

Chapter 27

Strategic Decision Making: The Innovation and Implementation of a New Sourcing Solution

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EXECUTIVE SUMMARY

Digital technologies are changing the nature of work. Through a case, this study demonstrates the adoption of new forms of work in an organization. The HR department of the information technology firm XYZ often finds it a challenge to place resources with the right technical skill set in their projects within the timeframe specified by the clients. The fact that most skilled workers would retire in the next 10 years posed a different issue. The production of error free monthly reports of resource allocations was another challenge. Drawing from ecology theory, this study expands existing theories of strategic decision making in the context of innovation adoption. The study contends that the innovation of platform sourcing by creating a sustained competitive advantage can solve the challenges. The study adopts the lens of work design to understand the effect of technology on individual outcomes and support the implementation of the innovation.

ORGANIZATION BACKGROUND

The Information Technology firm XYZ was established in 2013 with the aim to provide IT solutions to its clients. The head office of the firm was situated in the IT hub of India, Bangalore in the state of Karnataka and the company intended to be one of the key players in Information Technology solution providers. There were more than six hundred employees working in five departments, majority being engineers and experienced technical employees. The employees were very energetic and constantly strived for better results to stay ahead of competitors.

Innovation is considered as one of the main drivers of corporate success (Cardozo et al., 1993) and XYZ firm ingrained it in its culture. Qualities such as teamwork, beliefs and ideals of leaders, empowerment, transparency and the flexibility towards new ways of collecting ideas are among the repeatedly

DOI: 10.4018/978-1-6684-4503-7.ch027

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occurring factors which characterize an innovation culture (Erickson et al., 2012). The firm XYZ with its intense innovation oriented culture encouraged innovations. The processes of the business could be described as knowledge based with focus on the results. The top management organized monthly meetings with department managers and each department had its weekly management meetings to discuss operations and other related issues. The firm invested more than 6 percent of its annual revenue in learning and development activities. The attrition rate of the firm in 2018 was 10.6% which was the lowest in the Indian IT Industry.

SETTING THE STAGE

The Information Technology (IT) sector in India plays a crucial role in driving growth of the economy in terms of employment, export promotion, revenue generation and standards of living PWC (2011). Many studies assert the changing nature of work, career identities and work-life in the 21st century (Barley, Bechky & Milliken, 2017). The notions of employee engagement, motivation, recognition, nature of careers and the concept of national culture is gradually disappearing as new generations arrive on the scene (Schultz & Schwepker, 2012).

The scenario of absence of a talent bench (Chaturvedi, 2016), less planning around talent and consistent approach to workforce planning (Sablok et al, 2017) is a recurring theme in recent researches. Much of the 2016 Deloitte HR trends (Bersin et al, 2016) reflects these challenges. The report calls for structural changes with a focus on teams along with creation of flexible work arrangements where organizations look for talent from freelancers beyond the boundaries of the firm (Bersin et al. 2016). Hence one of the core objectives of human resources function in the upcoming years would be to establish organizations which are flexible. The means of work to suit flexible organizations would result in job reconfigurations with a mix of short-term and long-term employment contracts (Shelton, 2014). To facilitate the transitions towards flexible work, organizations would utilize the potential reservoirs of capabilities through collaborations. The collaborations with external environment including freelancer workers would ensure a continuous flow of talent through novel and flexible contracts (Willyerd, 2010). Among freelancer nations India is ranked second after the USA (Elance, 2013). With respect to the trend of freelancing growth, India is seventh among the top ten earning nations, with the USA placed first and the Philippines placed second (Upwork, 2014). In matters of the volume of work completed Indian freelancers top the list, though US freelancers achieve the most on terms of earnings as their charges are considerably higher (Menon, 2015).

The information Technology firm XYZ, in India operated in an environment marked by these changes in workforce and working arrangements. Many studies contend that the external environment would influence the structure of an Organization (Donaldson, 2001). Fiedler (1967) in his contingency theory argues that organizations and environments are constantly changing, and there exists a need to monitor environments and analyze information before making decisions. The contingency theory asserts that for an organization to be effective there should be a fit between the structure of the organization and the environment in which the organization operates.

As certain aspects of the Information Technology firm XYZ became tightly coupled, it became difficult to identify the optimal combination of design choices to achieve desired outcomes. As the firm continued its expansion it faced the challenge of grooming and retaining a diversified talent pool. With

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