

UNITY OF THE ORGANIZATIONAL FUNCTIONS FLEXIBILITY

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Abstract

The paper has the goal to analyse the correlation of the flexibility of all organizational functions. Based upon theoretical and practical studies, the decrease of flexibility into an "activity area" of organizations implies a diminution on a large scale of the flexibility of the processing system as a law expression of the decreasing outputs within economy. Therefore, at the level of each organizational function there are several major directions ensuring the flexibility of the "ensemble".

Keywords: flexibility, cost of change, organizational function, complete and symmetrical graph.

1. INTRODUCTION

The transition to the new functional market economy implies a change of paradigm regarding the production process, the company organisation and management, and the human resources. Thus, the change in the paradigms of production processes is the correlation and synergy of organizational functions flexibility, achieved through a shift (Popescu & Popa, 2012):

- from mass production to flexible and diversified production, depending on the demand on the market – in other words, by being client oriented
- from long life cycle products to short life cycle products
- from regular goods to differentiated, higher quality goods
- from the preponderance of material goods to the prevalence of intellectually intensive goods
- from the predominance of production to the predominance of services
- from long technological cycles to continuous innovation
- from comparative advantage to competitive advantage
- from technological transfer to know-how transfer

The flexibility of the managerial process defines the capability of playing and articulating the managerial functions in the context of processing the goods, services, different works etc., various measures, in respect of performance and relative control of the turbulent environment. The management flexibility is operationalized through that of the organizational functions. This has as “first violin” the process flexibility of the production function, but it is accompanied by all functions to obtain performance, in the context of goods, services, etc. “demassing” desired by clients, fact that is presented in the complete and symmetrical graph below.

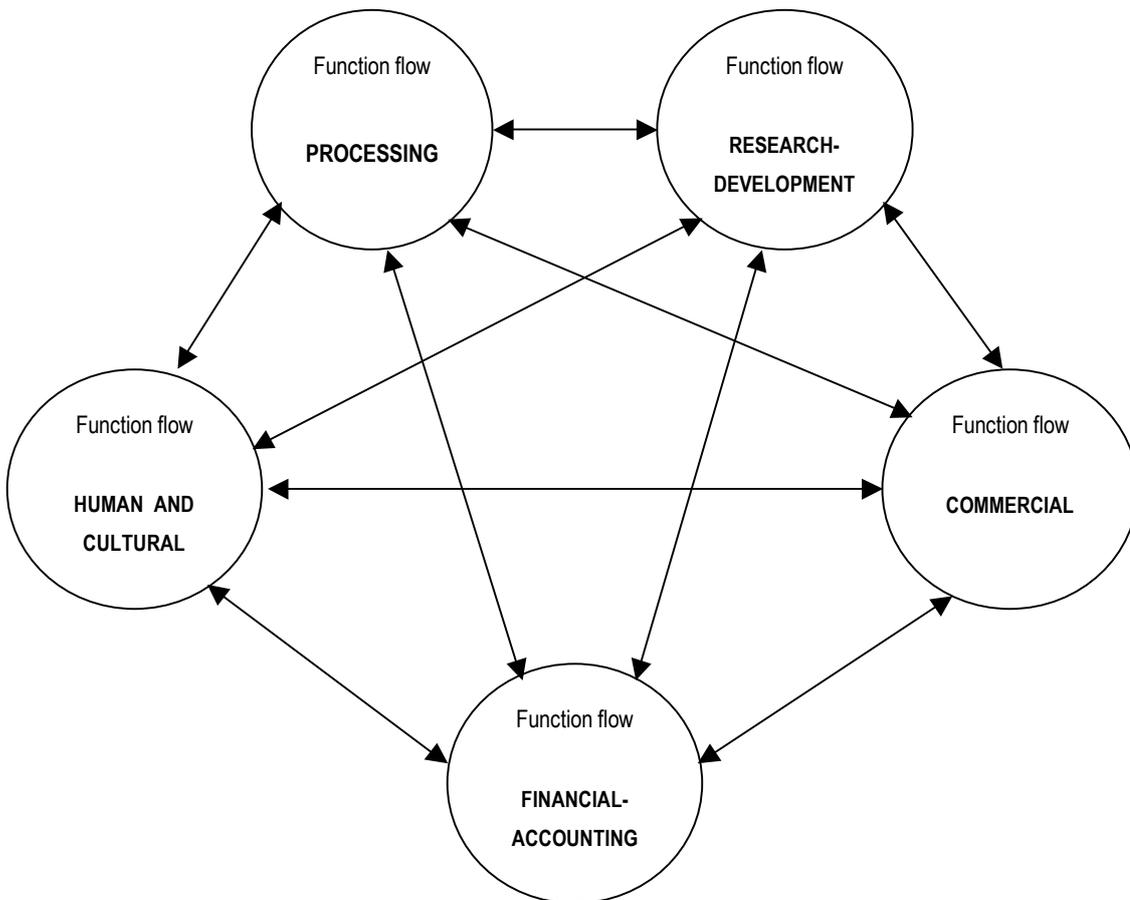


FIGURE 1 - THE LINK BETWEEN VARIOUS TYPES OF FUNCTIONAL FLEXIBILITY

It results in a number of $5 \times 4 = 20$ connections between the five organizational functions, and the circuit starts with the processing flexibility out of number 5! start possibilities.

The flexibility of the processing function. The flexible management that articulates the managerial functions in contextual manner makes possible the reality of the unity of the organizational functions flexibility, where the major role is played by the processing function.

The strong points of the mass processing system are mined or even eliminated by the flexibility of consumption, of a new life style at the social groups level which accept diversity and not the traditional evenness. This is in our opinion the cause of the “process demassing”. A flexible processing system defines a complex of machines with a numerical command, automatic supply systems of materials, tools and automatic measuring and testing systems, all controlled by computer with a minimum of human intervention and a short time of reaction, that could process any component of a product or “family” on the basis of a preset programme. In this view, the accent turns from the proper process to its adjacent operations, such as uploading, downloading, transport, measuring, placement, fields with high reservations in productivity, “unexplored” in an appropriate manner.

The technique of flexible automation, in opposition with the rigid one, comprises, on one hand, machines with a numerical command, industrial robots, integrated manufacturing systems, and on the other hand, an advanced informational technique that ensures the communication in real time.

Such a system is efficient especially in case of the discrete processes with discontinuous character.

For a flexible processing system it is essential the cost of change, of passing from one type of product to another one (setup cost, changeover cost, order cost). In theory and practice this can be measured through the marginal cost of change:

$$C_m = \frac{\Delta_c}{\Delta_q}$$

where:

- Δ_c is the difference between the initial cost c_0 and the cost after change c_1 ;
- Δ_q is the difference between the initial volume and the cost after change.

We underline the fact that the level c_m is related to the variable cost: $c_m=f(c_v)$

Into the flexible system, the fixed cost (C_F) remains unchanged.

It results that the increase of the ratio means the diminution of flexibility, and the decrease, its increase.

All the above assessments are real if the “cost of change and all its components” are thoroughly measured (Moldoveanu, 1999).

In the crisis period, and not only, the most spread processing forms are:

- the flexibility of volume or the capacity of the processing process to adapt to various volumes of products, services, works etc.

- the flexibility of range or the capacity to produce in-line a large diversity of products, works etc.

The postulates for these types of flexibility are:

- integrability or correlation of the processing sub-systems for various products;
- adaptability or the use of the same means for different products;
- i. adequacy or maximum of adaptation;
- ii. dynamics, what sets the variation of the system structure in a reduced margin of the cost in time.

The flexibility of the commercial function ensures the performance of the flexible systems, by setting up the “co-production” or the “co-markership” which involves the practice of discrete, quality lots in the relationship supplier-processor, by the price lever, with mutual advantages. The relationship is applied to the products subject to the “law 20/80”. The commercial flexibility is the capacity of the managing board of an organization to change the generic and resetting strategies as a response to the unexpected or expected market opportunities, in a quick manner and at a more efficient cost than the one of the competitors in respect of the product and service quality.

This system, recommended by literature and practiced on large scale in flexible processing, allows also the turn from the scale production to the size production, the latter being typical to the current status of economy.

The scale economy ensures the diminution of unit costs by increasing the production resulted through the operational efficiency.

The size economy reduces the unit costs in proportion as the variation of products increases, which can be obtained by:

- synergies of similar processes;
- management of centralized activities and not independent activities;
- connections within the value chain.

Also, the flexibility of the commercial function increases by means of marketing that introduces the client “structure” within the organizational structure, with influences in its entire area [3].

The flexibility of the financial-accounting function supports the high costs of generating the flexible systems, emphasizing also the risk element.

But flexibility reduces the risk, the two measures being in inverse ratio although the linear relationships are limited. Generally, there can be said that:

$$F = \frac{1}{R}$$

where:

F is the organizational flexibility under all aspects;

R is the risk of the organizational actions.

It comes out that the inflexible organizations are the most vulnerable in respect of perpetuation and adaptation to the environment.

The three levels i.e. stakeholders, managers and employees which do not intermingle, "mix", into the context of turbulent environments, have "neural" connections and results expected in respect of:

- risk;
- revenue;
- flexibility.

The last element emphasizes the connection to the environment; on long terms, it reduces the risk that accompanies any economic action and it could increase the revenue.

In addition, flexibility favours innovation which implies change and adaptation to the environment, in respect of the organizational resources, including the financial ones (Moldoveanu and Dobrin, 2007).

The flexibility of the research-development function is conceived and implemented on the biological-rational manner (Rosca & Moldoveanu, 2009) and the review of the decisional, structural, methodological and informational subsystems within the managerial domain.

Organizations, similarly to the alive world structure, superior to the artificial one, have as major objective adaptation and perpetuation, in all types of environment, including the turbulent ones, fact that implies flexibility. The decisional system with major role into the managerial "packets" could be based upon the "genetic algorithms" which go for "better", not for hypothetical, hidden conditions. The structural subsystem (boned) is founded into the new thinking upon flat structures, not slender structures having a systems unique resolution.

The managerial instruments are updated continuously, similarly to the organizational environment: at present, most of the management methods and techniques are static, an abstractness that could not be found nowadays.

The research-development function should reconsider all its applications beginning with the biological-rational model (Moldoveanu, 2009), and going towards the artificial one which it is willing to create and not otherwise (Moldoveanu & Dobrin, 2007).

The flexibility of research-development could be seen from two points of view:

- a flexible department of research development that could adapt easily to the market demands;
- the activities within the research-development department¹ should be focused on the creation of products, services and flexible processes.

The flexibility of the human resources and cultural function is ensured by enrichment of each profession with a large area of activities typical to various but convergent domains, to assure and develop the created values (Moldoveanu & Rosca, 2011).

This type of flexibility could be divided into four subcategories:

- managerial skills;
- employers' skills;
- culture of the corporation and
- organizational structure.

To improve human flexibility, we should consider:

- involvement of all people into all activities;
- use of teams to lead themselves;
- hearing people and recognizing their performances;
- devoting time for the recruiting process;
- training and retraining;
- awarding incentives based on appropriate indicators and

¹ Research activities in the field of constructive and technological design and of the organizational processes.

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- support for the employees by retraining and reinvesture as an alternative for the diminution of costs involved into the domain.

Flexibility should become part of the corporate culture. The culture of the firm could be defined as a set of beliefs and assumptions normally held by an organization and acquired by its members. The more innovative is the culture of an organization, the more willing it is to recognize and adopt the change, the more higher are the possibilities of the organization to acquire strategic flexibility.

Studies conducted by the authors inside lucrative companies revealed that 70% of top managers, 50% of middle managers and only 35% of operational managers have knowledge about organizational flexibility. This is considered a bad state of the present stage, chacterized by an excessive turbulence.

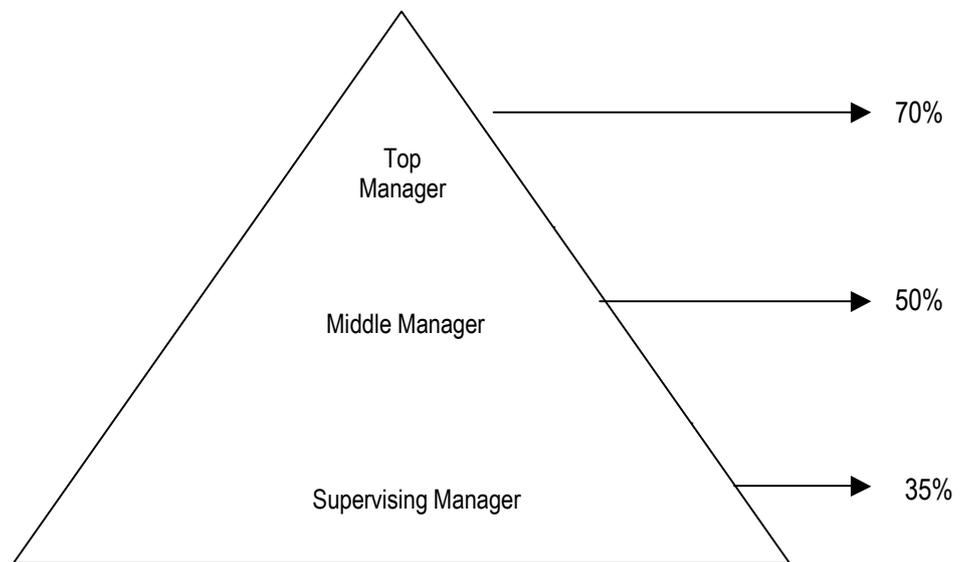


FIG. 2 - ORGANIZATIONAL FLEXIBILITY SKILLS

In this conditions, we can shape two directions for increasing the performance:

- creating a link between strategic vision, known by elites (top workers) and the following levels;
- reforming supervisory managers who operate with top management concepts.

The top societies are perfectionists and therefore the standard is the permanent learning and qualification in more fields of activity. The time flexibility is universal, the employees being appointed by contracts with fixed terms and for determined intervals.

Skilled employees, not employees with unique expertise specializations, have the oportunity to access more jobs, in various areas and not necessarily in the same profession (Rosca & Moldoveanu, 2009).

2. THE BENEFITS AND INCREASE OF THE ORGANIZATIONAL PERFORMANCE

The unity of the flexibility of the organizational functions ensures a reduced time to respond to the clients' demand for new products, by parallel or parallel-successive processing.

The entire capital of the organization is better used. Thus, the technical one ensures the manufacturing of families of products on the same machines, without additional fixing or with an appropriate economic sister. The entire productive potential is concentrated on a reduced surface, the products pass from one shift to another, independently, the operational time being unaffected. The production programmes can be automatically corrected, in respect of the real status of system functioning at a given time, fact assuring a high use coefficient of the available time of machines (Moldoveanu & Dobrin, 2007).

The labour increases qualification, concentrates on intellectual activities, the production being non-assisted by operators, the transfer and feeding being done automatically.

The processing inventory is reduced by coordinating the process of technical and organizational information, on the basis of preset programmes (Moldoveanu, 2009).

Why limited reality of the flexible systems?

The product markets are currently materialized by random demands of various products in various generally low quantities, at various and very short terms. In order to satisfy the highest degree of these demands before competitors, the firms should hold an appropriate production power. One of the main factors determining this power is the flexibility of the own production system.

The major issue that should be solved consists in verifying if the flexibility of the existing production system of the firm corresponds to the satisfaction of the market demand and if not, the determination of the required investments for the growth of the existing flexibility to the extent to which the firm could satisfy the market demand in respect of obtaining the maximum profit. In this respect, beginning with the market demand, it is necessary to determine the required flexibility of the production system of the firm, i.e. designed flexibility, then to determine the flexibility available into the production system at a given time, i.e. actual flexibility, then, by comparing the two flexibilities should result if it is necessary the growth of the flexibility of the production system and in accordance with this, there should be determined the required investments.

The flexible system, in the above concept, is an expensive one, requesting a high investmental effort.

In addition, the period of recovery is relatively large, especially the economic success is not immediate and the designers do not identify thoroughly the controlled flexibility.

Also, the integration of the system components implies difficulties that are solved step by step.

3. CONCLUSIONS

Demassing of the processing systems, keen competition and diversification of requirements adressed by customers belonging to different "social classes" impose the flexibility of the organizations from all points of view and, first of all, within the domain of processing goods and services.

High costs of these systems could be diminished after achieving the period of the "efficient combination" of function components and the efficiency and performance could occur within organizations.

The processing rhythm as a major organizational vector generates a healthy evolution of the measures that mark off performance.

The flexible organization is continuously adapting to the environment, similarly to the biological rational models (Moldoveanu, 1999); it is viable and makes progress step by step in accordance with the demand (Moldoveanu & Rosca, 2011).

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