

**EMERALD STUDIES IN GLOBAL
STRATEGIC RESPONSIVENESS**



**EDITED BY
TORBEN JUUL ANDERSEN**

RESPONDING TO UNCERTAIN CONDITIONS

**NEW RESEARCH ON
STRATEGIC ADAPTATION**

Responding to Uncertain Conditions

EMERALD STUDIES IN GLOBAL STRATEGIC RESPONSIVENESS

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Responding to Uncertain Conditions: New Research on Strategic Adaptation

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Foreword

The conduct of international business has been seriously affected by multiple abrupt and largely unexpected disruptive events in recent times including financial crisis, pandemic, geopolitical tensions, and major military confrontations. We see a general development toward global business contexts characterized by high uncertainty, unpredictability, and unknown future incidents that call for more effective ways to deal with the implied managerial and strategic challenges. Whereas pandemic as a possible occurrence was included in most institutional risk inventories no one was prepared for the rather chaotic, uncoordinated, and at times contradictory approaches taken around the world to deal with Covid-19 often influenced by diverging political interests. The increasing attentiveness to geopolitical interests in different parts of the world affects the ability to conduct cross-border commercial transactions and manage global enterprise. The Russian invasion of Ukraine has shown the brutality of war but also uncovered the vulnerabilities of international supplies, and the supply lines that distribute them with severe economic ramifications that had escaped the radars of most boardrooms. The belief that globalization, based on free and unrestricted trade, provides the path to future wealth creation is contested while realizing that we need more flexible and resilient supply chains.

As the international economic actors struggle to impose necessary adjustments to align the global value chains with the evolving political reality, it is clear that organizations must improve their ability to deal with uncertainty and abrupt events. Add to this the increasing demands to deal with potentially extreme weather effects from climate change influenced by ongoing degradation of the natural environment, for example, CO₂ emissions, waste, and pollution. It is becoming apparent that organizations are incapable of resolving these challenges on their own but require collaboration around viable collective solutions for the long term. This volume of chapters presents a variety of studies that provide insights to current deliberations about how to facilitate strategic flexibility, organizational adaptability, and more resilient economic systems. These contributions cut across institutional settings to consider organizational structures and processes that can drive adaptive strategy-making with sustainable outcomes. We hope the readings will provide fruitful inspiration for new ways to enhance global strategic responsiveness.

The ability to gain strategic flexibility with faster adaptation is key under rapidly changing conditions as a precondition for more durable responsive strategic actions. Flexible strategy-making processes are essential to foster adaptive

moves that retain the viability of business when the competitive reality changes. We study the concept of strategic flexibility drawing on the management, strategy, entrepreneurship, and marketing fields engaging upper-echelons theory, the resource-based view, and dynamic capabilities rationales.

Adaptive strategy-making by firms with heterogeneous response capabilities leads to left-skewed financial returns and inverse risk–return relationships where effective firms can reach higher performance at lower risk. Computational simulations of these responsiveness models reproduce the outcome effects found in extensive analyses of a large cross-sectional corporate dataset. That is, effective adaptive strategy-making processes can lead to superior risk–return outcomes reflective of the empirically observed performance characteristics.

Adaptive strategy-making relies on middle-management engagement in contrast to common depictions of transformative actions as deployment of carefully elaborated strategic plans shaped by diligent executives. Adopting a strategy-as-practice view underscores how the capabilities of middle managers weigh in as demonstrated in a study of a major aeronautics company where the digital transformation is driven by middle managers in charge of projects absent from an overarching strategic plan. In short, many important adaptive and transforming strategic initiatives may derive from efforts instigated by middle managers.

Dynamic adaptive processes in complex environments should arguably balance search for opportunities with pursuit of long-term goals. Interactive strategic controls that update central planning deliberations with experiential middle-manager insights can form an adaptive system and drive upside performance outcomes. These relationships are studied based on survey data from a large corporate sample, which finds a direct relationship between interactive controls, strategic planning, and participative leadership on upside performance.

The engagement of employees is a function of their wellbeing and thereby affects an organization's ability to navigate uncertain conditions through timely and productive responses to ongoing changes in the local task environments. This is analyzed in a large empirical study of employees, which demonstrates that the design and application of management control systems affect health and wellbeing. Hence, the way control systems are set up and used affect employee wellbeing and their ability to foster adaptive business practices.

Human rationality implies that organizational actions take form from socio-cultural conditions whereas a relational practice perspective sees a nexus of practices that enable and constrain intentional strategies. This pinpoints the importance of human agency in the generation of strategic actions where practice-based strategizing derives from human agents that make choices and act. A case study shows how intentional strategy is constrained by current practices where the strategic direction evolves from responses to uncertain conditions.

A study of formal sustainable certificates uncovers the motives to improve the environmental standing of firms including effects of slack resources and institutional pressures. It uncovers significant differences between antecedent formal requirements and resulting outcomes that extend beyond mere compliance behavior. Demands for environmental consciousness has made adoption of

sustainability certifies a common response to create legitimacy that disguises the pursuit of more progressive environmental stewardship efforts.

As organizations face frequent crisis events, bricolage, where responsive actions derive from available resources and practices, becomes a viable approach to deal with extreme situations of resource constraints. So, we need to know more about collective multi-level bricolage processes and their conditions of success. To this effect, a study explores the bricolage concept in view of related notions like innovation, creativity, and improvisation. The study identifies conditions for effective individual, collective, and networked bricolage dynamics.

The relationships to organizational stakeholders are crucial to develop sustainable collective solutions as a central focus in strategic management. Demands for societal accountability in competitive business environments require practices that are ethical, fair, and viable for all. Stakeholder theory points to fair treatment of involved counterparts together with organizational justice as a basis for synergistic value creation from reciprocal behaviors.

The many disruptive events have fueled a cross-disciplinary literature on resilience thinking. A systematic literature review with a qualitative content analysis notes the foundations and trajectories of resilience research. It identifies three analytical levels around teams, organizations, and supply chains calling for multi-level inter-disciplinary studies as avenues for future resilience research.

These chapters, we believe, provide relevant perspectives that can inspire ongoing thinking about how to form flexible structures, processes, and practices for organizational adaptation and strategic responsiveness and thereby foster sustainable and resilient outcomes for posterity. We hope you agree.

Torben Juul Andersen
Frederiksberg, August 15, 2022