

The need for requisite variety to support growth: an organizational life cycle perspective

An
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perspective

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Abstract

Purpose – Drawing on the “Giffoni Experience” case study, the purpose of this paper is to establish a conceptual link between requisite variety and organizational life cycle. The law of requisite variety states that – to be viable – a system should be able to achieve the minimum number of states which are required to deal with environmental uncertainty.

Design/methodology/approach – A descriptive case study approach was taken, which allowed a holistic analysis of the subject being investigated. Multiple sources and different techniques were used to collect relevant data, including: document analysis, unstructured interviews with key informants, and participant observation.

Findings – The development of requisite variety is intended to fill the gap between organizational adaptability and increased environmental complexity. The process of requisite variety generation is influenced by the organizational life cycle stages, turning out to be reactive in the early phases of life and proactive in the maturity ones. Ultimately, the development of requisite variety makes the organization able to establish a co-evolving relationship with the environment, which paves the way for greater organizational adaptability and effectiveness.

Research limitations/implications – The research findings are not generalizable; besides, the exploratory nature of this study did not allow to point out a consistent relationship between requisite variety and the organizational life cycle.

Originality/value – To the authors’ knowledge, this is one of the first attempts to examine requisite variety adopting the conceptual lenses of organizational life cycle. Empirical research works dealing with requisite variety are uncommon and generally overlooked by management scholars and practitioners.

Keywords Adaptability, Organizational change, Organizational adaptation, Organizational life cycle, Requisite variety

Paper type Case study

1. Introduction

1.1 Study rationale

The law of requisite variety was introduced in the fields of cybernetics and biology as a fundamental principle of system regulation (Ashby, 1956). A brief explanation of the two terms which build this concept is helpful to better understand it. On the one hand, “variety” involves the number of elements that could be distinguished within a certain system and/or the extent of possible combinations which could be realized by merging them (Shannon and Weaver, 1949). On the other hand, the adjective “requisite” suggests that the noun to which it is attached is useful for a specific purpose and/or it is needed to achieve a desired condition (Bartel-Radic and Lesca, 2011).

In sum, the law of requisite variety implies that a system should be able to achieve and maintain a minimum number of alternative states, in an attempt to enhance its long-term viability (Ashby, 1958). As reported by Ashby (1956, p. 207), the law of requisite variety is based on the assumption that “[...] variety can destroy variety.” In other words, a system should be endowed with a control mechanism which enables it to accomplish a number of



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conditions that is greater than – or, at least, equal to – the number of possible states of the system being controlled. That is to say, to obtain the control of a specific system, its variety should be eventually controlled (Bartel-Radic and Lesca, 2011).

Obviously, the larger the amount of permutations which affect the system being controlled, the more varied the required repertoire of alternative states allowed by the control mechanism (Ashby and Goldstein, 2011). Nonetheless, it could not be supposed that all of the possible states of a system are desirable. In fact, there is a cost to an increasing number of states – i.e. variety – even if all are deemed desirable. From this point of view, even though internal variety is variously considered to be the only way to tackle external variety (Choo, 1998; Gershenson, 2015 Palumbo, 2016), it should be curbed for the sake of efficiency. Undesirable states should be avoided and only desirable ones should be enlightened (Zeleny, 1986).

Revisiting the traditional definition of requisite variety to adapt it to management studies, Beer (1979, p. 286) claimed that “[...] variety absorbs variety.” Drawing on the original formulation of the law of requisite variety, Beer (1981) maintained that an organization should be able to devise the minimum number of actions which are needed to deal with environmental uncertainty in order to preserve its sustainability. Using the requisite variety terminology, organizations have to develop the ability to generate as much variety as the external environment, striving to control it (Nonaka and Takeuchi, 1995).

Sticking to these considerations, Lewis and Stewart (2003) argued that the Ashby’s law of requisite variety is a fundamental law of organizations. In fact, the latter are called to develop sufficient information management skills and decision-making capacity to cope with the complexity arising in their competitive environment. The organizations which achieve requisite variety are likely to experience a minimization of their costs and risks, thus obtaining sustainable sources of competitive advantages (Scala *et al.*, 2006).

Even though scholars have widely discussed how organizations seek to cope with external complexity by increasing internal variety (Schneider *et al.*, 2017; Ciasullo *et al.*, 2017), still little is known about the dynamics of organizational requisite variety generation. This is surprising, since a link between requisite variety and the organizational life cycle could be envisioned. The organizational life cycle literature is based on the belief that the ability of an organization to face the pressures and challenges of the external environment varies according to its growth (Jawahar and McLaughlin, 2001). Therefore, embracing the lenses of organizational life cycle could pave the way for intriguing conceptual and empirical implications about the process of requisite variety development.

1.2 Research context and aims

As previously anticipated, this study adopts an organizational life cycle perspective and tries to shed light on how requisite variety develops and evolves over time (Gupta and Chin, 1993). Drawing on the case study of “Giffoni Experience”, some *a posteriori* propositions are figured out about the relationship between requisite variety and the organizational life cycle. In light of the findings collected, the generation of requisite variety is argued to follow different routes, which depend on the organizational stages of life. Although these results are context specific and rely on the special attributes of the subject being investigated, they provide some food for thought to inspire further conceptual and empirical developments.

“Giffoni Experience” is a cultural initiative in the field of cinema, which was launched in 1971 under the name of “Giffoni Film Festival.” It is held in the municipality of Giffoni Valle Piana, a small town located in Southern Italy, within the district of Salerno. At the beginning, this initiative was mainly intended to promote the collective awareness of the distinguishing role played by the movies addressed to a young audience in enhancing local social capital. Moreover, it pursued the concurrent purpose of contributing to the production of high-quality films for children and adolescents, thus supporting their ability of penetrating the global market.

At a later stage, the promotion of the local economic development was included among the incidental aims of “Giffoni Experience.” The idea at the basis of this initiative was to make the main attendees of the event – that is to say young people aged from 3 to 22 years – the key players of the festival, with the role of evaluating the quality of the films and awarding the best ones.

In consideration of both its eminence among film festivals all over the world and its ability to handle and absorb the increasing variety of its competitive environment – which is witnessed by its 47 years’ history – the “Giffoni Experience” turns out to be an interesting case to investigate the relationship between requisite variety and organizational life cycle.

The remainder of this paper is organized as follows. Section 2 depicts the theoretical background on which this paper is built. Section 3 describes the research design and methods, providing some information about the process of data collection and analysis. The findings are depicted in Section 4, which focuses the attention on the development of requisite variety during the stages of the “Giffoni Experience” life cycle. Section 5 critically discusses the research findings, analyzing them in light of the limitations which affected this study. Discussion paves the way for both conceptual and empirical insights, which are included in the concluding section of this paper. Eventually, practical implications and an agenda for further research are pointed out, which summarize the twofold relevance of this paper.

2. Theoretical framework

2.1 *The distinguishing attributes of requisite variety*

Requisite variety shows several common traits with more popular constructs in management studies, such as: organizational resilience, strategic renewal, and organizational flexibility. Organizational resilience could be understood as a mainly reactive capability of organizations, which makes them able to respond and adapt to the evolving attributes of the environment (Mayer, 1983; Hamel and Välikangas, 2003). In particular, it involves the capacity to resist business disruptions produced by the emergence of unexpected or unforeseeable external events (Antunes, 2011; Palumbo *et al.*, 2017); besides, it implies an active ability to anticipate such challenges, and to “[...] open new development pathways” (Gilly *et al.*, 2014, p. 601). Agarwal and Helfat (2009, p. 282) proposed the strategic renewal idea, maintaining that it “[...] includes the process, content, and outcome of refreshment or replacement of attributes of an organization that have the potential to substantially affect its long-term prospects.” That is to say, strategic renewal implies the improvement of existing organizational attributes, in an attempt to enhance the organizational ability to deal with growing environmental expectations (Floyd and Lane, 2000). Lastly, organizational flexibility derives from the idea of organizational controllability (Volberda, 1996): it concerns the capability of organizations to tackle increasing levels of disorder, adapting existing structures and procedures to the latter (Hatun and Pettigrew, 2006).

As compared with these constructs, requisite variety should be understood as a dynamic capability, which concomitantly relies on the improvement of existing attributes and the development of new organizational characteristics (Brocklesby and Cummings, 1996). As argued in the introductory section, requisite variety is intended to achieve internal and external control (Maranville, 1999). From this standpoint, requisite variety is only apparently in contrast with the architecture of simplicity proposed by Miller (1993). In fact, it assumes that organizations should match – and not overwhelm – the complexity of the external environment (Weick, 1977), in an attempt to enhance their long-term viability (Godsiff, 2010).

The attention paid by the management literature to requisite variety is increasingly growing. Mainly conceived as a concept borrowed from an existing archetype (Poulis and Poulis, 2016), requisite variety has been variously identified as: a predictor of firm performance

(Morlidge, 2009; Vogus and Sutcliffe, 2001); a tool to manage demand variability (Ojha *et al.*, 2013); a critical factor affecting new products' development (Wiredu, 2007) and manufacturing inter-organizational processing management (Gang and Xiaona, 2008); an approach to diagnose, simulate, and improve business processes (Azadeh *et al.*, 2012); a device to enhance human communication and conflict resolution (Hu, 2008) and to boost organizational learning (Rosendaal, 2009); and an effective strategic planning instrument (Stephens and Haslett, 2011; Fransoo and Wiers, 2006).

The application of the law of requisite variety to management studies is consistent with the adoption of an ecosystem perspective, which emphasizes the adaptive tension of organizations (McKelvey *et al.*, 2012). Such an adaptive tension pushes organizations at the edge of chaos, where they try to balance stability and variety and to increase the organizational fitness (Boisot and McKelvey, 2010). The organizational ability to enhance its requisite variety turns out to be crucial to handle both internal (e.g. human resources management practices, as reported by Krefting *et al.*, 1997) and external dynamics (e.g. management of demand variability, as argued by Ojha *et al.*, 2013), paving the way for better organizational performances.

In spite of these arguments, Poulis and Poulis (2016, p. 518) problematized the applicability of the law of requisite variety to management, claiming that "[...] agency matters in complexity." In particular, a sort of complexity misalignment may affect the adaptive tension of organizations, preventing their ability to match external and internal variety. Therefore, the law of requisite variety turns out to be inherently questionable. In light of these considerations, it is not surprising that – even though it has been applied to different management and organizational issues (Hayes, 1992; Martineau *et al.*, 2017) – it is still unclear how the law of requisite variety could be applied to social systems (Zeleny, 1986).

The adoption of an evolutionary perspective may help in contextualizing the law of requisite variety to organizations (Boisot and McKelvey, 2010). For the purpose of this paper, the organizational life cycle point of view is embraced, according to which the ability of organizations to adapt to the external environment is assumed to change over time (Gupta and Chin, 1994). It is supposed that the development of requisite variety at the organizational level is influenced by the stages of growth of the organization.

2.2 Reading requisite variety through the organizational life cycle perspective

Just like requisite variety, the organizational life cycle theory is rooted in biology (Kimberly *et al.*, 1980). In fact, it is based on a sort of anthropomorphization of organizations, assuming that the latter grow and develop following a life cycle which is composed of various stages (Lester and Parnell, 2008). Scholars are not consistent in identifying the number of stages which provide an adequate representation of the organizational life cycle (Dodge *et al.*, 1994; Phelps *et al.*, 2007). However, a convergence toward a five-stage life cycle model seems to characterize the prevailing scientific literature (Churchill and Lewis, 1983; Hanks *et al.*, 1993).

Among others, Lester *et al.* (2003) proposed a five-stage model which has been argued to be relevant for all the types of organizations. Moreover, it recognizes a series of homogeneous activities which are associated to each stage of the organizational life cycle. In particular, organizations are argued to progress from existence to survival, success, renewal, and decline. For the purpose of this study, a re-elaboration of the five-stage model suggested by Lester *et al.* (2003) is used. An effort to match the life cycle stages to the organizational evolution is accomplished; from this standpoint, decline is not considered to be a stage of the life cycle, but a consequence of the inability of organizations to implement adequate renewal initiatives. Table I depicts the five stages of the re-elaborated five-stage model, providing a quick description for each of them.

Life stage	Definition	Organizational main concern
Birth	The organization come into existence and faces an unknown and uncertain environment. To increase its ability to survive the environment, the organization has to identify adequate sources to nourish its growing stages	Viability is the main focus of organizational strategies and actions
Early growth	The organization strives for growing and improving its viability. For this purpose, more articulated structures and procedures are introduced; besides, the organization attempts to obtain distinctive sources of competitive advantage	The organization is called to acquire distinctive competences and adequate resources to nourish organizational growth
Growth	The organization successfully grows and is able to face the growing challenges of the external environment. The senior management tries to analyze and control the environment, in order to further improve the growth of the organization	Strategy and planning are the most important concern of the organization. Various organizational layers are introduced to match the complexity of external environment
Maturity	The growth of the organization slows down. Structures and procedures become more formalized and articulated, in an attempt to increase the internal variety. However, formalization also paves the way for a greater organizational rigidity	The attention is focused on the internal problem. Hierarchy and structures are increasingly formalized, in order to achieve internal control
Renewal	The organization strives for surpassing the rigidity which is associated with the maturity stage. For this purpose, creativity and flexibility are encouraged. The renewal stage may either anticipate an organizational revamp or a decline	Decentralization and flexibility turn out to be the main organizational priorities. Besides, the organization tries to increase its innovation ability

Source: Authors' re-elaboration from Lester *et al.* (2003)

Table I.
The re-elaborated five-stage life cycle model

As argued by Dodge and Robbins (1992), organizations are likely to focus their attention on external problems when they come into existence and progress through early growth. When they achieve success, environmental pressures and internal challenges assume the same relevance for organizations, which strive to enhance their ability to absorb environmental uncertainty and to improve their structural flexibility. In the maturity and renewal stages, internal problems turn out to be the main concerns for organizations, which mainly aim to increase their fitness with the external environment.

3. Research design and methods

3.1 Research design

Different reasons motivate the use of the case study methodology, including the desire to arrive at broad conceptual and practical implications, which are based on the evidence collected (Yin, 2014). Case studies are among the most appropriate methods for appreciating the complexity of organizational and social phenomena. Moreover, they are fitting to deal with “how” or “why” research questions. This is especially true when such questions concern contemporary phenomena within some real-life context (Yin, 2014). In fact, case studies are based on the close and thorough examination of people and issues affected by the topic of interest (Hays, 2004). Therefore, this method allows the collection of heterogeneous and relevant data, which are obtained from the observation, reconstruction, and analysis of the case study subject (Tellis, 1997).

Drawing on the work of Merriam (1998, pp. 27-29), the case study paves the way for a “[...] holistic description and explanation” of the reality being investigated, which in turn

could be described as a single entity around which clear boundaries are established. Indeed, it is a mainly qualitative research design, which concerns the analysis of a unit or a phenomenon with defined borders that the researcher is able to objectively delimit. Yin (2014) identified three approaches which could be encompassed within the case study methodology, labeling them: exploratory, descriptive, and explanatory.

While exploratory case studies generally serve as pilot research works to prompt further developments, explanatory ones are intended to build and test theoretical advancements. Alternatively, descriptive case studies provide a thick description of the subject being investigated (Stake, 1995). Tobin (2010) argued that descriptive case studies are focused and detailed, scrutinizing a specific phenomenon or an entity of interest. In this specific circumstance, the researcher has the main purpose of describing the data collected as they occur, drawing significant evidence from them. For this purpose, the descriptive case study relies on a sound theoretical framework, which inspires the analysis and the interpretation of the investigated reality.

3.2 The process of data collection and analysis

The descriptive case study approach was found to be consistent with the specific aims of this research. Yin (2014) suggested that the case study method requires the accomplishment of four steps, which are strictly intertwined. They include: the preparation for data collection; the gathering of relevant evidence; the data analysis; and the arrangement of the case study report. Sticking to this articulation of the research activities, in the first phase of this study the authors identified the subject of the case study – which has been briefly presented in Section 1.2 – and selected the main sources for the process of data collection and classification.

As suggested by the scientific literature (Dul and Hak, 2008; Amaratunga and Baldry, 2001; Meyer, 2001), multiple sources and different techniques were used to collect relevant data and information about the subject of this case study. First of all, a document analysis which concerned the main activities performed by “Giffoni Experience” was realized. The document analysis included: strategic and business plans, policy reports, information pamphlets, and essays. In addition, the website of “Giffoni Experience” turned out to be an important source of information, which concerned both the state of the art and the future perspectives of growth of the festival. An ad hoc research protocol was designed by the authors to guide the document analysis. The sections of the documents which dealt with the topics of interest for this research were extrapolated and duly examined in their contents. Codes were defined both before and during the document analysis. In line with the qualitative nature of this research, a manual approach to coding and analyzing data was taken.

In light of the findings of the document analysis, unstructured interviews with several key informants, who were conveniently selected among both the staff members of “Giffoni Experience” and external stakeholder, were performed. Unstructured interviews allowed the collection of further data, which were crucial to better contextualize the development of requisite variety to the organizational life cycle perspective. On the whole, eight people were interviewed, three of whom were female. Mean age was 45 ($\sigma = 10.5$), ranging from 36 to 54 years. Interviews lasted on average 14 minutes ($\sigma = 5.08$); all interviews were audiotaped and verbatim transcribed by one of the authors; notwithstanding, the anonymity of respondents was guaranteed.

Lastly, yet importantly, a participant observation was conducted by the authors during the 45th edition of the festival, in order to collect some additional qualitative data, which served as a significant source of information and a way to strengthen the reliability of the research findings. The participant observation lasted ten days (From July 17, 2015 to July 26, 2015). The attention was focused on the innovative initiatives implemented by

“Giffoni Experience” to increase internal variety and anticipate external uncertainty. All the information gathered were arranged within an electronic worksheet, according to a protocol which was agreed by the authors before the beginning of the participant observation, in order to classify the evidence collected in homogeneous categories by topics and sources.

4. Requisite variety in action: the “Giffoni Experience” case study

4.1 *Requisite variety at the early life stages of “Giffoni Experience”*

“Giffoni Experience” – formerly known as “Giffoni Film Festival” – was established in early 1970s, as an attempt to give voice and identity to films for young people in Italy and abroad. Due to the scarcity of financial, economic, and professional resources and the poor attention generally paid to movies for young people, since its birth “Giffoni Experience” faced a hostile environment. The former editions of the festival were characterized by deficient facilities and mediocre quality films, whose participation at the initiative was accepted without any preliminary screening. As stated by one of the key informants, “[...] at the very beginning, the festival was a very intimate affair” [KY No. 3], which was unable to attract the national and the international audience. Besides, since Giffoni Valle Piana is situated far enough from the main natural and tourist routes of the District of Salerno, it was quite hard to attract people to the festival. Therefore, the viability of “Giffoni Experience” was at stake since the first years of its existence.

To handle these challenges, the “Giffoni Experience” expanded its internal variety. In the second half of the 1970s, the senior management of “Giffoni Experience” revised the organization of the festival, with the aims of: enhancing the attractiveness of the event; distinguishing “Giffoni Experience” from similar and/or competing events; and drawing the attention of both Italian and foreign visitors to the festival. Looking for the emancipation of the festival from the traditional film producers, “[...] an unknown world” [KY No. 1] was brought to Giffoni. German and Scandinavian feature films and Russian fairy tales enriched the program of the festival and provided it with an international echo. At the same time, strategic variety was sought for, in an attempt to reduce the dependency of “Giffoni Experience” on external stakeholders and improve its organizational flexibility.

This decision was in line with the trends of cinema for young people in Western countries. In fact, productions targeted to children and adolescent significantly grew in the late 1970s. However, such a growth was affected by a decline in the products’ style and quality. This phenomenon contributed to exacerbate the environmental hostility faced by “Giffoni Experience,” also in consideration of the evolving expectations of its main external stakeholders. To enhance the sustainability of the film festival, strategic variety was turned into operational variety.

4.2 *The growth of “Giffoni Experience” and the development of requisite variety*

Rather than complying with the stylistic decline of movie productions, “Giffoni Experience” preferred to go through “[...] a more challenging path” [KY No. 1]. A focus on films discussing “[...] the key problems affecting the global society” [KY No. 7] was introduced. Moreover, an in-depth screening of movies accepted for presentation at the festival enacted a competitive selection process. Producers from all around the world – including Australia, New Zealand, Iran, Canada, and Albania – were invited to submit their productions for consideration to the “Giffoni Experience.” As reported in an essay summarizing the story of “Giffoni Experience,” the festival became interested in films concerning real stories about “[...] the desires, fears, dreams, anxieties, strengths, and weaknesses of a generation grown in the background of the European cultural and social movements spreading in the 60s and 70s.”

Abandoning its original format, the “Giffoni Experience” achieved an international relevance. By virtue of its ability to establish a lively and exciting environment intended to

support the development of films addressed to young people, the festival drew the attention of the main worldwide representatives in the field of cinema. The attendance of François Truffaut – one of the leading Film Directors and Producers in the second half of the twentieth century – at the 1982 edition of the festival witnessed the international breadth of the “Giffoni Experience.” A writing by Truffaut describing the “Giffoni Experience” as the “[...] most needed film festival in the world” was adopted as the manifesto of its internationalization.

The 1990s brought with themselves new challenges. It became evident that “[...] it does not exist only one kind of cinema for young people” [KY No. 4]. Beyond tastes and expectations, different groups of young people vary in the way they understand and interpret a movie. To improve the ability of the festival to meet the evolving demands of the public, three different competitive sections were established. The films, stories, issues, and languages within each section were differentiated to meet the distinguishing expectations of participants. The competitive sections were designed according to the criterion of age and were formerly labeled “First Screens” (young aged 9-12), “Free to Fly” (young aged 12-14), and “Rear Window” (young aged 15-19). Each competitive section was conceptualized as a specific niche of the market of films for young people. In the latest editions of the festival, the differentiation was expanded: seven competitive sections were introduced, involving children and adolescents aged from 3 to 22 years.

4.3 The role of requisite variety during the maturity stage

From 1990s onwards, “variety” represented the keyword of the “Giffoni Experience” evolution. It did not solely concern strategic and/or managerial decisions, but also everyday work practices. Firstly, the festival activities were expanded, in order to make the “Giffoni Experience” working all year round. The initiative “Movie Days” was launched, with the purposes of enlarging the traditional festival audience and anticipating the environmental changes through the establishment of a more continuous and reliable contact with the public. In particular, this action was aimed to bring the soul of the “Giffoni Experience” within the primary and secondary schools of most of Italian regions, thus being in touch with the needs and the expectations of almost 22,000 students per year.

Due to its quick and broad success, this initiative was later enriched with the chapter “Movie Days on Tour,” which was intended to export the “Giffoni Experience” format in different geographical areas of Italy. The ideas and values of the festival started to spread all over Italy, as witnessed by the arrangement of special festival sessions in Sardinia, Sicily, Calabria, Apulia, Lazio, Basilicata, and Lombardy. Few years later, the chapter “Movie Days Hospital” was launched: it identified the pediatric wards of local hospital as a suitable location to host special projects intended to merge cinema and social purposes.

The aim of “[...] bringing Giffoni Experience in the world” [KY No. 2] characterized the growth of the festival at the beginning of the twenty-first century. The main target was to reproduce the “Giffoni Experience” in foreign countries, by making its format more flexible to be adapted to the changing attributes of the hosting locations. The flexibility of the festival was enhanced through the establishment of formal partnerships with local institutions, in order to achieve a better understanding of the needs and expectations of the target audience. Berlin in Germany; Miami in the USA; and Sydney, Canberra, and Adelaide in Australia were the first international locations which adhered to the call of “Giffoni Experience.”

The process of internationalization reached its peak with the first edition of “Giffoni Hollywood” in 2009, which was held at the Dolby Theatre, Los Angeles, CA, the prestigious location of the Oscar Ceremony. To handle the growing burdens produced by internationalization, a specific organizational unit – “Giffoni World Alliance” – was created. For the first time, the need for variety affected the organizational structure of

“Giffoni Experience.” Giffoni World Alliance could be depicted as a thick network of partners from very different countries, such as Brazil, Argentina, Croatia, Hungary, Turkey, and Albania. Its main purpose was to encourage and manage the inter-organizational relationships established by the “Giffoni Experience.” This network was recently enriched with the collaboration with the Doha Film Institute, the Macedonian Film Institute, and the Georgian National Film Center, which have brought “Giffoni Experience” in Qatar, the former Yugoslav Republic of Macedonia, and Georgia, thus expanding the opportunities of cultural fertilization and paving the way for the opening of new market areas.

4.4 Edging decline through requisite variety

In the new millennium, the “Giffoni Experience” strived to further develop the internal variety by expanding its action in other fields which are not strictly related with cinema, such as social cooperation and social innovation. On the one hand, in 2004 the “Giffoni Experience” established the “Aura Charity,” a non-profit association promoting the initiatives of social cooperation in the fields of social and health care, cultural heritage, women’s and children’s rights promotion, education, and assistance to young people suffering from financial deprivation. On the other hand, an organizational unit labeled “Giffoni Innovation Hub” has been recently introduced in the organizational chart of “Giffoni Experience.” It is conceived as an incubator of innovative ideas, which merges creativity and innovation. In particular, the “Giffoni Information Hub” aims to foster the implementation of entrepreneurial ideas which are directly or indirectly linked to the world of cinema. For this purpose, a wide variety of cultures, languages, knowledge, and expertise are mixed within this organizational unit, boosting the continuous arrangement of new economic and working opportunities. As an illustrative example, the “Giffoni Idea” is one of the most known initiatives launched by the “Giffoni Information Hub.” It is a firm accelerator, which relies on crowdfunding and is intended to finance entrepreneurial projects in the field of arts, culture, and social promotion.

The introduction of new areas of activity fosters the process of internal variety development, empowering the “Giffoni Experience” to develop a greater capability to predict and anticipate environmental changes. Internal variety is ultimately conceived as the most effective approach to control external variety and to enhance the organizational ability to deal with environmental uncertainty. Notwithstanding, the strong focus of “Giffoni Experience” on its original mission statement of “[...] spreading the culture of movies for the youngest generations and creating more opportunities for young people to discuss and share ideas” (KY No. 1) basically inspired the process of variety development. This allowed to match internal and external variety, minimizing the risk of resource waste.

5. Discussion: analyzing requisite variety in action

Two elements turned out to be enduring during the various stages of the “Giffoni Experience” life cycle, to the point that they could be identified as the cornerstones of the film festival: an audience exclusively composed of young people aged from 3 to 22; and the location of the main event in the municipality of Giffoni Valle Piana. Alternatively, the other aspects of “Giffoni Experience” showed a continuous propensity to change. From this point of view, this case study is especially relevant to discuss the importance of requisite variety in fostering the organizational viability.

It is worth noting that the development of requisite variety was primarily intended to fill the gap between the increased complexity of the external environment and the organizational ability to absorb and handle environmental uncertainty. However, the determinants and characteristics of requisite variety generation changed over time. In particular, it is possible to identify two distinguishing dynamics which brought to the achievement of requisite variety,

in line with the evolving managerial priorities during the organizational life cycle of “Giffoni Experience” (Smith *et al.*, 1985).

In the early stages of life, the impulse for change was mainly driven by the environment and it was motivated by the inability of “Giffoni Experience” to face the challenges raised by external complexity. Internal variety was sought at the strategic level, in order to enhance the response capacity of the film festival and to make it able to meet the growing expectations of the audience (Kunisch *et al.*, 2017). The emancipation from traditional film providers, the diversification of movie producers attending at the festival, the refinement of the criteria of films’ selection, the introduction of different competitive sections according to the age of the audience, the enrichment of the festival activities, and the attempt to achieve institutional legitimacy at both the national and the international levels could be described as a sort of reaction to the evolving challenges raised by the competitive environment (Chattopadhyay *et al.*, 2001). These results are in line with the scientific literature which emphasized that organizations dealing with a complex and dynamic environment are more likely to innovate in their early stages of life (Gupta and Chin, 1993).

When the “Giffoni Experience” completed its growth phase and entered the maturity stage, variety continued to be the keyword of its evolution. However, the reasons at the basis of requisite variety development were different (Koberg *et al.*, 1996). Requisite variety was pursued at the strategic, managerial, and organizational levels, in an attempt to anticipate and guide environmental changes (Schneider *et al.*, 2017). The launch of the “Movie Days” initiative, which was echoed by the chapter “Movie Days Hospital,” was aimed to make the festival working 360 days a year and to establish a more direct and reliable link with the audience. Later, the initiative “Movie Days on Tour” was intended to reproduce the festival format in other geographical areas, both in Italy and abroad, in order to enhance the adaptability of “Giffoni Experience.”

Requisite variety was mainly pursued through internationalization, as witnessed by the establishment of the “Giffoni World Alliance.” The thick network of international relationships enacted by the “Giffoni Experience” contributed to improve its institutional legitimacy (Sowa, 2009). At the same time, it allowed to curb its resource dependence (Guo and Acar, 2005). In fact, even though the local environment remained hostile in terms of resources’ availability, the process of internationalization facilitated the access of “Giffoni Experience” to more varied and timely sources.

Several initiatives launched in the last few years suggest a further effort of the film festival toward the development of requisite variety. Operating in the field of social cooperation, the “Aura Charity” implicitly supports the mission pursued by the “Giffoni Experience,” endorsing its ideas and vision. In particular, the “Aura Charity” fosters the development of “Giffoni Experience” social capital, which is a crucial ingredient of the recipe for the festival success. On the other hand, the “Giffoni Information Hub” represents the window to the future of “Giffoni Experience,” promoting innovative solutions to handle the raising environmental complexity and to absorb external variety through the creation of internal variety.

The focus of “Giffoni Experience” on its original mission statement performed as a moderator in the process of requisite variety development, producing the right mix of variety and stability. The core purposes of promoting the culture of movies for the youngest generations and creating a wide range of opportunities for young people to discuss and share ideas about the key problems concerning the global society drove the growth of “Giffoni Experience.” Ultimately, requisite variety was sought at both the strategic, organizational, and managerial levels, striving to reduce the dependence of the film festival on external resources and to improve its ability to deal with environmental complexity.

Several limitations affected the reliability of the research findings. First of all, the qualitative nature of this study did not allow to definitively assert a robust and significant

relationship between the determinants of requisite variety and the stages of the organizational life cycle. Moreover, the focus on a single case study produced context-specific findings, which could not be generalized. Also, the results were affected by the descriptive approach adopted, which was not fitting to build and test the grounded theory on the basis of the data collected. Last but not least, we could only speculate as to how requisite variety plays out in the phase of late maturity of “Giffoni Experience” and, therefore, how it contributes in the renewal phase of its organizational life cycle. In spite of these limitations, the descriptive case study approach above depicted suggests intriguing conceptual and empirical insights.

Even though further efforts are needed to better understand the relationship between requisite variety development and organizational life cycle, the following *a posteriori* research propositions could be drawn on the research findings:

- P1. During the initial stages of the organizational life cycle, the development of requisite variety is in response to the external pressures, which compel organizations to adapt to the external environment.
- P2. As an organization matures, requisite variety is increasingly driven internally, as it focusses on efforts to anticipate environmental change and to absorb external variety.
- P3. The focus on the original mission statement establishes a goal for an organization to match internal and external variety.

Figure 1 graphically depicts the relationship between requisite variety development and the organizational life cycle, pointing out that the enhancement of internal variety is likely to be reactive in the early stages of life and proactive in the maturity ones. Indeed, during the

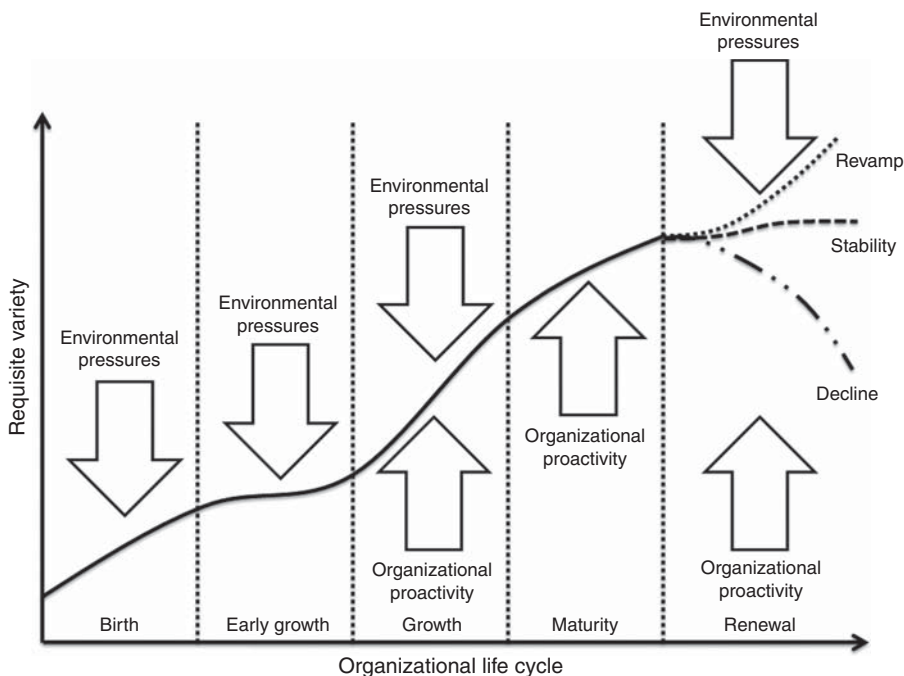


Figure 1.
The link between
requisite variety
development and
organizational
life cycle

Source: Authors' elaboration

organizational growth, requisite variety is pursued as a reaction to the pressures disclosed by the competitive environment. The diversification of the organizational activities is intended to bridge the gap between the evolving demands of the external stakeholders and the organizational response capacity. However, in these circumstances the organization is still unable to predict the environmental challenges. In other words, it absorbs, but does not anticipate external variety. When the organization enters its maturity phase, the determinants at the basis of the process of requisite variety development change and stress the propensity of the organization to control and handle external variety. Both environmental pressures and organizational proactivity are likely to affect the development of requisite variety: the organizational inability to absorb external variety may pave the way for a gradual decline; alternatively, the greater the ability of the organization to anticipate and control external variety, the higher the organizational longevity.

Ultimately, the development of requisite variety implies the establishment of a co-evolutionary relationship between the organization and the environment (Volberda and Lewin, 2003; Breslin, 2016). Enriching its internal variety, the organization is able to adapt to environmental jolts, thus improving its ability to meet the stakeholders' expectations (Mayer, 1983); moreover, anticipating external changes, the organization influences the environmental evolution, opening new niches, and increasing the organizational responsiveness (Breslin, 2014). However, further advancements are needed to disentangle the co-evolutionary nature of requisite variety development throughout the different phases of the organizational life cycle.

6. Conclusions and implications

This study contributes to the advancement of the scientific knowledge by suggesting that the development of requisite variety follows distinguishing routes, which are deeply affected by the stages of the organizational life cycle. The implications of this paper are twofold. From a conceptual perspective, requisite variety should be considered as a by-product of the co-evolutionary relationship between the organization and the environment. Young organizations are expected to be more likely to enhance their internal variety as a reaction to the environmental complexity. Alternatively, mature organizations which rely on requisite variety usually strive to anticipate the external challenges. From an empirical perspective, practitioners should develop greater awareness of the role of requisite variety in improving the organizational ability to adapt their structures and procedures to the evolving attributes of the environment and to achieve long-term viability. In particular, the link between the organizational life cycle and the process of requisite variety development should be recognized and properly handled, in order to increase the organizational adaptiveness.

Future developments should be addressed to test the a posteriori propositions suggested in the previous section. Going more into details, this study could be expanded, by introducing several comparative experiences in order to strengthen the reliability of the findings above discussed. Moreover, the "Giffoni Experience" case could be further examined, with the purpose of investigating in depth the processes of requisite variety generation. In particular, it is of interest to describe the characteristics of the process of requisite variety development when the full stage of maturity is achieved. Also, the special role played by requisite variety in the occurrence of revamp, decline or stability deserve attention, in an attempt to fully disentangle the relationship between requisite variety and the organizational life cycle. This will allow a better understanding of the importance of requisite variety in increasing the organizational sustainability. Last but not least, an explanatory and longitudinal case study concerning the "Giffoni Experience" is expected to provide additional and significant findings, enhancing the scientific knowledge in the field of requisite variety applied to management studies.

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