

## Environmental Uncertainty and Flexibility

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The economic downturn which began in 2008 resulted in a turbulent business environment making it extremely difficult for organisations to formulate and implement strategies. Business houses all over the world struggle to predict future trends because of environmental uncertainties. These uncertainties can be broadly classified into three categories as follows: (i) State uncertainties—when business environment or a particular part of it is unpredictable (Conrath 1967); (ii) Effect Uncertainty—deals with the effect of these uncertainties on a particular project or firm as a whole (Duncan 1972) and (iii) Response uncertainty—deals with the inability to gauge the consequences of choice of response (Conrath 1967; Duncan 1972). In such an environment organisations face a number of challenges like attracting and retaining talented employees, reducing the amount of uncertainties and creating a company culture suitable for facing uncertainties (Hartman 2009). While operating in such an environment organisations need to acquire capabilities which enable them to adapt quickly to changing environments. This implies that contemporary organisations need to have tremendous amount of flexibility in their operations. Flexibility helps organisations to overcome many of the challenges associated with uncertainties and improves their overall competitiveness. Furthermore flexibility is important to justify the need to invest

in high gestation projects which otherwise may look financially unviable.

In an uncertain environment, achievement of sustainable competitive advantage largely depends upon an organisation's ability to change its objectives very quickly and to reconfigure strategically (Hitt et al. 1998). This type of capability is known as strategic flexibility. Evidence provided by empirical studies indicate that strategic flexibility is positively related to organisational performance (Grewal and Tansuhaj 2001; Nadkarni and Narayanan 2007; Worren et al. 2002). Findings from empirical studies also suggest that strategic flexibility facilitates greater level of innovation in organisations (e.g. Zhou and Wu 2010; Li et al. 2010). Hence uncertain environment also presents opportunities for organisations to develop their strategic flexibility which in turn helps them to promote innovation and improve performance.

The growth engines of global economy have shifted predominantly to the east where infrastructure, research and knowledge creation is a big bottleneck. Hence, in the current scenario, it is important for the developing and developed nations to understand and appreciate each other's concerns. It was in this backdrop that the Eleventh Global Conference on Flexible Systems Management (IIMK—GLOGIFT 11) was organised at Indian Institute of Management Kozhikode (IIMK) from 9th to 12th of December 2011 in association with Global Institute of Flexible Systems Management, Indian Institute of Technology, New Delhi and Stevens Institute of Technology, New Jersey. The conference provided a global forum for practitioners, policy makers, teachers, researchers and learners to share their practical experiences, knowledge and insights in the evolution, formulation and implementation of strategies and models which enable flexible enterprises to meet the changing requirements of global business.

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We have received about 120 submissions for this conference from various countries including USA, UK, Germany, Japan and Brazil. We have shortlisted 27 papers and on the basis of a double-blind review process we selected 6 papers for this special issue. We would like to thank Prof. Debashis Chatterjee, Director Indian Institute of Management Kozhikode for providing us whole-hearted support to organise this conference at IIMK campus. We are also grateful to Prof. Sushil, Founder President of GIFT Society for giving us an opportunity to organise this conference. We are also thankful to all the reviewers who have helped us in the review process for this special issue.

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