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ORGANISATIONAL ROUTINES MAY NOT BE EFFECTIVE FOR THE EMERGING MARKET FIRMS

Abstract:

Understanding the internal dynamics of an organisation's routines makes it possible to learn more about the organisation, observe the operation of power dynamics, and foresee the potential conflicts that are likely to emerge (Pentland & Feldman, 2005). Eisenhardt and Martin (2000, p. 1106) identify routines as "complex and analytic processes that extensively rely on existing knowledge, linear execution, and repetition to produce predictable outcomes at different organisational levels".

Routines facilitate the learning in the organisations about "what the firm does and how it does" through being transmitted to firm's culture and employees (Zollo & Winter, 2002). Some theorists (e.g., Zollo & Winter, 2002; Ray et al., 2004; Salvato & Rerup, 2011) emphasise the other important contribution of routines which is the execution of codified procedures (such as the standard procedures for the fulfilment of customer orders, creation and execution of marketing campaigns, and launch or development of new products) that serves as a driving force of the firm's whole organisational productivity. Although organisational routine literature based on the research that was mostly conducted in developed countries suggests a strong association between routinisation and firm performance and sustained competitive advantage, this may not always be true especially for the emerging market firms.

Hence, strategic flexibility which "allows firms to respond quickly to dynamic and unstable environmental changes by committing resources to new courses of action, and recognise and act promptly when it is time to halt or reverse existing resource commitments" (Liu et al., 2013, p. 82) is particularly important for the firms operating in emerging markets. Therefore, repetitive and stable routines may not address the context and environment-specific problems of the firms and high strategic flexibility requirement of emerging market firms may discharge routinisation for their strategic operations.

As a support to this argument, a recent research (Kamasak, 2013) that was conducted on a multi-industry sample of 176 Turkish firms revealed some noteworthy results. In the study, whilst no relationship between organisational routines and organisational performance was found business processes were significantly associated with performance. In fact, this finding is consistent with the high strategic flexibility requirements of the Turkish firms. Therefore, the suggestion about the ineffectiveness of organisational routines for emerging market firms may be explained within the context of high strategic flexibility requirements of them as a consequence of the country-specific hyperchanging social, economic, and political environments that were highly observed in most emerging markets.

Keywords:

organisational routines, strategic flexibility, firm performance, emerging market firms

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