



Chapter IV

Relationship Between New Information Technologies and Flexible Organizational Forms

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Abstract

This chapter offers a theoretical investigation of the relationships between new IT and the implementation of emerging organizational designs. It argues that IT innovations can be regarded both as cause and consequence of the emergence of more flexible and virtual organizational forms. First, the authors offer a review of relevant previous literature, dealing with new IT, flexible organizational models and the relationships between IT and modular organizational structures. Next, a conceptual model is introduced that clarifies the relationships between IT development, the implementation of flexible organizational designs and environmental dynamism. Finally, conclusions and implications for researchers and practicing managers are presented.

Introduction

The transit from asset-based to information-intensive economies is forcing enterprises to continually generate and distribute knowledge to obtain a sustained competitive advantage. According to ongoing economical changes, traditional bureaucracies are proving inefficient to meet current competitive demands. This dynamic environment is characterized by an increasing development and organizational adoption of new IT.

From an organizational perspective, IT-adoption effects can be analyzed from the following points of view:

- First, the generalization of new IT, and mainly Internet-related technologies, is fostering the development of more dynamic business environments, which requires an efficient response from all market agents.
- On the other hand, pressures for flexibility are bringing about a continuous development of IT that meet companies' changing requirements of fast and efficient resource allocation.

The adjustment of business strategies to environmental conditions can be efficiently achieved, thanks to IT integration and the implementation of flexible organizational models. This chapter offers a conceptual analysis of the relationships between new IT and the implementation of emerging organizational designs.

Theoretical Background

In this section, a review of previous research is provided, exploring the main issues related to new digital technologies and evolving organizational models. This review offers the theoretical support needed for analyzing the effects of global information flows on structural building.

First, the main aspects of the RBV are presented as they relate to the establishment of flexible models, as opposed to the Transaction Cost Theory, which justifies classical bureaucratic models. The differential characteristics of new organizational designs are then depicted and compared to traditional models. Next, authors discuss the main issues related to the development and organizational adoption of new IT. Finally, a review of previous studies analyzing the relationships between both concepts is presented.

Resource-Based Theory and Flexible Models

The RBV argues that different competitive positions derive from each firm's unique bundle of resources and capabilities (Amit & Schoemaker, 1993; Barney, 1991; Barney, Wright, & Ketchen, 2001; Grant, 1991; Peteraf, 1993; Prahalad & Hamel, 1990; Wernerfelt,

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