SADI Journal of Interdisciplinary Research
ISSN: 2837-1976| Impact Factor : 6.08
Volume. 11, Number 3; July-September, 2024;
Published By: Scientific and Academic Development Institute (SADI)
8933 Willis Ave Los Angeles, California
https://sadijournals.org/index.php/sjir|editorial@sadijournals.org

LEADERSHIP FOR THE FUTURE: THE STRATEGIC ADVANTAGE OF RECONFIGURABLE ORGANIZATIONS

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DOI: https://doi.org/10.5281/zenodo.12799920

Abstract: This paper synthesizes theoretical concepts and empirical studies to explore the essential characteristics of contemporary organizations capable of thriving in discontinuous environments. Utilizing the model of reconfigurable organizations proposed by Galbraith et al. (2002), the study identifies key enablers of adaptability and resilience, such as active leadership, knowledge management, continuous learning, flexibility, integration, employee commitment, and change readiness. By demonstrating how these elements contribute to the design of a reconfigurable organizational structure, the paper underscores the importance of strategic resource redeployment in the ongoing redesign of processes and structures. These insights highlight the critical role of these characteristics in enabling organizations to dynamically adjust to ever-changing conditions, ensuring long-term sustainability and success.

Keywords: Adaptability, Resilience, Reconfigurable organizations, Strategic resource redeployment, Organizational sustainability

INTRODUCTION

Contemporary organizations are facing the new dynamics of a fast-changing global economy. The altered global environment of organizations is becoming more complex and unpredictable. Numerous tendencies within it, such as shifts in technology, increased influence of information and communication technology on organizational operations, deregulation, the changing face of competition, increased market transparency, more demanding and informed customers, changing economic and political structures, transformation of information and knowledge into the key economic resources, etc., have had a great impact on majority of organizations. The world of organizations is subjected to the increased pace of constant changes within the environment, thus making the global organizational landscape a very hostile place.

If the change is constant, organizations ought to constantly and quickly react to changes if they want to thrive in the long run. Within the discontinuous environment, organizations are forced to compete with no sustainable competitive advantage. When competitive advantages do not last for very long, neither do organizations; instead, competitive advantage results from a series of short-term advantages which can only be delivered through a permanently changing organization. Every company needs organization that is as dynamic as its business and strategy.

In other words, discontinuous environment requires that organizations become capable of continuous change of their strategies. Managers cope with changes in their firm's external environment through the choice of an

appropriate structure and design of a matching strategy (Andrews, 1971; Ansoff, 1979; Schendel and Hofer, 1979). In a discontinuous environment, strategy seems to determine the structure. "Structures happen to be there, or, if not ready at hand, they are the outcome of the artful recombination of what is at hand under specific circumstances" (Ciborra, 1996). But it is also necessary to recognize that structure is the result of a complex play of variables other than strategy, such as culture, values, the past and present functioning of the organization, its history of success and failure, the psychological and sociological consequences of technological development, etc. Thus, there is no reason to subordinate structure to strategy. The relationship between strategy and structure is made in both directions. The structure follows strategy, but strategy also follows structure (Hall and Saias, 1980).

This situation requires dramatic alteration in designing contemporary organizations. Design of effective and viable organizations ought to be adapted to cope with the "contingencies" which derive from the circumstances of environment, technology, resources and other factors (Child, 1973). In order to support constantly changing strategies, other organizational components, such as organizational structures, processes, reward systems and policies must become easily reconfigured and realigned. Thus, the new organizational design must be oriented on easily changeable organization components (structure, processes, systems and policies) and their congruence. The optimal design of the organization trades off the costs and benefits of various configurations (Harris and Raviv, 2002). Organizational efficacy rests on interchangeability of organizational activities, as well as the capacity to continuously deploy new combinations of resources.

BASIC CHARACTERISTICS OF RECONFIGURABLE ORGANIZATIONS

Environment poses constraints and opportunities for organizational action (Hrebiniak and Joyce, 1985). It can provide important pressures to advance, but firms differ in their responsiveness to them (Porter, 1991). Thus, organizations are both creators and prisoners of their environments (Miles and Cameron 1982). Aharoni et al. (1978) suggested that since the relevant environment is likely to be composed of a number of heterogeneous interests and may be controlled by a variety of means, management in organizations face the problems of both setting priorities in dealing with the environment and allocating the necessary resources according to these priorities. In order to survive, organizations must rearrange its internal resources and stage an attack against the specific rival firm. Porter (1991: 110) stated that "the successful organization is one that can bring all its activities into consistency with the strategy and rapidly accumulate the necessary activities and resources. New choices are made as the environment changes or as accumulating activities and resources open up new options." This is why some organizational forms presumably fail to flourish in certain environmental circumstances while other forms successfully compete with them for essential resources (Hannan and Freeman, 1977). This kind of organizations is programmed for perpetual transformation, for generating new organizational arrangements and cognitive frames, and for constantly changing businesses and industries (Ciborra, 1996).

In the fast-changing environment, companies need to achieve greater organizational agility, which is adaptability plus speed. The role of the manager within those organizations is to respond to the changing environment by continuously adapting to the contingencies that confront the organization (Astley and Van de Ven, 1983). Since the number of variables in the environment is substantial and environmental change is continuous and unpredictable, the problem is not selecting good strategies, but creating a flexible organization that learns and is able to continually redefine its strategy (Porter, 1991). In the new marketplace, the high performers will be those that do more than simply adapt to long-term trends; they will also respond quickly to short-term urgencies or, even better, anticipate them so as to seize opportunities to be first to market (Cheese et al., 2009). In that manner,

Daft and Lewin (1993) argue for the need for flexible, learning organizations that continuously change and solve problems.

In environmental disorder, where rigid formal organizations fail, ephemeral organizations seem to find their natural ecology. “In a world which has suddenly become turbulent, unreliable, unpredictable, and where the value of the „precedent“, once indisputable, is becoming of little help for present and future action, it would not be surprising if human societies and their members relied less and less on formal, longstanding institutions and procedures, and more and more on informal, ephemeral arrangements” (Lanzara, 1983). Ephemeral organizations are organic and short-lived organizational systems. They do not assume their own survival or permanence as a requirement for identity and effectiveness of performance. In other words, ephemeral organizations are there to disappear, after displaying a great deal of activity. This organization adapts its boundaries to the environmental necessities. Recruitment is not contractual and membership tends to be open and permeable
(Lanzara, 1983).

This means that a new form of organization is needed. Increasingly changing environment has spawned experimentation with the new organization forms that enable managers to deal with complexity and dynamics of changes (Dijksterhuis et al., 1999; Child and McGrath, 2001). It is obvious that there is a need for a form that is capable to constantly adapt to the fast-changing circumstances of contemporary environment by redeploying its resources in the manner that is most suitable for the current situation. The answer to this growing need of constant organizational change may be seen in the form of reconfigurable organization (Galbraith, 1997). Reconfigurable organization is able to quickly combine and recombine skills, competencies and resources across the company to respond to changes in the external environment (Galbraith et al., 2002).

In a discontinuous environment, a firm must support a variety of flexible responses: ability to react quickly, resilience in front of disturbances and being capable to face the consequences of chaotic change (Stacey, 1991). Reconfigurable organization ought to be designed in a way that will allow it to adapt to the fast-changing environmen t through a numerous configuration of its components. It is very important that, in any time, there is a high degree of congruence among organizational components, no matter what the current configuration is.

Congruence is defined as the degree to which the needs, demands, goals and structures of one component are consistent with the needs, demands, goals and structures of another component. In other words, congruence is a measure of how well pairs of components fit together. An organization is most effective when its strategy is consistent with its environment (in light of organizational resources and history) and when the organizational components are congruent with the task necessary to implement that strategy (Nadler and Tushman, 1989; Nadler et al., 1992). The importance of congruence was depicted through Mintzberg's three hypotheses of effective structuring of organizations (Mintzberg, 1979). Other authors also argued that the effectiveness of an organization reflects the congruence of the key components (Seiler, 1967; Lorsch and Sheldon, 1972; Galbraith, 1977).

Reconfigurability of organizations rests on three capabilities. The first one is extensive internal cross-unit networking. The organizations reconfigure themselves by forming teams across organizational departments. These lateral structures, often called heterarchical organizations, require an extensive internal networking capability. Heterarchical organizations have the network-like structure in which horizontal relationships play a major role with respect to vertical (Lanzara, 1983). The second one is the usage of prices, markets, and market-like devices to coordinate the multiple profit centre units and complexity of multiple teams. Finally, the third capability is external networking with partners in order to expand capabilities that can be combined to create new advantages. In this way, organizations are securing the capabilities they do not have (Galbraith, 1997).

Development of the reconfigurable organization can be seen as a never-ending process, which refers to the work on obtaining the set of basic characteristics of an organization, which are reconfigurability enablers. Thus, these characteristics present the necessary condition for establishing reconfigurable organization. After considering these characteristics, we will focus the attention on the basic characteristics of the organizational structure itself.
Reconfigurable organization is characterized by (Galbraith et al., 2002): (1) active leadership, (2) knowledge management, (3) learning, (4) flexibility, (5) integration, (6) employee commitment, and (7) change readiness. These characteristics, taken altogether, represent reconfiguration enablers, thus enhancing competitiveness of the firm.

Active leadership

Leadership is a process of using non-coercive influence to direct and coordinate activities of the members of an organized group toward the accomplishment of group objectives (Jago, 1982). This process is of great significance in times of rapid change, when leadership must be highly flexible, responsive and adaptive. This is especially true for reconfigurable organizations.
Organizations now rely increasingly on cross-functional teams assembled swiftly to tackle urgent and novel issues (Kozlowski and Bell, 2003), but the main objective is to build a strong capacity for leading those teams at all levels in an organization. The most successful organizations develop strong diverse teams. This is important because no person can master all the necessary leadership skills. The team will always be stronger if diverse talents are sitting around the table (Rosen, 1997).
Contemporary teams need to establish a dynamic delegation system: senior leaders‟ rapid and repeated delegation of the active leadership role from more junior leaders of the team (Klein et al., 2006). Thus, the creation of collective leadership in which members play complementary roles appear critical in achieving change (Denis et al., 2001). For people to take on leadership responsibility, they need support and encouragement, not control and certainly not punishment. Growing responsible leadership means including everyone in the organization (Somerville and Mroz, 1997). Leadership ought to shift from member to member according to where the focus of action takes place (Lanzara, 1983).
Leader‟s efficacy is based on the perceptions of multiple stakeholders. It is very important for a leader to be perceived as effective by stakeholders, because effecttiveness reflects stakeholders‟ assessment of how the leader is performing in terms of their respective expectations (Schneider, 2002). Effective leaders are those who have the cognitive and behavioral complexity to respond appropriately to a wide range of situations that may in fact require contrary and opposing behaviors (Denison et al., 1995). The fact is that very few leaders are able to gain reputational effectiveness concurrently from multiple constituencies (Hart and Quinn, 1993).
Very important dimension of leadership is the impact it has on organizational culture. Trice and Beyer (1991) distinguish two basic types of cultural leadership: Innovation and maintenance. An innovation leader is a person who has more dominant and dramatic personal qualities and who brings changes into the existing cultural patterns. A maintenance leader is more of a facilitator who is able to articulate and nourish existing ideologies so as to keep them vital and appealing. Both types of leaders are needed in a reconfigurable organization, but in different kinds of circumstances.

Knowledge management

Knowledge management is a process of acquisition and storage of worker’s knowledge and making that knowledge accessible to other employees in organization (Martensson, 2000). There are three basic outcomes of knowledge management: Knowledge creation, retention and transfer (Argote et al., 2003). Organizational

knowledge creation should be understood in terms of a process that organizationally amplifies the knowledge created by individuals and crystallizes it as a part of the knowledge network of an organization (Nonaka, 1994). Knowledge can be embedded in individual members, in the organization's rules, routines, cultures, structures and technologies (Levitt and March, 1988). Knowledge transfer is dissemination of knowledge between individuals, groups, units, levels of hierarchy and organizations. Each of these three outcomes is fundamentally important for continuous organization learning which leads to a permanent organizational development.

The idea of knowledge management has become important due to the increased awareness of the importance of knowledge for the organization‟s prosperity and survival, and due to the increased availability of IT to store, distribute and generally "manage" knowledge (Easterby-Smith and Prieto, 2008). Knowledge management can be defined as "any process or practice of creating, acquiring, capturing, sharing and using knowledge wherever it resides, to enhance learning and performance in organizations" (Scarbrough et al., 1999).

The success of a reconfigurable organization depends on its ability to quickly collect and share knowledge across employees, units, lines of hierarchy and with other organizations. In order to achieve this, management ought to develop a learning culture which will promote learning and empowerment.

Learning

The process of learning is vitally important for implementation of knowledge management throughout an organization. This process enables the organization to develop its competitive capacity, which is only temporary in the era of discontinuity. At each discontinuity the competencies acquired in a given field become in part useless, given the competence-destroying character of many innovations (Anderson and Tushman, 1990), which can be viewed as a process of creative destruction (Schumpeter, 1942).

Within an organization, learning can occur on the individual, group and organizational level. Individuals learn from their birth. This process is immanent to human beings, which implies that, learning occurs naturally at the individual and group level. Learning is equally important at the organizational level. Zollo and Winter (2002: 340) focused on organizational learning as a source of dynamic capability, which they defined as "a learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness". They argue that dynamic capabilities emerge from the co-evolution of tacit experience accumulation processes with explicit knowledge articulation and codification activities.

In an environment where technological, regulatory, and competitive conditions are subject to rapid change, persistence in the same operating routines quickly becomes hazardous. Thus, dynamic capabilities must be developed through learning. If change is not only rapid but also unpredictable and variable in direction, dynamic capabilities and even the higher-order learning approaches will themselves need to be updated repeatedly. Failure to do so turns core competencies into core rigidities (Leonard-Barton, 1992).

The key managerial competence in the era of discontinuity is the ability to quickly respond to and learn from surprises, combined with the artful courage of exposing oneself to situations which may trigger knowledge creation (Nonaka, 1994). The learning and response are more difficult for the organization when the environment is complex and long chains of causal links and events in one sector have profound effects on other sectors. In such an environment, the organization must consider the whole sequence of possible effects of any action it takes (Cohen and Cyert, 1973).

The receptiveness to new knowledge and the willingness to change one‟s perspectives and behaviors based on it can be critical. A passion for learning is also linked to creativity and the ability to frame new perspectives – to

think about things in new way (Alexander and Wilson, 1997). Organizations need to stimulate the development of the learning environment within an organization. Only then will organization learning become a process which is inseparable from the formal as well as informal part of an organization. Organization learning is a form of informational updating through which decision makers develop an understanding of relationships between organization actions and outcomes (Levitt and March, 1988). The reconfigurable organization can be viewed as a true learning organization that rewards those who acquire and use knowledge.

Flexibility

There is a general agreement that the success of a business enterprise largely depends on its management's ability to anticipate and to adjust to changes in the internal and external environment that affect its operations (Schollhammer, 1971). The organizational structures that support this ability must be able to cope simultaneously with the management of discontinuities and incremental innovation.

In other words, organizational adjustment to the permanently changing circumstances within environment it operates in can be achieved only through continuous improvements, which can be radical or incremental.

Ackoff et al. (2010: 54) have stated that "continuous improvement consists of a very large number of very small improvements. These can help maintain an organization's leadership once it had achieved a leadership position, but not for long. Continuous improvement cannot make a leader out of a company that is not one already. However, it can make followers out of organizations that adopt it. Only large discontinuous improvements can elevate an organization to leadership. These are creative acts, not imitative ones." This puts premium on the firm's ability to develop multiple, often inconsistent competencies, to deal with the emerging, divergent technological and organizational requirements (Burgelman, 1983). Organizational flexibility refers to a blend of capabilities and attributes that facilitate adjustments to change (Bahrami, 1992). But is the flexibility in contrast with stability preserved by functional organization? In an organization which is structured around functions, the functional organization remains as a stable structure around which configuration takes place. The functions act as bases for people participating in various projects. They become responsible for deciding on and building new capabilities, skills and technologies. The functions develop in-depth knowledge in their specialties that can become new capabilities to be combined and recombined (Galbraith, 1997). This means that the functions remain stable dimension of the organization and the projects represent its dynamic dimension. In this way, the organization is balancing between stability and flexibility (Stefanović, 2010).

Integration

Firms that compete in environments characterized by high levels of complexity and dynamism require a higher level of division of labor in order to monitor many rapidly changing sectors of the environment. This leads to greater differences within the top management team regarding formality of structure, interpersonal orientation, and time orientation (Lawrence and Lorsch, 1967). Such divergence in perspectives makes consensus on the strategic direction of the firm difficult. Thus, Lawrence and Lorsch (1967) showed that increased differentiation necessitates an increased use of integrating structure to achieve high levels of performance. In less differentiated firms, basic integrating structures such as managerial hierarchy of authority, rules and operating procedures and informal integration by managers outside official channels may suffice, whereas in more highly differentiated firms, complex mechanisms may be necessary.

Frequent changes in the environment are increasing the need for quick decision-making. In order to achieve this, an organization ought to establish highly decentralized organizational structure in which the decisionmaking process will be as close as possible to the actual work process. This kind of organization structure requires very

sophisticated mechanisms for lateral (horizontal) coordination in order to increase integration of usually differentiated and complex structures. Strong lateral liaisons may increase the capacity for more effective and efficient decision-making (Galbraith, 1993).

Lateral coordination assumes that people will move around the organization and it will enable them to understand how different parts of organization work and how they fit together to make a system work. This means that the formation of multi-skilled and cross-functional teams is necessary. Contemporary organizations must find a way to make the spontaneous forming and reforming of high-performing multidisciplinary teams a natural way of working. People from different functions and levels need to come together spontaneously to resolve interdepartmental issues (Somerville and Mroz, 1997). This kind of behavior promotes social networking across the organization and it fosters the learning process and knowledge management. It also helps the organization to quickly configure and reconfigure employees on different kinds of activities. This kind of integration will help the members of the organization in coping with all emergent and unpredictable situations that may arise in the era of discontinuity.

Integration also deals with the entities outside the boundaries of organization. Different kinds of interorganizational alliances are formed and dismantled according to circumstances (Ciborra, 1996). This kind of internal and external integration contributes to the reconfigurability of the organization.

Employee commitment

Satisfactory level of employee commitment can be achieved only through an adequate policy of human resources. People within the organization ought to feel that they belong to the organization, acceptance from their colleagues, motivation to achieve organization's objectives and energized in doing so.

Besides this, human resource policy must be aligned to create the behaviors and mindsets that support reconfigurability. All employees need to be cross functionally skilled, have cross-unit interpersonal networks, identify with the company as a whole and be a part of reconfigurable culture. Hiring process needs to attract and recruit people who fit the organization, not just the job, because the job will change and the new skills will be learned, but the person's personality and the company's values and culture are much less likely to change (Galbraith, 1997).

Finally, the reward system needs to be equally flexible and reconfigurable in order to support people practices mentioned earlier. Reward system ought to have only few grades or bands. Salaries ought to be based on a person's skills (through a one-time bonus for each new skill) and results rather than on the job. The appraisal process should move away from the direct supervisor appraisal to a team-based appraisal or 360° feedback model (Galbraith, 1997).

Change readiness

In a reconfigurable organization, the nature of work requires that employees are routinely moved in and out of projects and positions. As such, employees harbor the expectation that there will be constant change (Jick, 1990). Thus, very important aspect of reconfigurable organization functioning is changing readiness of each employee within organization. It is now well known that readiness for change can be achieved in the most efficient way by letting those that are affected by change to take part in its implementation. A classic study by Coch and French (1948) was among the first that demonstrated the value of allowing organization members to participate in change efforts. The primary mechanism for reducing resistance to change and creating readiness for change among members of an organization is the message for change (Armenakis et al., 1993). This message should, in general, incorporate two issues: (1) the need for change, that is, the discrepancy between the desired end-state and the

present state; and (2) the individual and collective efficacy (ability to change) of parties affected by the change effort.

In order to embrace change and actively participate in implementing change, employees need to understand the organization design assumptions and need to be involved in the design process from the start. When changes inevitably have to be made, the mechanisms are in place to have conversations, debate the options and move forward with decisions. In this way, reconfigurable organization develops resilience and collective competence in the process of organizational change

(Galbraith et al., 2002).

RECONFIGURABLE ORGANIZATIONAL STRUCTURE

Earlier, this paper analyzed specific characteristics that are necessary to obtain in order to design the reconfigurable organizational structure. The depiction of the reconfigurable structure itself will now be discussed. The current pace of competition and technological development requires a much quicker generation and elimination of new arrangements. In a rapidly changing environment, none of the well-known organizational arrangements may work to optimize resource utilization. Thus, let us turn to the basic characteristics of the reconfigurable organizational structure.

Ciborra's (1996: 113) notion of the platform organization can be seen as very similar to the concept of reconfigurable organization. “The platform organization can be seen as the arrangement suited to cope with chaotic environments, where sudden events can tilt established patterns of identity, organization, culture, routines and capabilities”. “Schemes which prescribe how to set up efficient organizational structures around a complex, primary task, lose part of their normative relevance, for one cannot know in advance the complexity of the task, nor its precise nature and contours... What should be appreciated, instead, is the whole sequence of forms adopted over time by the organization, and the speed and friction in shifting from one to the other…Strategic management mainly consists in placing bets about what will be its next primary task; all the other choices, such as alliances, vertical integration and so on, follow the provisional outcome of such bets. The platform, being easily reconfigurable, is particularly suited to supporting the practice of betting and what it entails, that is, high flexibility in exiting when one is losing or moving in rapidly to reap the ephemeral benefits, or adapting to the new circumstances that require a commitment to a new risky move” (Ciborra, 1996).

“In the platform a manager may operate in, within two or more organizational forms at the same time... Such meta-organizational context is not „designed“, rather it emerges as the result of the managers“ situated rationality and actions, while they busily recombine those very arrangements, and artfully operate them, reproducing the conditions for which the betting and recombination processes can be tried out once more... The platform is far from being a specific organizational structure, where one can recognize a new configuration of authority and communication lines. Rather it is a virtual organizational scheme, collectively shared and reproduced in action by a pool of human resources, where structure and potential for strategic action tend to coincide in highly circumstantial ways, depending upon the transitory contingencies of the market, the technology and the competitors“ moves” (Ciborra, 1996).

Broadly speaking, reconfiguration refers to the redesign of certain elements or components of a system. If an organization is perceived as a system, organizational units can be viewed as elements or components of that system. Thus, business unit reconfiguration is the addition of units to the firm, deletion of units from the firm, and recombination of units within the firm such that resources and activities are still retained by the organization

(Karim, 2006). This approach can be seen as modular architecture of an organization. It is interesting to note that the concept of "patching", which was originally developed by Eisenhardt and Brown (1999), corresponds to the idea of modularity. Patching is viewed as a process by which organizations remap their structure, realign their businesses and transfer some resources from one business to another.

Lawrence and Dyer (1983) argued that an organic structure is best suited to coping with or adapting to a turbulent environment. Mintzberg (1979) indicated that an organic structure, with its low degree of formality and high degree of information sharing and decentralization, improves an organization‟s flexibility and ability to adapt to continual environment change. The notion of decentralization takes on a new meaning for the adaptively structured organization, for the identity of periphery headquarters and field in itself subject to change, the adaptively structured organization can change its structure, hence its center and peripheral units, in response to its environment (Segal, 1974).

This means that the units of such an organization are so flexibly or adaptively structured that the organization is able to adapt and re-adapt its structure as part of its normal operation. "These organizations are described as comprehensively responsive because they are prepared to adjust their structure to meet the full comprehensive needs of a client as these needs emerge. Both the Viet Cong and the Green Berets attempt to maintain such built-in structural flexibility. Both organizations aspire to be able to enter a village, and, depending upon the circumstances, initiate a health program, establish a civil government, or destroy the enemy. Each of these diverse functions requires structural and role variations" (Segal, 1974).

A good example of reconfigurable organizations is provided by Bahrami (1992: 39), who describes some of the organizations operating in the Silicon Valley as "structured and yet chaotic... between stability on the one hand and flexibility on the other". She argued that these organizations consist of two components. "The first component is a substrate of the formal structure which only periodically undergoes major transformation. This provides a formal mechanism for grouping skills, clustering activities, and assigning reporting relationships, as well as a base unit, which gives many employees an anchor of stability. However, due to inertial forces, these bedrock structures cannot be changed as frequently as may be warranted by internal and external changes. Many firms compensate for the relative inflexibility of the bedrock structure by using overlays of temporary project teams and multi-functional groups whose members are drawn from various operating units. These enable a firm to focus on critical assignments without causing major disruptions". This dualistic arrangement enables an organization to create a relatively stable setting within which people and resources can be effectively deployed in a flexible manner.

As a result, organizational processes and structures are operating in a changeable and very fuzzy organizational environment. Existing structures which influence action are usually under severe strain, and managers end up feeling they are operating in a very fuzzy organizational environment. Even if structures are in place to guide behavior, everyone knows that they are only marginally relevant at the moment of action. What really matters is the possibility one has of relying on a personal network of colleagues located in various units throughout the organization. In other words, while organizational units, that is, functional departments are temporary and may represent formal changes in authority and communication, decision making occurs through a set of arrangements (network, hierarchy or clan, or mixture thereof) which evolves according to a logic difficult to capture. While formal components change very frequently and abruptly, the informal networks remain relatively stable. Thus, formal structures appear continuously revised, fragmented and trumped up (Ciborra, 1996).

CONCLUSION

The new form of an organization is needed, namely a reconfigurable organization. This form needs to be capable to constantly adapt to the fast-changing circumstances of contemporary environment by redeploying its resources in the manner that is most suitable for the current situation. This can be achieved by allowing redesign of certain elements or components of a system to take place easily. This means that the units of such an organization are so flexibly or adaptively structured that the organization is able to adapt and re-adapt its structure as part of its normal day-to-day operation. The whole sequence of forms adopted over time by the organization, and the speed and friction in shifting from one to the other is determined by the current situation.

Authors are hoping that this paper will present a solid foundation upon which other authors can continue to build novel theoretical concepts on the topic of prosperity of organizations in a very hostile and competitive landscape. On the other hand, authors are also hoping that this paper may present a set of guidelines for further empirical research on this subject. Only solid understanding of the nature of contemporary organizational forms and its operations will enable scholars and practitioners to continue developing novel and innovative strategies for organizations to thrive in the age of discontinuity.

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