

Discovering the Role of Entrepreneurial Resilience Tensions as Predictors for Strategic Agility

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Abstract

The study aims at exploring the concepts of strategic agility and entrepreneurial resilience in the events of crisis. The conceptual model of entrepreneurial resilience tensions as predictor for obtaining strategic agility will be proposed with the directions for future studies outlined. Based on the proposed concept, in the time of crisis a firm can develop strategic agility meta-capabilities including resource fluidity, leadership unity, and strategic sensitivity through effective dealing with the resilience tensions. As strategic agility is considered as an emerging research domain within the field of HRM, our conceptual study contributes to the development of the field by further research of the concept of strategic agility through its intersection with resilience studies.

Keywords: strategic agility, entrepreneurship, entrepreneurial resilience, resilience tensions, agility meta-capabilities

Background

In all times entrepreneurship has been considered risk-taking and high pressuring activity. Rapid shifts and changes in the external environment as well as the scope of internal factors put companies under constant pressure and searching for the most efficient and effective ways of operating. That is to say, business is constantly looking for strategic agility and innovative approaches. Considering a number of recent economic and political shocks, entrepreneurs became concerned with the question of how to stay organizational agile and at the same time surviving in the rapidly changing business environment.

On their way of staying agile and performing crisis management practices organizations are usually faced with multiple contradictions (Smith and Lewis 2011). Such contradictions are usually a part of organizational resilience. Therefore, during the highly volatile external environment enterprises have to be resilient in order to not only survive in the turbulence but also retain and gain their competitive advantage. Furthermore, companies have to develop and strengthen a number of organizational capabilities that will help them to maintain and advance the implementation of strategic initiatives and foster innovation growth.

In this essay, the conceptual model of interdependence between strategic agility and organizational resilience is going to be proposed in the contextual domain of entrepreneurship. The concept is based on the connection between resilience tensions and strategic agility meta-capabilities.

Strategic Agility

The concept of strategic agility is an emerging research domain in the field of HRM and Strategy (Umirzakov et al. 2019). Recent works suggested that the aspects of HRM and strategic agility are considerably correlated (Nisula and Kianto 2016, Umirzakov et al. 2019). Strategic agility can be defined as a strategy-shifting emphasized process that enables an organization to redirect and reform the core business process in the turbulent and unstable external environment (Doz and Kosonen 2008). That is to say, the concept of strategic agility assumes that an organization not only reacts to the external environmental challenges but gain flexibility and competitive advantage through fast and efficient change implementation. Furthermore, Doz and Kosonen (2010) conceptualized strategic agility as an interplay between three organizational meta-capabilities including strategic sensitivity, leadership unity, and resource fluidity.

Strategic sensitivity refers to the ability of a business to early sense the incipient trends and changing forces while maintaining the strong internally cooperative and external oriented strategy process (Moldashev et al. 2021). Leadership unity (also collective commitment) is a meta-capability that assures that the organizational management team is able to make a quick and efficient decision without long setbacks on the discussion process, which can cost the organization valuable time. Resource fluidity focused on the ability of an entity to rapidly and effectively redeploy its business resources (including resource allocation, people management, IT systems) with the retention of the highest efficiency. Accurate and efficient distribution of resources makes an organization's transformation process smooth and faster (Umirzakov et al. 2020).

Considering, the highly volatile environment in which the majority of entrepreneurs operate including Small and Medium Enterprises (SME) as well as Multinational Enterprises (MNE) strategic agility is one of the key capabilities for survival, adaptation, and leading the changing business climate (Kozhakhmet and Nurgabdeshev, 2022).

Entrepreneurial competencies and strategic agility

A number of studies have been focused on the interrelationship between entrepreneurship and strategic agility (Xing et al. 2019, Vaillant and Lafuente 2018, Kohtamäki et al. 2020). That is to say, Xing et al. (2019) proposed a concept of entrepreneurial team and strategic agility co-dependence. Before that work previous research had found that in order to stay agile and be adaptable to the changing circumstances, organizational team has to be well-equipped, motivated, and composed in the way so it can absorb the new information and knowledge in the rapid phase and effectively build decision-making process (Baltar and de Coulon 2014). It was proposed that the speed and propensity of change adaptation are directly related to the business sector, team composition (age, skills, experience), and entrepreneur's personality (Xing et al. 2019). That is to say, the leader's, owner's, or entrepreneur's personality can be considered as

one of the factors influencing the level of organizational agility. In this line, in SMEs, there is a tendency that leader's competencies and strong personal and entrepreneurial skills are highly correlated with the extent of enterprise's agility. Furthermore, it had been previously suggested that entrepreneurial cognition tightly coincides with entrepreneurial behavior and intentions (Shepherd and Krueger 2002).

Therefore, leadership and entrepreneurial cognitive competencies including the decision-making skills is a pivotal aspect for managing the business through the crisis time. Acknowledging the complexity of crisis management, it can be proposed that entrepreneurial cognition and competencies are the key elements of strategic agility maintaining among the list of internal and external factors influencing enterprise. However, taking into account the rapidly changing environment, strategic agility is only one of the actors in enterprises respond to the crisis situation another key factor influencing whether an organization succeeds or fails is the level of resilience.

Entrepreneurial resilience

There is no common definition for the term - resilience. The complexity of term presumes different interpretations and definitions based on the research domain. Nonetheless, the terms have been mostly studied through the prisms of psychology and social science research. That is to say, according to Bernard and Barbosa (2016) resilience in psychology refers to the ability of an individual to positively cope with the adverse situation, which is usually in the form of external adversaries, while in social research resilience is usually defined as an organizational capability that helps company to adapt to the consequences of the changing context which is usually accompanied with the failures and breakdowns (Masten 2009). Furthermore, considering the mentioned definitions entrepreneurial resilience can be defined as a rapid adaptation competence of an entrepreneur or enterprise (as a whole) that helps to manage and navigate the organization through the difficult market and personal conditions and at the same time staying future-oriented and forward-looking (Fatoki 2018, Bernard and Barbosa 2016).

Entrepreneurial resilience is composed of several key factors. The first factor that helps an organization to diminish and adapt to the negative externalities is the internal relationship (Hedner, Abouzeedan, and Klofsten 2011). That is to say, the internal relationship including the aspects of empathy, trust, employee motivation, and organizational commitment is directly associated and dependent on the leadership style and the leader's competency and respect. Therefore, the leader's competencies and reputation are highly critical during the turbulent time, since the team's motivation and ability to cope with the crisis is directly comes from the decisions and reactions of the leader. It should be noted, that in SME leader, owner, and entrepreneur is usually the same person, therefore there is no distinctive difference in these terms in the discussion. Additionally, the factors including entrepreneur's self-confidence, communication skills, positive self-image are strongly associated with resilience (Pak et al. 2020).

Furthermore, Ungar et al. (2007) identified the seven key personal aspects of resilience in different cultural contexts. Despite the fact that research was conducted with a focus on youth

resilience in the various cultural context, it can be applicable to the general stream of resilience studies, especially considering the different cultural environment where most of the enterprises operate. Seven tensions of resilience are accessibility of resources, establishment, and strength of supportive relationship, organized control and execution system, personal and collective identity development, consideration of cultural aspects, principles of social justice, and sense of team cohesion. In this line, the proposed aspects can correspond to the strategic agility framework of three meta-capabilities proposed by Doz and Kosonen. Therefore, the aspects of the availability of resources (including financial, human, and education) are connected with resource fluidity, while team relationship, power and control scheme, and cohesion are correlated with the leadership unity capability. Moreover, identity, cultural adherence, and social justice aspects can be related to strategic sensitivity.

Resilience tensions as predictors for Strategic agility

There were a considerable number of research works that were focused on the aspects of organizational resilience. Furthermore, although strategic agility has not been studied as extensively as the aspects of entrepreneurial resilience, there is an already established research domain of this phenomenon. However, no previous research has been conducted with a focus on the interdependence of two dimensions. Therefore, the conceptual model of the interrelationship of two phenomena is proposed (see Fig. 1). The concept is predominantly based on the conceptual frameworks of Ungar et al. (2007) and Doz and Kosonen (2008).

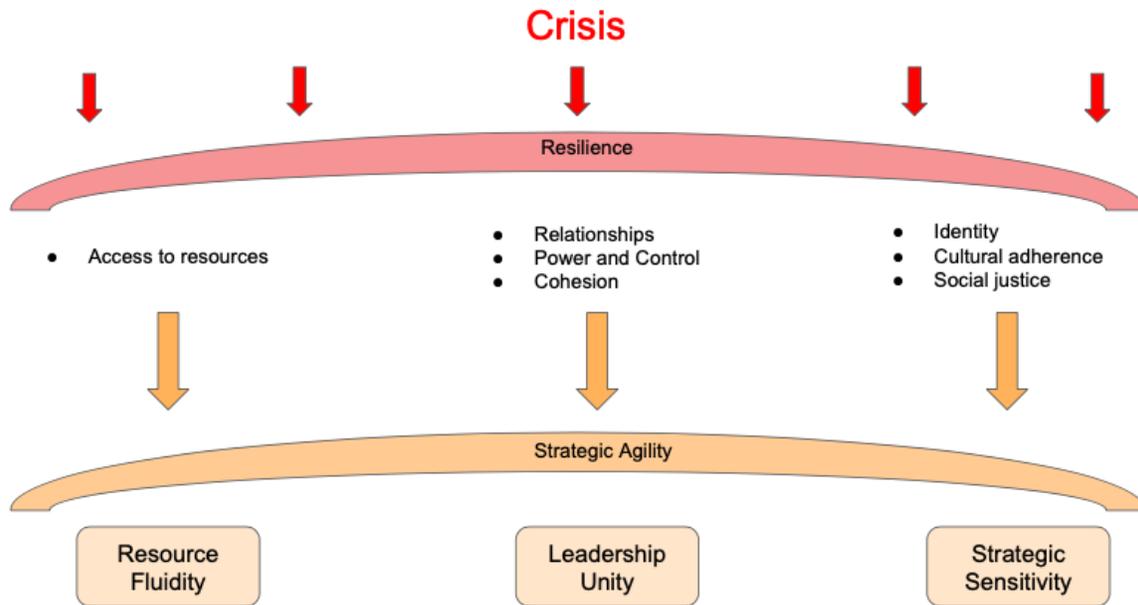


Figure 1. The concept of Resilience Tensions and Strategi Agility interconnection

One of the meta-capabilities for gaining strategic agility is resource fluidity. According to Ungar et al. (2007), one of the seven aspects of resilience is access to material resources. Under the term material resources, authors contemplated the accessibility and structural provision of education, medical, human, and financial resources. Moreover, resource availability was considered from the two perspectives. The resilience requires not only the availability and accessibility of resources but such resources have to be accurately distributed to cover the required needs. What is more, not only organizational resources have to be considered but also individual characteristics. From this, it can be suggested that an entrepreneurial's personal resources and competencies including motivation, well-being, transportation, and conformation of rights should be assured to guarantee the effective fulfillment of its duties as a part of a resilience strategy. Therefore, mentioned aspects need to be covered in order to transform the initial success at the 'resilience' stage into gaining resource fluidity capacity.

Leadership unity is another meta-capability through the gaining of which organization can successfully gain strategic agility. The proposed concept of leadership unity comprised of several key aspects including dialoguing, revealing, integrating, aligning, and caring (Doz and Kosonen 2010). In this vein, the proposed by Unger et al. (2007) resilience factors of a relationship, power and control, and team cohesion are strongly correlated with the concept of leadership unity. The relationship tension is focused on building the connection between peers, family members, classmates, and in case of enterprise team members. Through building healthy and positive relationships among team members entrepreneurs will be able to build a dialogue process where all stakeholders can surface and share their assumptions, understand each other's positions and develop the common ground. Furthermore, the establishment of accurate power and control framework and cohesion will not only antecede but become the foundation for the development of highly integrated, aligned unity with the caring relationship between team members. Considering that building interdependence and sharing a common interest, as well as providing empathy and compassion are the key factors on which the leadership unity is based, the development of power and control scheme and cohesion at the initial stage of crisis resilience can be a pivotal predictor for gaining strategic agility in perspective (Nurgabdeshev et al. 2018).

The third element of strategic agility is strategic sensitivity. Strategic sensitivity can be referred to as the level of attention, sensing, and recognition of organization to strategy development (Nejatian et al. 2019). The proposed concept is built around the five key aspects of anticipating, experimenting, distancing, abstracting, and reframing (Doz and Kosonen 2010). However, it is not clear based on which factors organization builds mentioned competencies and reaction, therefore, it can be proposed that the environmental context and personal characteristics also play a vital role in shaping strategic sensitivity elements. The contextual factors are usually in the form of local business' peculiarities, cultural context, and employee's personal believes. Therefore, through the fulfillment of resilience practices of identity, cultural adherence, and social justice enterprises can not only stay resilient but also develop the necessary competencies required for strategic sensitivity (Kozhakhmet et al. 2020). Ungar et al. (2007) highlighted that the identity tension of resilience is based on the evolvement of the personal and collective sense of purpose, where personal strengths and weaknesses, as well as beliefs and values, are taken into consideration. Furthermore, cultural adherence is focused on the devotion towards local and

global cultural contexts and values, while the aspect of social justice is concerned with the issues of community and social equality and rights of labor. Through the development of these competencies, an entrepreneur can successfully overcome the turbulent (crisis) challenges and build the ground for static agility in the future.

Conclusion

Considering the rapidly changing business environment entrepreneurs have to be agile, adaptable, and resilient to overcome crises and maintain competitive advantage. Acknowledging the complexity of entrepreneurship and internal and external tensions need to be addressed to gain strategic agility. Strategic agility is composed of three meta-capabilities including strategic sensitivity, leadership unity, and resource fluidity fulfillment of which will lead to strategic agility. However, during a crisis situation, the aspect of agility usually considered secondary with all focus is on resilience in order to adapt and proceed through a turbulent time. Therefore, in the essay the conceptual basis of interdependence between resilience and strategic agility has been proposed, where resilience is considered as a predictor for gaining strategic agility. All three agility meta-capabilities can be built based on the seven corresponding resilience tensions including access to a resource (resource fluidity); relationship, power and control, cohesion (leadership unity); identity, social justice, and cultural adherence (strategic sensitivity).

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