitative innovations, intermediate products and exploratory innovations on a three-year horizon (Jansen et al. 2005; Benner / Tushman, 2003; Hamel & Prahalad, 1994; Minter, 2002; Covin & Slevin, 1991; Morris & Sexton, 1996; Stetz et al. 1998). These questions can be developed in harmony with the first and the third principles of self-renewing organizations viz., the principle of managing internal rates of change (to match or exceed the pertinent external rate of change) and the principle of synchronizing concurrent exploration and exploitation (Volberda & Lewin, 2003).

**(ii) Financial Performance**

This construct can be operationalized by nine questions / items that captured the rate of growth in total annual sales revenue, net annual profit, return on investment, earnings per share, return on equity, free cash flow, economic value added, market value added and people value added (Covin & Slevin, 1989; Zahra, 1991, 1993; Zahra & Covin, 1995;

Wiklund, 1999; Antoncic & Hisrich, 2000, 2001; Lehn & Makhija, 1996; Dess et al. 2003; Schneier, 1997; Brealey & Myers, 1996).

### **Discussion and Implications for Organizations**

Authors contend that, given the indicators of a firm's strategic renewal on the dual fronts of market performance and financial performance, firms that exhibit financial prudence by judiciously adopting various practices of financial flexibility, tend to survive and renew themselves in due course of time, regardless of the discontinuities in the business environment. Otherwise, myopic firms that adopt stereotyped financial practices keeping in mind the current market performance and current financial performance, tend to suffer reversals of fortune, when the environment changes in terms of competitors' unconventional moves or global trends that bring about novel business models or new ways of doing business that can wipe out the industry incumbents. Authors notice that, traditional financial practices of cost-cutting or efficient manufacturing or the like tend to assume the status quo of business and industry. Though they are helpful in a static scenario, they are less likely to be of help in a dynamic environment. Environmental dynamism varies from industry to industry, however. Being constantly geared up towards various environmental uncertainties is quintessential for all firms that are ambidextrous viz., smart in leveraging exploitative (incremental / sustaining) innovations while building on exploratory (radical) innovations, both at the same time.

Indeed, a smart firm always strikes a blend of numerator management (augmenting revenues), denominator management (cutting costs) and multiplier management (leveraging various economies of scale, scope and diversity) (Hamel and Prahalad, 1994; Mische, 2000; Foss and Christensen, 2001) rather than relying solely on managing just one of the three approaches. It is here that discreet practices of financial flexibility that come to the rescue of a firm, regardless of the market and environmental uncertainties. Thus, one can see the long-term utility of the practices of investment flexibility, budgeting flexibility, operating and non-operating leverage, and strategic capital mobilization. While the first three help the firm in exercising its flexibility with its existing resources at its disposal and thereby leverage them optimally, the last one is intended to remain unconstrained in expanding existing businesses or launching new ones, notwithstanding the apparent resource constraints or paucity of funds at the moment.

While these practices of financial flexibility can be put to practice, firms can learn from the lessons garnered from the effects of these practices on their market and financial performance and accordingly go about revising / refining them, in due course of time. This is akin to the discovery-driven planning (McGrath and Macmillian, 1995) or field-tested dashboarding (Mullins and Komisar, 2009) or expeditionary marketing (Hamel and Prahalad, 1994). All these practices basically involve conducting small-scale experiments and go about iteratively revising the strategic moves based on the feedback gathered from each of such experiments. Such a financial prudence backed by pertinent smart practices of financial flexibility can go a long way in a firm's smooth journey of strategic self-renewal, on an ongoing basis.

### **Managerial Implications**

Finance being the most fungible resource that a firm possesses, every attempt should be made to leverage such a resource towards optimally managing the diverse portfolio of projects that a firm undertakes in its endeavor to fructify its strategic renewal goal, on a sustained basis. A smart firm will achieve 'more for less' or strives to make a greater bang for the given buck or the same bang at a lesser buck or ideally greater bang for a lesser buck (Hamel and Prahalad, 1994). Financial smartness on the part of firms as evinced in their practices of financial flexibility, apart from other kinds of strategic flexibility (e.g., HR flexibility, IT flexibility, flexibility of operations etc), can go a long way in the scintillating odyssey of a firm's strategic renewal, across a long period of time. Firms need to explore the utility of these practices and see for themselves as to what extent they can gain a lot from its firm-specific and firm-addressable resources.

Learning happens from iteration to iteration, possibly on a smaller scale in the beginning phases and proactive firms learn incessantly from all such experiments and leverage the lessons that these experiments impart, in due course of time.

### **Social Implications**

'A penny saved is a penny earned' might be an old saying, but its truth remains the same, as ever. So also, 'not putting all of one's eggs in the same basket' finds its exemplars in our day-to-day lives as well. Resource conservation and judicious leverage of resources, as reflected in the exercise of various practices of financial flexibility, help firms in augmenting the prospects of many new entrepreneurial ventures and shoring up their corporate fortunes on one hand while increasing the employment prospects of the nation on the other hand. Firms can benefit from such takeaways of financial prudence from other benchmark firms,

both intra-industry and inter-industry, while setting their own benchmarks for other firms, in due course of time. Thus, in a spirit of constant learning, firms can display higher levels of resource-smartness in their day-to-day activities in their attempts to create new wealth, both for themselves and for the society at large.

### **Contributions of the Study**

This paper attempts to provide a snapshot of various corporate practices of financial flexibility that can go a long way in the strategic self-renewal of many an organization. It endeavors to streamline thoughts and varied perspectives of various practices of financial flexibility from the related literature. It is a developmental paper and it triggers discussion on this scantily addressed theme of linking financial flexibility to the organizational renewal of a firm, on the dual fronts of market performance and financial performance in a greater detail.

### **Limitations of the study and Directions for future research**

The study is just a preliminary attempt to link the corporate practices of a firm's financial flexibility to its strategic renewal. As such, this is a developmental paper and many of its suggestions require rigorous testing through studies in a wider array of settings.

### **Conclusion**

Notwithstanding the merits of various practices of financial flexibility, there has been a dearth of literature on their contributions to strategic renewal of firms. This paper attempts to provide triggers for greater discussions and subsequent investigation of the impact of a firm's practices of financial flexibility on the strategic self-renewal prospects of the firm. Firms can learn from various analogs and antilogs from other firms within the industry as well as those outside the industry in terms of the best practices of financial flexibility. Apart from such benchmarks, a firm can learn from its iterative experiments on a small scale, in a spirit of discovery-driven planning of its financial activities, in arriving at a better blend of financial flexibility practices. While such a financial flexibility is likely to be helpful in leveraging its financial resources, firms cannot afford to ignore strategic flexibility practices related to other non-financial resources such as human resources, information technology, product-market combinations and so on. It is only such an eclectic approach to optimal orchestration of resources or resource leverage that firms stand to gain a lot than merely from financial flexibility practices alone. Such a holistic approach to strategic flexibility in terms of

leveraging various resources that offers an integrated perspective to firms and bring about various synergies associated with such a corporate coherence.

## References

- Antoncic B, Hisrich R D. 2000. Intrapreneurship modeling in transition economies: A comparison of Slovenia and the United States. *Journal of Developmental Entrepreneurship*, 5(1): 21-40
- Antoncic B, Hisrich RD. 2001. Intrapreneurship: Construct refinement and cross-cultural validation. *Journal of Business Venturing*, 16(5): 495-527
- Awerbuch S. 2000. Investing in photovoltaics: risk, accounting and the value of new technology. *Energy Policy*, 28: 1023-1035.
- Bahrami H, Evans S. 1995. Flexible Re-cycling and High-Technology Entrepreneurship. *California Management Review*, 37(3): 62-89
- Benner MJ, Tushman M L. 2003. Exploitation, Exploration, and Process Management: The Productivity Dilemma Revisited. *Academy of Management Review*, 28(2): 238-256
- Brealey R, Myers S. 1996. *Principles of corporate finance*. McGraw-Hill, New York.
- Chandra P. 2003. *Finance Sense*. Tata McGraw-Hill, New Delhi.
- Covin JG, Slevin DP. 1989. Strategic management of small firms in hostile and benign environments. *Strategic Management Journal*, 10 (January): 75-87
- Covin JG, Slevin DP. 1991. A conceptual model of entrepreneurship as firm behavior. *Entrepreneurship: Theory & Practice*, 16(1): 7-25
- Dess GG, Ireland RD, Zahra SA, Floyd SW, Janney JJ. 2003. Emerging issues in corporate entrepreneurship. *Journal of Management*, 29(3): 351-378.
- Dixit A, Pindyck R. 1994. *Investment under uncertainty*. Princeton University Press, Princeton, New Jersey.
- Evans JS. 1991. Strategic flexibility for high technology maneuvers: A conceptual framework. *Journal of Management Studies*, 28(1): 69-89
- Foss NJ, Christensen JF. 2001. A Market-Process Approach to Corporate Coherence. *Managerial and Decision Economics*, 22: 213-226
- Hamel G, Prahalad CK. 1994. *Competing for the future*. Boston, Massachusetts: Harvard Business School Press
- Hitt MA, Keats BW, DeMarie SM. 1998. Navigating in the new competitive landscape: Building strategic flexibility and competitive advantage in the 21st century. *The Academy of Management Executive*, 12(4): 22-42
- Jansen JJP, van den Bosch FAJ, Volberda HW. 2005. Managing Potential and Realized Absorptive Capacity: How do Organizational Antecedents matter? ERIM Report Series Research in Management, ERS-2005-025-STR
- Johnson R, Soenen L. 2003. Indicators of successful companies. *European Management Journal*, 21(3): 364-369
- Krijnen HG. 1985. The Flexible Firm. *International Studies of Management and Organization*, XIV (4): 64-90
- Lehn K, Makhija AK. 1996. EVA & MVA as performance measures & signals for strategic change. *Strategy & Leadership*, 24(3): 34-38
- Malagoli S, Magni CA. 2007. The use of fuzzy logic and expert systems for rating and pricing firms. *Managerial Finance*, 33(11): 836-852
- McGrath, RG, MacMillan IC. 1995. 'Discovery Driven Planning' *Harvard Business Review*. July-August, 1995.
- Minter R. 2002. *The Myth of Market Share*. Crown Business, New York

- Mische MA. 2000. *Strategic Renewal – Becoming a High-Performance Organization*. Prentice-Hall Inc., New Jersey
- Momaya K. 2002. Strategic flexibility for competitiveness. *Global Journal of Flexible Systems Management*, 3(1): iii
- Morris MH, Sexton DL. 1996. The concept of entrepreneurial intensity: Implications for company performance. *Journal of Business Research*, 36: 5-13
- Mullins J, Komisar R. 2009. *Getting to Plan B – Break through to a better business model*. Harvard Business Press, Boston.
- Ramaswamy VS, Namakumari S. 1999. *Strategic Planning – Formulation of Corporate Strategy*. Macmillan India Ltd, New Delhi.
- Schneier R. 1997. People Value Added – the new performance measure. *Strategy & Leadership*, 25(2): 14-19
- Schwartz ES, Trigeorgis L. 2001. *Real option and investment under uncertainty*. MIT Press.
- Stetz PE, Stewart A, Howell R, Blair JD, Fottler MD. 1998. Dimensionality of the entrepreneurial posture / orientation construct: A structural equation study. Paper presented at the *1998 Academy of Management Meeting*, San Diego, CA.
- Upton DM. 1994. The management of manufacturing flexibility. *California Management Review* (Winter), 72-89.
- Vithessonthi, Chaiporn, Financial Flexibility, Financial System, and Organizational Change (February 4, 2010). *The Business Review*, Vol. 15, No. 1, pp. 72-82. Available at SSRN: <http://ssrn.com/abstract=1548227>
- Volberda HW. 1998. *Building the Flexible Firm*. Oxford University Press Inc., Oxford
- Volberda HW, Lewin AY. 2003. Co-evolutionary Dynamics Within and Between Firms: From Evolution to Co-evolution. *Journal of Management Studies*, 40(8): 2111-2136
- Wiklund J. 1999. The sustainability of the entrepreneurial orientation – performance relationship. Paper presented at the *1999 Babson College-Kauffman Foundation Research Conference*, Columbia, NC.
- Young DW. 2003. *A Manager's Guide to creative cost cutting*. McGraw-Hill, New York.
- Zahra SA. 1991. Predictors and financial outcomes of Corporate Entrepreneurship: An exploratory study. *Journal of Business Venturing*, 6(4): 259-285
- Zahra SA. 1993. Environment, Corporate Entrepreneurship and financial performance – A taxonomic approach. *Journal of Business Venturing*, 8 (4): 319-340
- Zahra SA, Covin JG. 1995. Contextual influences on the Corporate Entrepreneurship – Performance relationship: A longitudinal analysis. *Journal of Business Venturing*, 10(1): 43-58.