



EDITORIAL VIEWPOINT

Marketing and
flexibility

“Marketing and flexibility”: debates past, present and future

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Abstract

Purpose – The purpose of this paper is to outline the articles presented in the Special Issue on the topic of “Marketing and flexibility”, and to discuss key issues associated with major debates relating to flexibility in order to position the articles within a wider context and highlight some key issues for further research.

Design/methodology/approach – Themes in prior research relating to “Marketing and flexibility” are documented and the growth of research interest into strategic flexibility is tabulated. The contributions of each article are briefly discussed.

Findings – There has been a steady growth of research interest into flexibility. To provide an example of this growth, the increase in the number of articles published on the topic of strategic flexibility in scholarly journals is highlighted over a 20-year period. Key issues in prior research such as alternative definitions and the different postulated relationships between market orientation and strategic flexibility are revealed, as are issues for future research.

Originality/value – Key issues relating to research into flexibility for marketing scholars are revealed.

Keywords Flexibility, Strategic flexibility, Management strategy, Marketing strategy

Paper type Viewpoint

Introduction

Whereas the topic of flexibility has historically been under-represented in the marketing literature much work has been carried out in other business disciplines. For example, in the operations management literature the topics of flexible manufacturing equipment and processes have been given much attention. Similarly, in the HRM literature labour flexibility is considered important for business and much research effort is directed at this issue. In the strategic management literature strategic flexibility and overcoming inertia are important themes and widely researched. In comparison the marketing literature has historically presented relatively few contributions to the “flexibility debate”, fuelling the need for this special issue.

In this article, I first discuss the conditions that have contributed to the need for more research into “marketing and flexibility”. I then highlight some of the major debates relating to flexibility, as a background to the research articles presented in this special issue, to set them within a wider context. Next, I briefly introduce the articles presented in the special issue before concluding with some major challenges for the future.

The need for further research into “marketing and flexibility”

A review of the literature indicates the topic of “flexibility” is climbing up the research agenda in many business disciplines as highlighted by a steady growth in the number



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of articles published on the topic. Taking an example of interest to scholars of strategic marketing, Figure 1 indicates the steady growth in the number of articles published on the topic of strategic flexibility in scholarly journals, over a 20-year period. For the five-year period to January 2011 the average number of articles published on this topic was 12.8 per annum, whereas for the five-year period to January 2001 the equivalent number was 4.6.

There are several major reasons for this increased interest. The topic of flexibility is not only relevant to current practice, but it is also an important topic for scholars when investigating firm performance and the sustainability of competitive advantage.

One of the most important drivers for the need to further understand flexibility is current management practice; in particular, managers are facing considerable challenges when leading and responding to external change. Influential early work on strategic flexibility (Evans, 1991) emphasised the need for flexibility within high technology settings because managers were facing relatively unique challenges of dealing with continuous dynamic change at the time. Facing such challenges is much more widespread today, increasing the need for flexibility in firms and more knowledge of how managers can develop it.

Another factor undoubtedly having an impact on the need for flexibility in firms is the recent economic crisis experienced in a number of countries both in Europe and further afield. Some early work on the influence of market orientation and strategic flexibility on performance was linked to dealing with the aftermath of a previous economic crisis (Grewal and Tansuhaj, 2001) and further development of this knowledge is likely to be much appreciated by managers.

Changes in consumer behaviour are also having an impact on the need for flexibility. The post-modernist marketing literature has long highlighted that consumers can be unpredictable, often subscribing to multiple highly contradictory value systems and lifestyles (e.g. Firat *et al.*, 1993). Consumers can demonstrate tribal behaviour (Cova and Cova, 2002) within horizontal consumer-to-consumer networks

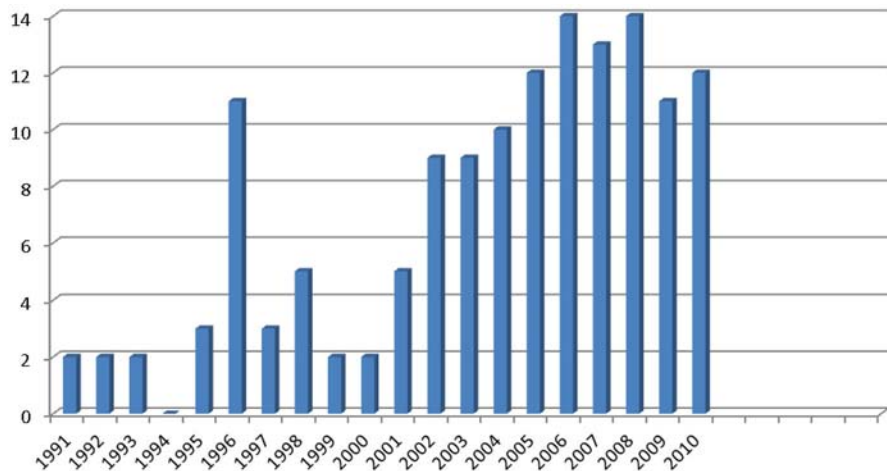


Figure 1.
Strategic flexibility
(number of articles
published in scholarly
journals per annum)

Source: Based on ProQuest search March 2011 (Key word: Strategic Flexibility)
ABI/INFORM Global, ABI/INFORM Trade & Industry

and in these situations brands can be used for their linking value (Cova, 1997) related to their symbolic meaning within the tribe. Flexibility is undoubtedly required to deal with such changes in consumer behaviour, as the implications for strategy can be profound. For example, marketing strategists may be facing the prospect that they cannot control the meanings consumers associate with their brands as much as in the past. Not only are strategists losing some control, but business strategy itself may have to be re-focused, perhaps towards supporting network relationships, to introduce a brand in a way that overcomes scepticism (see for example Cova and Cova, 2002). Even when considering more traditional vertical firm-to-consumer relationships strategy may still have to be re-directed to merge the firm with the consumer to create an unique customer experience (Firat and Shultz, 1997). Flexibility is undoubtedly important when dealing with such profound change.

The impact of increased levels of competition is also considerable. Developing a strong competitive position has received much emphasis in the strategic marketing literature over the years but maintaining this in an era of hyper-competition is increasingly challenging. Some authors highlight the need for unique resources in order to create and defend positions (e.g. Hooley and Greenley, 2005) whereas others emphasise the importance of innovation (e.g. Teece, 2007; Theoharakis and Hooley, 2008) and leadership (e.g. Menguc *et al.*, 2007) to drive uniqueness and differentiation. Possessing flexibility in a hyper-competitive world is a decided advantage, as firms increasingly need to re-configure their business model and/or re-position their brands to sustain competitive advantage.

Organisational change is not easy to achieve. Flexibility needs to be balanced with stability to maintain continuity (see Dreyer and Grønhaug, 2004). Positioning on innovation (Hooley and Greenley, 2005) may be an answer for some firms because this may address the stability/flexibility dynamic; firms can achieve a consistent position but also change at the same time. However, it seems likely that only small numbers of firms will manage to balance stability and flexibility in this way as continual innovation is difficult to achieve, and even harder to get repeatedly accepted by consumers. Many other firms will have to manage stability and flexibility in different ways that will also be challenging. How to manage the stability/flexibility dynamic is undoubtedly a complex question and associated with organisational change and sustainable competitive advantage. Understanding flexibility required to achieve sustainable competitive advantage is not only complex but due to its importance it is increasingly seen as a worthwhile endeavour in these turbulent times.

Such is the background to scholarly work into the topic of flexibility. The nature of the challenge, to understand flexibility because it is required to enable firms to achieve sustainable competitive advantage, suggests the topic is of interest to a broad range of researchers. Much of the prior research is relevant to strategic marketing researchers but the topic can be taken up by a wider audience interested in consumer behaviour, marketing relationships and networks, branding, services marketing and internal marketing.

Major debates relating to “marketing and flexibility”

Flexibility is a complex topic and given the relatively early stage in knowledge development within the marketing and strategic management literatures, it is not surprising that definitional debates are important.

Definitional issues

Evans (1991) considers the meaning of the term “flexibility” and some other common terms with a similar meaning. For example, “adaptability” according to Evans (1991) is a related term, but different in the sense that flexibility denotes the ability to inflict as well as respond to unanticipated environmental changes. Adaptability can also imply a singular and permanent adjustment to change, whereas theorists suggest flexibility implies successive adjustments (see Evans, 1991). Two major debates are ongoing.

Strategic flexibility (as a capability or ability). There are two broad sets of definitions of strategic flexibility presented by researchers. First, that strategic flexibility is a firm level capability (e.g. Evans, 1991; Johnson *et al.*, 2003). Second, that it is a firm level ability (e.g. Sanchez, 1995). The distinction between the two broad sets of definitions seems rarely made, but there are subtle differences between the focus on an ability to inflict as well as respond to change, and the focus on a capability to do so in definitional terms. The Oxford English dictionary suggests that the main distinction is that a capability offers a basic potential to do something, whereas an ability takes into account the power or capacity to do something as well[1]. In this sense a capability is more future-oriented, being influenced by additional contextual factors, some of which may be outside the firm’s control. Conversely, ability is more current and much more based on prior action.

Strategic flexibility and strategic options. Another ongoing definitional debate relates to the use of the term “strategic options” or alternative courses of action in prior research. Sanchez (1995), for example, suggests that the development of strategic options generates variety so that options are available for the firm to take up. This implies that management decision-making is responsible for generating strategic options or alternative courses of action to drive strategic flexibility at a firm level. In a similar vein, Evans (1991) discusses the creation of a range of options before they are needed in pre-emptive manoeuvres. Both authors seem to suggest that possessing a set of strategic options or alternative courses of action is the same as strategic flexibility and these options are required before flexible behaviour takes place and hence any performance benefits accrue.

Johnson *et al.* (2003), however, take a slightly different view and define strategic flexibility as firm level capabilities to generate firm-specific real options thus implying that strategic options are an outcome of strategic flexibility. From this real options perspective strategic flexibility is a capability closely associated with investment decision making, inasmuch as investments are required to develop a set of real options that are available to the firm if they wish to exercise them.

Due to the relatively early stage in the development of research into flexibility, it is not surprising that debates relating to definitions are ongoing and are unlikely to be resolved in the short-term. In the longer-term it is likely that some consensus will be reached as more studies are undertaken and knowledge advances.

Strategy paradigms and flexibility

Perhaps the broadest debate encompassing flexibility is the one relating to assumptions of flexibility within different strategy paradigms.

Balanced (internal/external) focus in strategy paradigms. The classical rational planning paradigm in strategy is based on a hierarchically imposed, normative model of in-depth analysis, planning, implementation and control. From this strategy perspective, external change drives strategy, so the focus is largely on responding to

predictable change and matching internal resources to the changes identified in the analysis. Considerable firm level flexibility is assumed at the strategy implementation phase but as this stage is often separate from strategy formulation, this is a large assumption to make, and may not reflect reality. Top managers tend to overlook assumed flexibility and barriers to change, which can undermine the effectiveness of strategic planning.

External focus in strategy paradigms. Strategy paradigms with an external focus, also assume firm level flexibility. Taking another example, the structure-conduct-performance paradigm underpinning the five forces model (Porter, 1980), developed in industrial organisation economics, also emphasises a rational analytical focus for management and considerable firm level flexibility is assumed when firms reposition with respect to industries (see Gavetti and Rivkin, 2007). However, in another sense flexibility is seemingly irrelevant when considering change within an industry because homogeneity of firms is also implicit in this paradigm (Barney, 1991). This assumption suggests that within a chosen industry individual firm level flexibility is of little importance to competitive advantage (see Teece, 2007).

In contrast, other paradigms with an external environmental focus applied to strategy such as evolutionary paradigms suggest a complex role for firm level flexibility. Darwinian theory suggests that individual organisms cannot change but it allows for some inherent flexibility because less specialised species have an increased ability to survive in different environments. Similarly population ecologists (e.g. Hannan and Freeman, 1989) would point to considerable environmental determinism so that firms cannot change fast enough to fit new conditions. The main implication of evolutionary perspectives is that firms may possess flexibility but this may be ineffective in producing enough flexible behaviour for the nature and speed of external environmental change encountered.

Contingency theory has a different message for managers; that flexibility costs in efficiency terms may not offer a benefit in non-dynamic markets. Researchers have started to address this concern and environmental effects are included in studies as moderating variables (e.g. Grewal and Tansuhaj, 2001; Johnson *et al.*, 2003; Nadkarni and Narayanan, 2007). As suspected the empirical studies by Grewal and Tansuhaj (2001) and Nadkarni and Narayanan (2007) do confirm the importance of turbulence in moderating the relationship between strategic flexibility and performance.

Internal focus in strategy paradigms. In relation to internally focused perspectives of strategy, such as the resource-based view, flexibility crops up in a number of ways. One main consideration is that flexibility implies that resources can be developed over time so they can remain valuable, rare, inimitable and non-substitutable (Barney, 1991) even though hyper-competition suggest that this is difficult to achieve in practice. In contrast, the resource-based view also highlights a more limited role for flexibility in the maintenance of competitive advantage, through historical path dependency.

Flexibility is also key to another main debate into the importance of resources to sustainability of competitive advantage because the resource based view has been criticised as purveying a rather static model of business with little emphasis on the need or possibility to re-configure resources to deal with change (Teece *et al.*, 1997; Teece, 2007). The literature on dynamic capabilities has considerable synergies with the literature on strategic flexibility and, returning to definitional debates, there are considerable similarities found in the definitions of both.

Market orientation and strategic flexibility

Perhaps the most central debate to this special issue is the relationship between market orientation and strategic flexibility. Some strategic flexibility, or the ability to lead or respond to change, is required when implementing the marketing concept so it is difficult to envisage that they both have independent effects on performance (Combe and Greenley, 2004). However, the literature presents a confusing picture of this relationship, as three major alternative positions are adopted by researchers. First, is that market orientation and strategic flexibility has separate independent effects on performance (Grewal and Tansuhaj, 2001). Second, is that strategic flexibility mediates the relationship between market orientation and performance (Johnson *et al.*, 2003). Third is that market orientation moderates the relationship between strategic flexibility and performance (Saini and Johnson, 2005). This lack of consensus is confusing for both practitioners and scholars alike so more research is required to clarify relationships.

In summary, it is clear that many of the major debates surrounding the topic of “Marketing and flexibility” are ongoing and require much more empirical research to inform them. There are many gaps in our knowledge and therefore considerable opportunities for researchers to contribute.

The articles in the special issue

In ordering the articles presented in the special issue, I have attempted to present them logically; first, are the articles that focus on the need for flexibility, followed by those that consider antecedents necessary to develop flexibility. Finally, are articles more focused on relationships between flexibility and its consequences.

I start with the article by Brent Dreyer and Kjell Grønhaug on the topic of unpredictability because this issue is central to the need for flexibility within firms. In “Coping with unpredictable supply: the role of flexibility and adaptation” the authors focus on a particular form of uncertainty; that of unpredictability of supply of raw material. They investigate both different forms of uncertainty and different forms of flexibility in data covering a period of more than 20 years. The findings have a stark message for managers, because unusually, the data includes firms that have gone bankrupt during the period. The authors highlight, by a comparison of failures and survivors, that an integration of different forms of flexibility is critical for performance and survival.

In the second article, Catharina Gylling, Richard Elliott and Marja Toivonen tackle a thorny issue in strategy; that of a lack of understanding between the different actors involved in, and the consequences of, strategy implementation. In “Co-creation of meaning as a prerequisite for market-focused strategic flexibility” there is the added complexity of the research context, wherein managers are dealing with changing customer needs, and changing business models within a network. Detail is provided by an action-based case study. This involves workshops to develop common understandings within the sub-cultures of a network business model, and thus more effectiveness in meeting customer needs in a flexible way.

In the next article, Robert Hamlin, James Henry and Ron Cuthbert focus on developing strategic flexibility in firms via a niche portfolio approach. In “Acquiring market flexibility via niche portfolios: the case of Fisher and Paykel Appliance Holdings Ltd.” case study evidence is presented, which indicates that firms can plan

for flexibility. The theme has some resonance with that of developing real strategic options to spread risk and develop resilience to unpredictable change. Much detail is provided to highlight the implications for managers considering a niche portfolio approach to developing strategic flexibility. The authors' typology of niche development and breakdown is a very useful development to add to our knowledge.

In the next article, Ian Combe, John Rudd, Peter Leeftang and Gordon Greenley also focus on antecedents to strategic flexibility but the focus here is on conceptual development. In "Antecedents to strategic flexibility: management cognition, firm resources and strategic options" the authors point to the current lack of consensus in how to develop strategic flexibility. They then present an empirically derived conceptual model to highlight the importance of the development of strategic options by managers as an antecedent stage to strategic flexibility at a firm level. The implementation of strategic options is seen as a proxy for strategic flexibility.

In "Flexible business models" Katy Mason and Stefanos Mouzas elucidate a fascinating topic of interest to both scholars and managers alike. Surprisingly, while the term "business model" is well known to business managers and consultants, the topic has historically been under researched. In this article the authors use a matched sample of high and low performing firms to investigate flexibility afforded by different business models. The authors identify six different business models that differ in their ability to achieve flexibility.

In "Strategic flexibility in open innovation" by Risto Rajala, Mika Westerlund and Kristian Möller the authors investigate designing business models involving open source innovation. They provide considerable detail within a case study to highlight the influence of open innovation activity and market orientation on strategic flexibility and the firm's business model.

Next, Yiannis Kouropalatis, Paul Hughes and Robert Morgan present "Pursuing flexible commitment as strategic ambidexterity: an empirical justification in high technology firms". The commitment-flexibility dynamic in strategy is a fascinating topic for scholars and has considerable implications for managers. The authors point out that prior research tends to posit commitment, such as commitment to the status quo, as an opposing dimension to flexibility. However, in this study both dimensions are seen as part of a fundamental balancing act. A major question relating to strategic flexibility is raised; how do firms de-commit from previous strategies and commit to new strategies?

Finally John Cadogan, Sanna Sundqvist, Kaisu Puumalainen and Risto Salminen present "Strategic flexibilities and export performance: the moderating roles of export market-oriented behaviour and the export environment". The authors develop and test a model, which includes internal factors and environmental moderators, and these were found to influence export sales performance. The clear distinction is made between flexibility as a latent construct that may or may not be manifest in flexible behaviour. In sum, the authors not only develop knowledge of the relationships between flexibility and performance, but in doing so they help clarify the domain surrounding strategic flexibility.

Major challenges for the future

We are likely to see a development of research into several areas linked to the themes developed in the articles in this special issue. Rather than attempting to second-guess

the creativity of researchers in addressing challenges for the future, I focus here on two major themes that are highly relevant for practitioners, but where a lack of knowledge currently exists.

Managers and flexibility

Research has historically provided few answers for managers wanting to know what they can do to help develop flexibility for their firms. Some of the articles in this special issue provide interesting considerations for top managers through insights into different business models they may consider applying or modifying, either by themselves or through open innovation. They may also want to develop niche portfolios to increase flexibility or consider some creative strategic options developed through close interaction with customers.

The links between management capabilities and firm level flexibility are rarely explored in prior studies, largely due to a potential level of analysis problem. However, if we are going to fully understand how firms can develop flexibility, the study of management capabilities and decision-making processes is necessary (Regnér, 2008). Case study evidence seems to attest that managers' do impact on the development of flexibility at a firm level. For example, the impact of the return of Steve Jobs to Apple seems to suggest that top management is important for the firm's ability to lead and respond to change, even though this may be through influencing the culture for innovation and flexibility (e.g. Ahmed, 1998) as much as the generation of strategic options through investment decisions.

Market orientation and flexibility

Some consensus is emerging that in the past scholars have placed too much emphasis on investigating firm reactions to change, so that market driving processes required to lead change have received less attention (see Jaworski *et al.*, 2000; Johnson *et al.*, 2003). Market orientation has a much more limited role if mainly focused on keeping up with changes in customer needs. Marketing academics have had to swallow the unpalatable thought that market orientation might lead to a lack of flexibility and limited performance if too focused on current customer needs. Developing further understanding of market orientation and flexibility required in a proactive, market-driving context is likely to be interesting to practitioners and scholars alike. In sum, more research is required to explore the issue of innovation and its relationship with market orientation and flexibility.

A similar message is emerging from the literature on organisational ambidexterity so further research into market orientation and flexibility within temporal sequencing of explorative and exploitative phases of ambidexterity also seems a major theme for future research (see for example, O'Reilly and Tushman, 2008; Levinthal and March, 1993).

In conclusion, many of the themes highlighted by the articles presented in this special issue are focused, not surprisingly, broadly on the issue of strategy. Balancing flexibility with stability, to lead or keep up with change, is an extremely complex issue associated with sustainable competitive advantage. I have no doubt that to address this complex issue a broad range of research methods is required. If it wasn't complex to develop and sustain flexibility it would be no use as a source of competitive advantage. So researchers, please expect the work to be complex and the advances in knowledge to be difficult.

Acknowledgements

The time for a special issue on “Marketing and flexibility” has arrived. When discussing the project with colleagues several years ago, flexibility was not a major consideration, either for practitioners, or academic researchers. When economies are booming – or at least growing steadily – problems are rarely foreseen, and there seems little thought given to a topic like flexibility. Recent economic problems in Europe, and further afield, have changed practitioners’ agendas, and scholarly researchers are putting more work into understanding the considerable complexity associated with the flexibility required to lead and respond to change. I hope that this special issue helps in the challenging endeavour to understand flexibility more.

I would particularly like to thank Gordon Greenley for his advice during early discussions and work relating to this project, based on his considerable experience as author and editor of academic journals. Gordon acted as joint guest editor on the special issue in the early stages until he took over the main editor role for *EJM*. He was also my PhD supervisor and respected colleague, so I have to thank him for lots more besides. I would also like to thank John Cadogan, Richard Elliot, Andrew Farrell, Nick Lee and Rob Morgan for their advice during the project and the help they gave me in developing my understanding of strategic flexibility. My gratitude goes to Andrew Farrell for constructive comments on an early draft of this article.

One thing is for sure; you do not make many friends acting as a guest editor of an international journal. Developing a special issue on “Marketing and flexibility” was insightful and rewarding, but also frustrating. I will not dwell on the frustrations – instead, I would like to thank the authors for their considerable patience, and colleagues who helped me enormously by acting as reviewers.

Reviewers give up their time in a developmental and supportive role in an effort to improve journal articles. This is often a somewhat thankless task, so I would particularly like to thank the following colleagues who acted as reviewers on the special issue: Bjoern Asmussen, Ross Brennan, John Cadogan, John Coshall, Tefik Dalgic, John Goodfellow, Graham Hankinson, Matthew Higgins, Yiannis Kouropalatis, Ian Lings, Ruth Marciniak, Rob Morgan, Donald Nordberg, Mark Palmer, Arto Rajala, Mohammed Rafiq, Lez Rayman-Bacchus, Alexander Reppel, Gareth Thompson, Jay Weerawardena and other anonymous reviewers for *EJM*.

What is particularly surprising, from a guest editor’s perspective, is that different strategies are used by authors when submitting an article and responding to reviewers’ and editor’s comments. I suppose any guest editor would expect authors to follow the procedures that they follow themselves, but I found different practices. At the start of the review process for example, I found that a letter to the editor outlining the main contributions was not the norm. Reflecting on responses from authors later in the review process, I found that some authors with good ideas “gave up” quite quickly, whereas others didn’t go that extra mile during the rather tortuous academic review process. In stark contrast, a minority of authors not only spent considerable time explaining in minute detail what they have done to address reviewers’ comments, but also explained why they have done so in a particular way and discussed the debates associated with the issues. These authors make a very good impression on reviewers and editors, and are likely to be much more successful.

In summing up, I would like to thank all involved with this special issue. Taking on the guest editor role helped me with my research into strategic flexibility, which is a

difficult and complex topic. It is by detailed study and interactive communication, involving considerable feedback, that we all learn; and being actively involved with this during the project was for me a major benefit of the role.

Finally, I would like to thank David Carson, Audrey Gilmore and Nick Lee (again) for their support and the team at Emerald for their help, and add my acknowledgment that, due to their efforts, *EJM* is a well-read and well-respected journal.

Note

1. I recognise that this conceptualisation may be at odds with authors such as Teece *et al.* (1997) who define dynamic capabilities in terms of abilities and therefore seem to remove the distinction between the two terms.

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Further reading

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