

Abstract

Extant literature suggests that the stability of organizational routines helps firms in the efficient performance of their tasks. Several researchers contend that this stability becomes inertial when the environmental conditions transform. The metaphorical conceptualization of organizational routines as the “genes” of the organization is indicative of the difficulty in changing organizational routines. Empirical work in the recent past demonstrates that while routines do change, such change is endogenous, occurring due to the actions of the workforce at the task level. The organizational challenge of adapting these changed routines organization-wide, however, is the preserve of the top management. Heeding the call from strategy scholars to emphasize the role of top management in the change of routines, we argue how the role of top management becomes more pronounced and proactive in growth environments. As growth environments are characterized by opportunities as well as rapid change, this calls for the organizational routines to be stable to exploit the opportunities and flexible to take cognizance of the change. We establish that managing this stability-flexibility dialectic of organizational routines is critical to firm performance in growth environments. We locate our study in the context of Indian software industry that has grown rapidly in order to understand how top managements enable change in organizational routines. We study five major change initiatives launched by the quality department in Wipro to appreciate the interaction between the initiatives launched by the top managers and the extant routines. We recognize the role of structural arrangements in the organization in managing this dialectic and in the adoption of routines that follow. We then seek to understand how the evolution of routines in the light of change initiatives by the top management helped shape the firm strategy. We posit that it was the ability of the organization in moving from a highly individualized tacit knowledge to routinized procedural knowledge through signal, scale, scope and skill that helped it grow. Finally, we analyze the formation of strategic groups in the Indian software industry; we speculate on the role of routines in building competitive advantage, given the fact that the initial resource endowments of these firms were undifferentiated. We conclude with implications for theory and practice.