Chapter 77

Toward a Unifying Framework for Defining Internal Human Resource Flexibility:

A Proposal Based on the Resource-Based View Approach

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1. ABSTRACT

A flexible workforce is emerging as a critical success factor to counteract certain organizational rigidities and to guarantee organizational competitiveness in challenging environments. This chapter provides a review of the relevant definitions and classifications of human resource (HR) flexibility that have appeared during recent years. Furthermore, the chapter presents a definition of internal HR flexibility based on the resource-based view approach. From this perspective, HR flexibility is defined as a multidimensional concept. Specifically, this chapter assumes that employees are flexible when they show intrinsic flexibility (i.e. they can easily move between tasks and roles), modification flexibility (i.e. they alter their skills and/or behaviors to adapt to new circumstances), and relational flexibility (i.e. they participate in collaborative activities).

2. INTRODUCTION¹

Tendencies such as the increasing spread of market globalization, new technological developments, the reduction of product life cycles and aggressive competition, are generating high levels

DOI: 10.4018/978-1-4666-1601-1.ch077

of environmental changes and uncertainty for organizations of all types (Volberda, 1996; Sanchez, 1997). These circumstances require rapid responses through adaptations of organizational attitudes and capabilities, which lead to innovative management approaches and organizational methods (Bueno, 1996: 262).

Traditional sources of competitive advantages are changing and it is imperative to deploy new strategies to successfully compete under changing external conditions. In this context, flexibility is emerging as a competitive weapon that allows organizations to counteract current market evolution and competitive levels (Ahmed et al., 1996; Volberda, 1996). Flexibility is a broad concept that can refer to operational issues such as manufacturing flexibility, or to strategic decisions such as alterations in the organization's product-market combinations. All these factors are associated with the organization's efforts to adjust available means to external challenges. Regardless of the specific response adopted by organizations, it is broadly believed that environmental dynamism forces managers to pay increasing attention to the management of the organization's social issues (Wright and Snell, 1998).

Nowadays, organizations require a new type and level of contribution from their workforce. In order to successfully compete under dynamic conditions, people's performance of a fixed set of prescribed tasks is no longer considered adequate. Instead, competitive advantage comes from employees who are engaged in broad openended and interdependent roles (Campbell, 2000; Parker, 2000). The recognition of the importance of employee flexibility for modern organizations has led to a body of research on labor flexibility or human resource flexibility². Broadly speaking, HR flexibility refers to the possibility of varying the quality and quantity of personnel to suit changes in the environment (Gouswaard et al., 2001; Peiró et al., 2002). Interest in these questions arose in the early 1980s and has expanded during recent decades, as can be seen from the development of large-scale studies (e.g. Brewster et al.'s, 1994 study of labor flexibility strategies in Europe) or from the appearance of academic journal special issues on human resource flexibility³.

Due to the growing interest in people as a source of flexibility, it is worth analyzing whether HR flexibility has the same meaning for everyone. Literature on HR flexibility has generated a large number of definitions of this term and is sometimes difficult to have a full picture of these contributions. The first purpose of this chapter is to provide a review of the relevant definitions and classifications of HR flexibility that have appeared during recent years. In this vein, researchers have emphasized two distinct strategies of HR flexibility: external and internal HR flexibility. On the one hand, external HR flexibility refers to alterations in the volume of labor employed, and it coincides with the use of "flexible employment contracts" (Storey et al., 2002) such as short-term temporary workers, temporary help agency or parttime employees (Kalleberg, 2001). On the other hand, internal HR flexibility refers to the flexibility manifested by the pool of human resources in the organization at a certain point of time. From this point of view, higher flexibility can be attained when managers develop and encourage employees to adopt permeable and expandable work roles (Tsui et al., 1997).

Of these two strategies, recent studies have recommended to increasingly rely on internal HR flexibility strategies, which are assumed to result in mutual gains for both the organizations and their employees (Valverde et al., 2000: 650; Kalleberg, 2001: 482). The relevance of internal HR flexibility in modern organizations demands a clear definition of the concept. In this regard, some recent studies have attempted to advance the conceptualization of internal HR flexibility, by delimiting employee features that may contribute to develop organizational responses to external challenges (e.g. Pulakos et al., 2000, Shafer et al., 2001). However, a review of these studies shows a lack of congruence among the dimensions and variables that the previous literature has considered as components of this concept, mainly for two reasons: first, because existing studies belong to a variety of different research fields, and second, because some of these studies lack a clear theoretical basis to guide the definition of the internal HR flexibility components (Breu et al., 2001).

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