

Strategic Reconstruction of Flexibility and Sustainability Towards Improved Organizational Performance

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Abstract

This study aims to explore the reconstruction of flexibility and sustainability, along with the factors that influence their application in organizations to enhance organizational performance. The method employed is a literature review, where various documents, articles, books, and scientific sources are analyzed and processed to draw conclusions. The findings of the study reveal that the reconstruction of flexibility and sustainability strategies are closely related concepts, both playing a crucial role in achieving optimal organizational performance. Flexibility enables organizations to adapt to innovations, while sustainability ensures the long-term achievement of goals without compromising the needs of future generations, which involves managing change, resources, and risks. Key factors influencing organizational performance include technology, the quality of raw materials (input), the quality of the work environment, and organizational culture.

Conclusion: the application of flexibility and sustainability reconstruction to improve organizational performance is to identify flexibility needs, develop adaptability, integrate flexibility into organizational strategy, develop flexible information systems, develop risk management capabilities, develop collaboration capabilities, and develop performance measurement capabilities. Factors that influence the application of flexibility and sustainability reconstruction in improving organizational performance include: Internal factors: organizational structure, leadership, resources. External factors: business environment, customer needs and competition. Other factors: management flexibility and human resource management (HR).

Keywords: Flexibility Strategy, Sustainability Strategy, Organizational Performance

INTRODUCTION

In today's development, the implementation of strategic management is very necessary so that the desired goals can be achieved as well as possible. The role of strategic management, when applied in an organization, allows each unit or part of the organization to carry out its duties and responsibilities optimally. Every

company organization has expanded its market to obtain maximum profit. All of this requires strategic steps and the right tactics so that the process or steps taken by the leadership can be carried out effectively and efficiently.

Strategic management is a plan that is designed and implemented by considering various aspects, with the aim that its impact can provide a positive contribution to the organization in the long term (Fahmi, 2014: 2). Performance has an important meaning for employees; the existence of performance appraisals shows that superiors pay attention to their employees. This can also increase work enthusiasm, because employees who show achievements have the opportunity to be promoted, developed, and rewarded. Conversely, employees who underperform may experience a demotion. Organizational performance itself reflects the ability of an organization to achieve the targets and goals that have been set, as well as its ability to adapt to environmental changes (Robbins, 2017: 43).

Organizational performance results from a combination of various factors, such as the organizational structure, knowledge, non-human resources, strategic positioning, and human resource processes. Achieving performance requires a clear strategy, specific goals, and integrity. A strategy is a comprehensive plan of actions aimed at fulfilling organizational objectives, while goals are primarily focused on enhancing human resource productivity. Since strategy is interconnected, all factors or variables work together and influence performance. Integration is necessary not just to address current conditions, but also to facilitate the changes needed to prepare the organization for future challenges (Hersay, Blanchard, and Johnson, 1996: 383).

Flexibility is a critical trait in business operations due to the fast-paced and uncertain nature of the modern business environment. Sudden and unforeseen changes whether in market trends, technology, competition, or regulations can arise at any time. In such circumstances, flexibility enables organizations to quickly adapt and maintain their relevance.

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Increasing competition also encourages organizations to be more flexible. In a market full of competitors, companies must be able to adapt to new strategies or create unique products or services to stay competitive. Flexibility allows companies to innovate quickly and face increasing competition with a competitive advantage.

As competition intensifies, both practitioners and academics have come to recognize the importance of flexibility and sustainability strategies in driving changes in organizational management approaches, particularly in improving organizational performance. As a result, various analytical models and empirical studies have been created to strengthen organizational flexibility and sustainability.

Reconstruction of flexibility and sustainability strategies are two interrelated concepts that are very important in achieving optimal organizational performance. Flexibility allows organizations to adapt to innovation, while sustainability ensures that organizations can achieve long-term goals without sacrificing the needs of future generations, namely by managing change, managing resources and managing risks.

Reconstructing a flexibility strategy is the process of developing and implementing a flexible and adaptive strategy to deal with uncertainty and rapid change, taking into account the organizational context, organizational capabilities, and the changes and uncertainties that affect the organization. By reconstructing a flexibility strategy, organizations can increase their ability to adapt and be responsive to environmental changes and strategic needs (Sushil, 2017: 537-555).

It is important to recognize that the implementation of strategic management within an organizational setting does not automatically ensure success. Success is determined by the human resources responsible for its execution, rather than the strategic management process itself. The individuals carrying out the strategy must be professionals, possess broad knowledge, and, most importantly, demonstrate a strong commitment to ethics and morals, using strategic management for the benefit of themselves or the group (Sujadi and Setiyanti, 2011: 29).

Organizations can always live and develop because of the existence of humans (human beings) who drive them. These humans are the ones who will later be the actors in an organization. An organization, whether a government organization or institution or an institution called a company or foundation, is all driven by a group of people (group of human beings) who play an active role as actors in an effort to achieve the goals of the organization concerned (Tsauri, 2014: 31).

Organizations are able to survive and grow due to the presence of humans who drive their progress. These individuals become the key actors within the organization. Whether it is a government entity, an institution, a company, or a foundation, all are driven by a group of people who play an active role in striving to achieve the organization's goals (Tsauri, 2014: 31).

The current phenomenon is that organizations that should need changes in terms of flexible management, they are late to change and late to adapt to technological developments. These changes will occur if management can take flexible/non-rigid steps towards changes that occur in the environment around the organization. The purpose of this study is to show management/leaders of organizations that flexible organizational management is necessary and important for the sustainability of the organizations they lead. The importance of this study also provides input for the science of Human Resource Development (HRD) in terms of how to be a flexible leader towards changes that occur, how a leader is sensitive to changes that occur in the organization.

The attainment of organizational goals is made possible through the efforts of the individuals within the organization. There is a strong connection between

individual performance and the performance of the institution or company. In other words, when the performance of members or employees is strong, the performance of the organization or company is likely to be successful as well.

The process of developing and implementing sustainable and flexible strategies involves considering the organization's context, its capabilities, and the changes and uncertainties that impact it, all with the aim of achieving long-term sustainability (Sushil, 2017: 356-357).

Companies that manage to survive amid market uncertainty or leverage influence over customer expectations have more strategic options and can adopt a proactive approach to competition. Organizations with high production levels tend to be more flexible in how they allocate resources, making them more responsive to market changes.

Reconstruction of sustainability strategy is the process of changing an organization's strategy to achieve sustainable sustainability and based on sustainability principles (Sugiyanto, 2017: 168). Reconstruction of sustainability strategy can help organizations improve performance and achieve strategic goals, and can also improve the reputation and trust of stakeholders and can improve the ability to survive and thrive in the long term.

METHOD

The data collection method used in this study is library research, where data is gathered from various written sources such as scientific books, journals, research reports, theses, dissertations, and articles. Library research involves reading books, magazines, and other data sources to collect information from various literatures, whether from libraries or other locations (Mahmud, 2011: 31). As explained above, library research is not just about reading and recording already collected data. Researchers must also process the data they've gathered through the stages of library research.

RESULT AND DISCUSSION

Matusik and Hill (1998) define strategic flexibility as a company's ability to quickly adapt to changes in market conditions. Lau (1996) describes it as a company's capacity to handle uncertainty by adjusting its current objectives, supported by exceptional capabilities and knowledge. Johnson (1992) suggests that strategic flexibility is closely linked to dynamic capabilities, as part of the dynamic capability process in making business decisions can be seen as strategic flexibility. This includes actions like adopting innovation, enhancing R&D, forming strategic alliances, and collaborating in product development.

Flexibility strategy governance refers to an organization's ability to adjust to shifts in the market, technology, or other external factors. This enables the company to swiftly respond to changes, whether related to products, processes, or organizational structure. Strategic flexibility also involves the capability to alter direction or make more adaptive decisions as circumstances evolve (Pereira, C. 2017).

Experts suggest several methods for implementing flexibility reconstruction within organizations to enhance performance:

Teece (2007) outlines several approaches to fostering flexibility within organizations: 1) Building dynamic capabilities, including the ability to innovate, adapt, and manage change; 2) Incorporating flexibility into organizational strategies, such as marketing, operational, and human resource strategies; 3) Creating flexible information systems, including management, marketing, and operational information systems; 4) Cultivating flexible organizational cultures, such as those that promote innovation, embrace change, and focus on change management.

According to Sushil (2017), the factors that influence flexibility strategies in organizations to improve performance are: 1) A dynamic and changing business environment requires organizations to have an effective flexibility strategy; 2) Changing customer needs require organizations to have a flexibility strategy that can adapt to customer needs; 3) Rapidly developing technology requires organizations to have a flexibility strategy that can adapt to technological changes; 4) Limited resources require organizations to have an effective flexibility strategy in allocating resources (Sushil, 2017: 123-127).

Strategic flexibility is a set of skills used to respond to diverse demands and opportunities in a dynamic competitive area and its uncertain competitive area (Hittt, et al. in Abraham, 2021). The ability to be flexible enables entrepreneurs to survive and drive innovation and entrepreneurship processes that lead to sustainable growth, even though the business they own faces various risks and enables the creation of value and superior performance by using strategic options (Comberudd, et al. in Emilia & Honorata, 2020).

There are various literature reviews explaining the definition of sustainable organizations. Most of them relate to three approaches. The innovative approach of the company includes sustainability related to every decision taken to meet stakeholders without sacrificing the needs of stakeholders in the future. Responding to customer needs, treating the environment well/environmentally friendly, using renewable resources, reducing pollution are other steps that can support organizational sustainability. Despite the many definitions of organizational sustainability, the main thing is that sustainability is a process of long-term planning, so that every organization that wants to be sustainable needs to consider its development for the future and assess sustainability to reduce the risk of uncertainty. In addition, the role of flexible management is important in determining this sustainability (Grecu et al., 2020).

Organizational sustainability is influenced by management's role in implementing sustainable initiatives aimed at improving human resources within the company. The concept of organizational sustainability is increasingly recognized as a critical platform for the success of stakeholders—such as customers, employees, shareholders, and suppliers—who have the potential to generate long-term value, capitalize on new opportunities, and mitigate future risks related to economic, environmental, and social changes. Furthermore,

organizational sustainability serves as a value proposition that can enhance employee engagement (Connell et al., 2018).

According to Michael E. Porter and Mark R. Kramer in their article “Creating Shared Value” published in the Harvard Business Review (2011), the core concept of a sustainable strategy is to create shared value between businesses and society. This shared value can be achieved by aligning business interests with social interests within the company’s strategy.

There are three approaches to creating shared value: 1) Reconceiving Products and Markets: Developing products and markets that address societal needs while enhancing company performance; 2) Redefining Productivity in the Value Chain: Enhancing productivity within the company’s value chain by taking social and environmental considerations into account; 3) Building Supportive Industry Clusters: Establishing sustainable and supportive industry clusters that boost both company and community performance.

A sustainability strategy focuses on ensuring that a company’s operations are not only profitable in the short term but also take into account the long-term social and environmental effects. This involves incorporating sustainability principles into the company’s decisions and operations, ensuring its ability to survive and prosper without depleting natural resources or harming society. By adopting this sustainability strategy, companies can enhance performance and generate shared value with society (Porter, 2008).

According to Handoko (2003), reconstructing a sustainability strategy to enhance organizational performance can be achieved through several approaches: 1) Enhancing adaptability by strengthening the organization's capacity to adjust and respond to environmental changes; 2) Effectively managing change by building the organization's ability to handle transitions and minimize their negative effects; 3) Embedding sustainability into the organizational strategy by incorporating sustainability considerations into strategic decision-making processes (Handoko, 2003: 15).

According to Prasetyo (2019), the factors that influence the reconstruction of sustainability strategies are:

1. Internal Factors

According to Prasetyo (2019: 208–211), several factors influence the development and implementation of sustainability strategies:

- a. The competence of human resources (HR) in formulating and executing sustainability strategies;
- b. The organization’s technological capacity to support the advancement and execution of these strategies;
- c. Financial resources available to back the development and application of sustainability strategies; and
- d. The organizational culture, which can either facilitate or obstruct the successful implementation of sustainability initiatives.

2. External Factors

a) Changes in the business environment that affect the need for sustainability strategies; b) Changing customer needs that affect the need for sustainability strategies; c) Increasing competition that affects the need for sustainability strategies; d) Technological changes that affect the need for sustainability strategies (Prasetyo, 2019: 212-215).

3. Strategic Factors

a) Organizational vision and mission that influence the need for sustainability strategy; b) Organizational goals that influence the need for sustainability strategy; c) Business strategy that influences the need for sustainability strategy; d) Organizational ability to develop and implement sustainability strategy (Prasetyo, 2019: 2016-219).

Organizational performance cannot be attained solely through internal efforts; it is evident that various external and internal factors contribute significantly to an organization's success or failure. Numerous studies have been carried out to identify the key variables that influence performance outcomes.

According to Ruky, there are several components that have a direct effect on the level of organizational performance:

According to Hessel (2005: 180), several key factors directly affect organizational performance, including:

1. Technology, which encompasses the methods and tools used in the production of goods and services;
2. The quality of raw materials (input) utilized in operations;
3. The quality of the work environment, covering aspects such as safety, layout, and cleanliness;
4. Organizational culture, which involves leadership and the behavior of members in alignment with the organization's goals and standards;
5. Leadership, which plays a role in guiding and ensuring members perform in line with organizational objectives;
6. Human resource management, which includes elements such as compensation, recognition, promotions, and other related aspects (Hassel, 2005: 180).

To effectively implement the reconstruction of a sustainability strategy within an organization, several recommendations are proposed:

1. Based on the Sustainability Accounting Standards Board (2017: 12-18):
 - Conduct a thorough evaluation of the current sustainability efforts using SWOT analysis to identify strengths, weaknesses, opportunities, and threats.

- Formulate a comprehensive and integrated sustainability strategy that aligns with the organization's goals.
- Promote cross-functional collaboration to ensure the sustainability strategy is embedded across all areas of the organization's operations.

2. According to Porter & Kramer (2011: 5–12):

- Establish a clear and unified vision and mission centered on sustainability to guide the organization's strategic direction.
- Communicate the sustainability strategy effectively to all stakeholders.
- Implement ongoing monitoring and evaluation processes to assess the efficiency and effectiveness of the sustainability strategy.

3. According to Brynjolfsson & McAfee (2014: 12), Utilize appropriate technology to support and strengthen the implementation of the organization's sustainability strategy.

In addition, Tarumingkeng (2025: 10) emphasizes that management flexibility is crucial for navigating the uncertainties of today's dynamic business environment. Organizations that are flexible can not only survive and grow but also turn uncertainty into an opportunity. To achieve this level of adaptability, companies must develop flexible strategies that cover strategic, structural, operational, and cultural dimensions.

According to Tarumingkeng (2025), in order for management flexibility to be implemented effectively in an organization, there are several recommendations that can be made, namely:

1. Building Adaptive Leadership

Leaders must have the ability to read changes in the external and internal environment quickly and make the right decisions. Adaptive leadership emphasizes strategic thinking, openness to innovation, and the ability to manage change effectively.

2. Adopting a Flexible Business Model

Organizations need to consider business models that allow for rapid adaptation to change, such as digital platform-based models or open business ecosystems that enable collaboration with various stakeholders.

3. Increasing Organizational Agility

The use of Agile methodologies in project management and product development allows organizations to respond quickly to customer feedback and adapt business strategies according to market conditions.

4. Implementing Digital Transformation

The utilization of technologies like big data analytics, artificial intelligence (AI), cloud computing, and the Internet of Things (IoT) enables organizations to access real-time insights, facilitating quicker and more precise decision-making processes.

5. Building a Learning Organization

Flexibility requires not only changes in structure and process, but also in mindset. Organizations must encourage a culture of continuous learning through training, skills development, and the application of knowledge management concepts.

6. Decision Decentralization

Giving authority to lower-level teams to make decisions according to conditions in the field, which allows the organization to be more responsive and efficient in dealing with change.

7. Increasing Stakeholder Involvement

Engaging and communicating with a range of stakeholders—including customers, suppliers, investors, and government entities—is essential to understanding evolving needs and crafting suitable strategies.

8. Utilizing Established Frameworks

To ensure that organizational strategies stay aligned with long-term objectives while maintaining flexibility in execution, organizations can adopt proven frameworks such as the Balanced Scorecard (BSC), OKR (Objectives and Key Results), and Lean Six Sigma (Rudy, C.T., 2025: 11–12).

In implementing flexibility and sustainability strategies in an organization, measurements are needed, namely:

1. Response time to change

How quickly the organization can adjust its strategy and operations in the face of changes in the market.

2. Customer satisfaction level

The ability to meet or even exceed customer expectations in changing conditions.

3. Product and service innovation

The number and quality of innovations that are successfully implemented in response to market dynamics.

4. Operational efficiency

Cost reductions and increased efficiency in various business processes that allow the organization to operate more flexibly.

5. Employee engagement and adaptation

How easily employees can adapt to change and to what extent they are involved in the adaptation process.

6. Financial resilience

The company's financial ability to withstand external pressures such as economic crises or regulatory changes.

Thus, management flexibility is not only a tool to survive in difficult times, but also a strategy to achieve sustainable growth in this era of uncertainty.

CONCLUSION

Reconstructing flexibility and sustainability strategies involves two interconnected concepts that are essential for attaining optimal organizational performance. Flexibility enables organizations to respond and adapt to innovation, while sustainability focuses on achieving long-term objectives without endangering the needs of future generations, through effective change management, resource utilization, and risk management.

The application of flexibility and sustainability reconstruction to improve organizational performance is to identify flexibility needs, develop adaptability, integrate flexibility into organizational strategy, develop flexible information systems, develop risk management capabilities, develop collaboration capabilities, and develop performance measurement capabilities.

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