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Management of Human Resources and Agility in Strategy

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Abstract

This article is the introduction to a special issue on HR management and strategic flexibility. Following a brief overview of where the field of strategic agility literature now stands, the paper introduces the five individual pieces that make up the special edition. The ramifications of the results are also discussed in the report.

Keywords: Strategic agility; Human resource management

1. Introduction

Strategic agility has been defined as the ability to rediscover or review the organization and organization's strategy in a dynamic manner with rapid changes in the external business environment (Doz & Kosonen, 2008). The growing variety and intensity of sources of change and dynamism in the contemporary business environment have led to the increasing salience of agility as a means to continuously adjust to external threats and opportunities (Weber & Tarba, 2014). Rapid and disruptive technological change, deregulation, and the globalization and mass-customization of both production and consumption have led to 'hypercompetitive' business environments in which competitive advantages are temporary (D'Aveni, 1999; D'Aveni, Dagnino, & Smith, 2010).

Additionally, emergent challenges such as climate change and extreme weather events, and global pandemics provide new and distinctive challenges to organisational survival and success (Nijssen & Paauwe, 2012; Steyer & Gilbert, 2013).

Strategic agility offers organization with opportunity to be flexible, to adapt and response quickly to alterations and to implement actions in order to control market uncertainty and risk (Sherehiy, Karwowski, & Layer, 2007). A strategically agile firm could adapt its culture to market alteration, learn about the market alteration rapidly, benefit from these external changes, and shape the product/services of the firm according to external changes (Braunscheidel & Suresh, 2009).

Simultaneously, by rearranging the organisational system and its strategy according to environmental changes in a responsive manner, the external changes could be converted into opportunity for the organization (Shin, Lee, Kim, & Rhim, 2015). Providing strategic agility necessitates continuously following the internal and external environments, gathering and utilising information rapidly, and responding to market alterations swiftly (Kumkale, 2016). Strategic agility can advance the quality of competitive activity inventory of an organization and pertinent responses to environmental fluctuations and, hence, can enhance performance (Tallon & Pinsonneault, 2011).

Much of this existing research has examined agility at the organisational level of analysis, conceptualising 'strategic agility' as an organisational capability, specifically 'the ability to quickly recognize and seize opportunities, change direction, and avoid collisions' (McCann, 2004: 47), or as 'moving quickly, decisively, and effectively in anticipating, initiating and taking advantage of change' (Jamrog, Vickers, & Bear, 2006: 5). In parallel to research at the organisational level of analysis distinct strands of research have emerged that examine agility within specific organisational contexts, most notably knowledge intensive firms and manufacturing. Partly in recognition of these contexts early agility research tended to focus upon the association between agility and sophisticated technologies such as computer-integrated manufacturing (Sherehiy et al., 2007), and from this a distinctive manufacturing agility literature has emerged. However, we still have limited understanding of the role of human resource management within strategic agility.

A better understanding of the role of HR management within strategic agility is vital. Disruptive and faster change in technology, the globalization, deregulation, have led to hypercompetitive environment (D'Aveni et al., 2010). These challenges have led business leaders and HR professionals to recognize the importance of agility. For example, the Economist Intelligence Unit survey (Glenn, 2009) found that nearly 90% of senior executives surveyed across the world believe that organisational agility is critical for business success, and a recent report by the Chartered Institute of Personnel Development emphasised the role of the HR function in promoting agility (Zheltoukhova, 2014). Thus, an understanding of the role of HR management within strategic agility is important for organisations operating in local, national and international markets.

While a growing number of papers has focused on strategic agility (e.g. Kale, Aknar, & Başar, 2019), scant research exists exploring the connection between strategic agility and HRM. To attain strategic agility, it is important for MNCs to develop the key human capabilities needed to accelerate the renewal and transformation of the existing business models (Bock, Opsahl, George, & Gann, 2012). Strategic agility in its turn can strengthen the positive effects of technological capability on explorative innovation in the firm (Zhou & Wu, 2010). The challenge of strategic agility, however, lies in matching the MNC's (Multinational Corporations) strategy with its human resources, as well as the relevant coordination mechanisms between multinational HQ (Headquarter) and its subsidiaries, adapting CEO's leadership style to the ever-changing business environment, and organisational preparedness to reverse ineffective strategic decisions (Nadkarni & Herrmann, 2010).

In this special issue, we present papers that are examining the strategic agility and HR management from various theoretical and practical lenses in both the national and international arenas. The novelty of the proposed special issue lies in highlighting the importance of strategic agility dimensions in different organisational and national settings. The special issue offers novel insights in terms of the importance of strategic agility antecedents and their interaction effects, and the influence of different contexts (e.g. Mergers & Acquisitions) and different levels of analysis (e.g. country level, firm level, team level), and suggests new venues for future research.

2. The papers in the special issue

The first article in the special issue, by Yves Doz, outlines a team leadership agenda for executives to contribute individually to the strategic agility of their company and supporting HR policies and practices. Taking strategic sensitivity, resource fluidity and collective commitment as the basis, the paper identifies specific individual behaviors, and analyze and review how skills, and practices driving these behaviors, and their supporting HR practices affect the strength of each vector, and of the forces that provide energy in fostering strategic agility. This provides a profile of skills and capabilities individuals need in order to best contribute to the strategic agility of their organization and of HR practices to put in place.

The second paper in the special issue by Douglas Cumming, Igor Filatotchev, Juliane Reinecke and Geoffrey Wood review the existing literature on sovereign wealth funds (SWFs) and the firm, paying attention on the implications of the emergence of SWFs strategic agility and HRM. The paper summarizes three key channels through which SWF investment has inferences for employees. Firstly, SWFs has influence on macroeconomic environments, and therefore, influence labor conditions.

Secondly, the behaviour of the SWFs around the globe is shaped by institutional conditions of the country which has implications for the HR strategy and practice. Third, corporate governance is directly influenced by SWFs and hence HR strategies and employees of the firm in which they invest. The paper reviews and discusses these three channels and outline avenues for future research

The third paper by Miguel Pina e Cunha, Emanuel Gomes, Kamel Mellahi, Anne S. Miner and Arménio Rego propose improvisational capabilities in order to augment strategic agility. The paper formulates six HRM domains of action that can improve effective improvisation and could also inform the practice of a paradox-informed HRM. The paper also discusses the implications of six HRM domains for HRM based strategic agility, paradoxical HR, improvisations. This is followed by a paper by Yijun Xing, Yipeng Liu, Dev K. (Roshan) Boojihawon and Shlomo Tarba, that examines the relationship between key conceptual dimensions of entrepreneurial team and strategic agility and explores the connections between these two literature streams. The paper suggests the potential value from a cross-fertilization approach and points out the future research directions through which these literature streams might be advanced collectively and effectively. The paper sheds some important light on the relationship between strategic agility and HRM through the lens of managing effective entrepreneurial teams in differing contexts.

The final paper of the special issue by Zaheer Khan, Vivek Soundararajan and Amir Shoham developed a conceptual model that integrates ability, motivation and opportunity (AMO)-enhancing human resource management (HRM) practices framework and transactive memory system (TMS). The paper theorizes TMS as a key mediator between AMO-enhancing HRM practices and post- merger agility (PMA) in the context of global M&As. In doing so, the paper brings AMO-enhancing HRM practices and TMS together and explicate their impact on PMA in the global M&As context.

3. Implications

The implications of the papers are presented here. The paper by Yves Doz highlights the skills and capabilities necessary to achieve strategic agility and focuses on specific HR practices that fosters the skills and capabilities needed. This paper contributes by exploring individual level context of strategic agility and specifying individual level behaviour and skills needed to achieve strategic agility. The paper also has managerial implications since it provides a profile of skills and capabilities individuals need in order to best contribute to the strategic agility.

The paper by Cummings et al. contributes by examining the country level context of strategic agility. The paper

indicates that SWFs have a profound implication for HR practice. For instance, local business and domestic government may put pressure to promote local economic environment and domestic government. Consequently, the investment strategy of SWFs would be profoundly influenced.

The paper by Miguel Pina e Cunha et al. proposes improvisational capabilities in order to augment strategic agility. Thus, the paper has implications for organization intending to enhance strategic agility. In this context, the paper formulates six HRM domains of action that can improve effective improvisation and could also inform the practice of a paradox-informed HRM.

An understanding of the role of HR management within the strategic agility is also important entrepreneurial firms. The paper by Xing et al. examines the relationship between key conceptual dimensions of entrepreneurial team and strategic agility. The paper sheds some important light on the relationship between strategic agility and HRM through the lens of managing effective entrepreneurial teams in differing contexts.

The fifth and final paper by Khan et al. contributes by examining the role of AMO enhancing HRM practices in improving PMA in the context of international M&A. Moreover, the paper contributes by conceptualising TMS as one of the critical factors that can be critical in the development.

4. Conclusion

The novelty of this special issue lies in highlighting the importance of strategic agility and connecting strategic agility with human resource management practices. The papers in the special issue contribute to the literature on strategic agility by identifying gaps in the existing yet fragmented prior research and consolidating existing theoretical concepts. It offers novel insights in terms of the implications of strategic agility on the HR practices and suggests new venues for future research in strategic agility.

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