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STRATEGIC AGILITY THROUGH IMPROVISATIONAL CAPABILITIES:

IMPLICATIONS FOR A PARADOX-SENSITIVE HRM

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Abstract

Organizations, especially, multinationals, inevitably confront contradictory challenges. One crucial challenge is the value of strategic consistency versus the value of rapid change related to unexpected problems, opportunities and fast moving trends. Accentuating the previously planned strategy can reduce temporal responsiveness; accentuating the immediate problems/opportunities can harm overall consistency. Strategic agility offers a potential path to resolve this paradoxical situation. In this article we advance a vision in which firms nourish improvisational capabilities in order to enhance strategic agility. We develop six HRM domains of action that can enhance effective improvisation and can inform the practice of a paradox-informed HRM. We discuss their implications for HRM-based strategic agility, paradoxical HR, and improvisation.

KEYWORDS: strategy, improvisation, strategic agility, paradox, paradoxical human resource management, MNCs.

1. Introduction

Prior work has highlighted generic tensions in strategic management such as stability vs. change, commitment vs. flexibility, or individual contributions vs. teamwork (Lewis, Andriopoulous & Smith, 2014). These tensions arise in HRM as well, and have been proposed as key factors that can affect an organization's strategic agility. Theorists have also proposed that organizational improvisation can affect strategic agility (Cunha, Cunha & Kamoche, 1999; Hadida, Tarvainen, & Rose, 2015), even in large complex organizations (Zheng, Venters & Cornford, 2011). We lack coherent theory, however, about specific links between HRM, strategic agility and improvisation and about links to HRM practice.

In this paper we ask: *how can HRM contribute to support strategic agility through improvisation?* We present a holistic analysis of improvisation in HRM by elaborating six HRM domains of action with the potential to enhance strategic agility. We also briefly sketch possible specific contributions of improvisation to the development of strategically agile multinational corporations (MNCs). This paper develops theory on HRM and strategic agility through the lens of paradox theory (Smith & Lewis, 2011). More specifically, it proposes that HRM can enhance strategic agility through nourishing organizational improvisational capabilities. Effective improvisation represents a synergistic tool that can resolve and even benefit from the temporal tension between sustaining the value of prior knowledge, plans or routines and proactively engaging unexpected problems and opportunities in real-time contexts (Cunha et al., 1999; Cunha, Miner & Antonacopolou, 2016).

In the following sections we discuss the role of HRM in the creation of strategic agility, and build on prior work to present six ways in which paradoxically-informed HRM can promote strategic agility through enhancing effective improvisation. In line

with paradox scholars (Aust et al., 2015; Schad et al., 2016; Smith & Lewis, 2011) we hold that paradox theory offers a systematic lens and language to explore the process of strategic agility, and that tension can be a powerful means for organizational revitalization and renewal (Putnam, Fairhurst, & Banghart, 2016; Zheng, Venters & Cornfeld, 2011). This aspect of strategic agility has important managerial implications and also offers fruitful insights for HRM, paradox and improvisation theory.

2. Strategic agility and HRM

Several decades of theorizing and research have now convincingly shown multiple ways in which human resources can play powerful roles in the design and implementation of firm strategy (Boselie, Bewster & Paauwe, 2009; Huselid, 1995). Recent work has argued that strategic HRM activities can and should turn attention to *strategic agility,* however, going past traditional issues such as long term planning (e.g., Nisula, & Kianto, 2015).

Glaister, Ahmmad and Gomes (2015, p. 1) define strategic agility as "timely decision-making to execute business strategies in advance of or in reaction to ongoing environmental trends" (see Table 1 for a definition of this and other critical concepts discussed in this paper), consistent with other prior work on strategic agility (Lewis et al, 2014). Strategic agility differs from traditional strategic management because it emphasizes strategy processes that enable a "redirection and/or reinvention of the core business without losing momentum" (Doz & Kosonen, 2008, pp. 14-15). Strategic agility, then, involves a whole organization's ability to change systematically but rapidly. It can thus represent a 'structuring property' (Giddens 1984) of a collective and can be "an attribute emergent from day-to-day practices of social actors" (Zheng et al., 2011, p. 305). It differs from dynamic capabilities that involve disciplined flexibility

and change routines (Pavlou & El Sawy, 2010): the deployment of dynamic capabilities may but do not necessarily result in strategic agility, and typically focus less on unplanned action. Strategic agility can involve distinct strategic improvisational actions (Baker, Miner & Eeseley, 2003) but also more complex collective improvisation over time (Zheng et al., 2011). Emerging related work has emphasized the potential importance of flexible HR strategies, and partnership with senior management, and with supporting techniques such as promoting leadership dynamism and mindset change, along with talent attraction, knowledge management and upskilling programs (Ananthram & Nankervis, 2013).

Table 1 about here

The concept of strategic agility not only connotes change, however, but also stresses the idea of fast and fruitful change. This is consistent with the formal definition of agility as "the ability to move quickly and easily" (Oxford Dictionary: http://www.oxfordlearnersdictionaries.com). In this paper, we emphasize this facet of agility. This temporal tension – how to keep continuity while making rapid change – represents a foundational issue for strategic agility. This issue also involves resolving well-known deep tensions between the past and future (Miller, Gomes and Lehman, 2016), between the value of prior plans versus the value of real time information or future imaginings (Garud, Schildt and Lant, 2014). Paradox theory offers vital lens to explore how HRM has the potential to help resolve these tensions and hence support strategic agility.

2.1. Human resource management and paradox

HRM theory has long noted the presence of tensions and dualities in organizations and their potential impact on HRM practices (Bosellie et al, 2009; Gerpott, 2005). Many elements of organizations present persistent tensions – tensions that are crucial both theoretically and in practice (Knight & Paroutis, 2016). Emerging work has started to draw on concepts from paradox theory in which tensions are not only assumed to persist, but can be proactively engaged and even linked to prosperity (Smith et al., 2016).

A paradox can be defined as "contradictory yet interconnected elements that exist simultaneously and persist over time" (Smith & Lewis, 2011, p. 382). Paradox theory increasingly focuses attention on situations, then, where two apparently contradictory elements persist in an organization, and expands ways in which organizations engage with this pervasive phenomenon. Traditionally, organization and HRM theory both dealt with such tensions by developing contingency theories. In what context should exploration be favored over exploitation? Cooperation over competition? Rationality over intuition? Paradox theory, however, focuses attention on ways that tensions may remain present and be resolved, or even have value for the organization. Although similar in that sense to ambidexterity theory, paradox theory underscores the potential for resolutions where two sides of a tension both remain (Li, 2016) and where their joint presence enhances value creation. Human resource management activities lie in the nexus of many such tensions. For example, human resources practices have crucial impact on the structural tensions between centralization and decentralization.

Human resource management scholars have started to discuss the discipline through a paradox lens (e.g. Gerpott, 2015; Legge & Exley, 1975). Marchington (2015, p.176) notes that "HRM has always been located at the interface of potentially conflicting forces within organizations". International HRM researchers also observed

that tensions pervade the function (Evans, Pucik & Bjorkman, 2011; Glaister et al., 2014; Gomes et al., 2015). For instance, some authors have discussed the tension between home and host country HRM practices (Gomes et al., 2015) and the convergence/divergence dilemma (Sparrow, Schuler, & Jackson, 1994). However, Aust, Brandl and Keegan (2015) have pointed out that work taking the paradox perspective has thus far been rare in HRM. We help fill this important conceptual gap by discussing how human resource management can enable strategic agility through the creation of conditions for productive improvisation to flourish in organizations.

2.2. Strategic agility, management tensions and improvisation

Many traditional tensions relate to what one might call cross-sectional tensions: the contrast between centralization or decentralization at a given point, or between local versus global policies or product designs. In this paper, we focus especially on the temporal tension flagged above: the contrast between an organization's past anticipated strategic plans, practice and knowledge, versus potential unexpected or unimagined future possibilities and knowledge that arise in real time. This tension is a temporal one—not between, say, local versus centralized action plans—but between the organization's prior knowledge resources, routines and plans, and immediate, unexpected problems and opportunities, in the context of long term prosperity. As noted above, strategic agility—in contrast to more general strategic advantage – specifically highlights the issue of fast change while maintaining momentum (Doz & Kosonen, 2010). Strategic agility, then, invokes at its core the question of temporal tension between current knowledge and practice and fast execution of new strategies in ways that "turn on a dime." Strategic agility plays a key role in resolving the temporal tension between prior plans/routines and salient unexpected problems and opportunities.

Improvisation, we propose, represents one crucial process capability that can enable fast pivots involving innovation. It refers to the deliberate fusion of the design and execution of a novel production (Cunha, Cunha & Kamoche, 1999; Miner, Bassoff & Moorman, 2001). Its spirit is captured in everyday life by the phrase: "Make it up as you go along." Improvisation , by definition, involves novel productions, which are not fully planned in advance. However, it typically draws on or relates to prior structures: it is not original action unfolding in a void of prior templates. It can include elements of prior knowledge and plans, while still creating novel action (Cunha, Miner & Antonacopolous, 2016). Different proportions of prior designs and novel elements can yield different types and degrees of improvisation (Hadida et al., 2015; Miner, Bassoff & Moorman, 2001).

Given that strategic agility involves responsive and timely action (Glaister, Ahmmad & Gomes, 2015) improvisation offers a potentially powerful activity mode to support it. Bahrami and Evans (2011, p. 23) propose that given the impossibility to "anticipate and plan ahead for every possible eventuality (…) we need the capability to draw on our 'reflexive instincts' to act '*in situ*,' to improvise quickly and spontaneously, as new triggers unfold." Competent improvising also supports responsiveness and competitive agility when advantages are temporary and time dependent, as in the case of transient competitive advantage (Garud, Jain & Tuertscher, 2008). As a process, then, effective improvisation becomes especially important the more environments become unpredictable. Improvisation can represent one form of concretization of the synthesis of past, present and future (Brown & Eisenhardt, 1997). It can go beyond traditional resolutions of paradox such as segmentation or dialectics to approach sustained synthesis without replacing either element (Clegg, Cunha & Cunha, 2002; Poole & Van de Ven, 1989).

3. Improvisation through paradoxical HRM

Strategic agility requires competencies in moving quickly and smoothly, including in unexpected contexts. This cannot be accomplished in all cases by extensive contingency plans. This makes the ability to pivot fast while maintaining strategic coherence crucial. By definition, the specific content of improvisational action cannot be planned in advance. However, it's possible to create conditions that will enhance the odds that the improvisation process will occur and that it will be productive (Miner et al., 2001; Miner & Moorman, 1998b). In this section we flag six facilitating conditions, organized by level of analysis – organizational, team, individual and contextual (Hadida et al., 2015)– noting the potential for configurational patterns as well. After briefly laying out each factor we extract related practical implications for HRM. These are not meant to be exhaustive but illustrative. We derive these conditions from the extant literature and do so in a way that covers multiple levels of analysis. Table 2 summarizes the conditions and key issues.

Table 2 about here

3.1. Define a purpose that both coordinates and liberates

Because improvisation involves fast innovation, it presents serious challenges to coherence and coordination. A shared clear notion of their unit's ultimate goal – i.e. its purpose – increases the chances that people can improvise effectively. Purpose establishes the organization's core goal and helps deal with paradoxical demands (Smith, Lewis, & Tushman, 2016). When people are aware of the organization's ultimate goal they can connect purpose with circumstance in an individually meaningful

way (Ulrich & Dulenohn, 2015). They can also coordinate reactions to unexpected events in real time, or indirectly coordinate through a common reference point for new actions. This permits strategic coherence even with unplanned innovation action. This capacity to be strategically coherent even though temporal discontinuities occur is crucial because the expression of a purpose can be different in distinct temporal contexts. Purpose, then, can constitute one of the coordinative elements of a semi-structure, permitting both consistency and diversity. Purpose can serve as the improvisation referent (Miner et al., 2001), the shared nugget around which improvisational design of action occurs.

Metaphorically, purpose can be to strategic agility what a song is to swing jazz improvisation, a shared partial pattern on which improvisations are anchored, an organizing support for the synthesis of consistency and variety. This shared purpose implies priorities for action. Priorities, in turn, represent a crucial coordination device when change occurs rapidly (Brown & Eisenhardt, 1997). The core purpose makes it possible not only for the organization to set priorities, but for actors to revise local priorities themselves during improvisational activity. The shared purpose, can serve as a touchstone for designing new actions that all players refer to as they improvise. This can create indirect coordination where players know what the referent is, and can create innovation consistent with it, even in the absence of real time direct communication.

Thus, by defining purpose (distinct from concrete specific narrow goals) and leaving space for improvisation, organizations can synthesize strategic continuity and agility. Effective improvisations around a defined purpose also typically involve states of mindfulness, i.e. present-centered awareness and attention (Good et al., 2016: Weick, 1998), instead of the automatic execution of general rules inattentive to temporal contextual change, or to unexpected problems or opportunities. When HRM helps

articulate and sustain awareness of this type of purpose, this differs from classic advice that managers should establish crystal clear, quantitative goals of particular endpoints. It comes closer to purpose as an expression of values, or superordinate goals.

HRM implications. The application of paradox theory to HRM issue has stressed key structural paradoxes including centralization versus decentralization and hierarchy versus lack of hierarchy (Boselie, Brewster, & Paauwe, 2009S). Some have argued that structural organizational designs has become too complex hierarchical, and centralized (Cunha, Rego, & Clegg, 2011). Some empirical evidence suggests that organizations may be generally evolving in this direction as reflected in the reduction of hierarchical depth (Rajan & Wulff, 2003). Theorists have also argued that organizations require *less* complexity to become more agile in face of relentlessly changing environments (Brown & Eisenhardt, 1997) and to support effective improvisation. The decrease of bureaucratic depth, however, may require a clear purpose to empower people to construct expressions of purpose at different times and contexts. This permits organizational members to make sense locally in time and place, without diminishing coordination. This combination also allows managers to act as the creators of "communities of purpose" (Fredberg, 2014). Less structure by definition involves more freedom of action, but freedom of action around a deep and active sense of purpose.

For HRM it means that purpose must represent a living goal rather than only a formal statement (Doz & Kosonen, 2008). The value of precise quantitative targets against which action can be measured must be balanced with the value of broader sense of purpose. The higher level purpose can provide insight into when to adjust lower level goals. If and when the organization shifts to a more improvisational mode, this higher level purpose becomes the referent that actors use to design new action. The coordination occurs through this shared referent, rather than through prior formal plans

or contingency arrangements. Useful statements or embodiments of purpose are more likely with attention to the degree to which shared language involves concreteness and/or general knowledge (Brannen and Doz, 2010). Zheng et al. (2011) describe how the stable shared underlying purpose of advancing scientific understanding complemented narrower project goals in a complex international decentralized physics project, illustrating this point. They show how this underling purpose allowed the organization to successfully accommodate several different types of change over time, including improvisational actions.

3.2. Develop structures that both empower actors and spur accountability

Organizing prompts routine and routine can neutralize agility. This opposition, however, is not inevitable. Research suggests that in some sectors agility is supported by appropriate structure, not by the lack of it (Patriotta & Gruber, 2016). Research on improvisation has repeatedly emphasized the importance of partial structure. An excess of structure can be as pernicious to spontaneous behavior as the lack of it. By an excess of structure we mean a profusion of coercive rules as well as a culture of normative enforcement of rules. In this combination, organizational members can feel pressed to conformity and eschew innovation of any type, thus avoiding improvisation as well.

On the other hand, the lack of structure can permit improvisation but spawn ineffective or even harmful improvisation that leads to contradictory action. It deters effective improvisation, the crucial element for strategic agility. Highly unstructured settings can nourish complacency with unfocused improvisations and, over time, stimulate a "firefighting" mindset rather than a strategic orientation approach that incorporates the space for improvisations necessary to adapt to the unexpected (Patriotta & Gruber, 2016). Instead of letting a "thousand flowers bloom", the complacent

organization may instead produce "a garden full of weeds" (Criscuolo, Salter & Ter Wal, 2014, p.1289). The implication for HRM is that organizations need to cultivate structures that both empower and that require accountability. These designs define the goals but assume the need for adjustments. Semi-structured or minimally-structured designs (Brown & Eisenhardt, 1997; Kamoche & Cunha, 2001) offer individuals the freedom to express spontaneity but also create the accountability so they take responsibility for the outcomes of their agentic power.

HRM implications. Organizational structures have been often been thought of as control mechanisms. From a paradoxical perspective, they represent sources of control *and* of empowerment. Organization theory offers indications on how to construct these paradox-receptive strategies. Designing organizations around simple rules (Eisenhardt & Sull, 2001) can provide the synthesis of coordination and freedom supportive of both strategy and agility. Simple rules also provide a template within which effective improvisation can occur, a constraint that permits fruitful variation.

Simple rules can involve structural designs that emphasize standard processes, boundaries, timing, exit and priorities rules (Eisenhardt & Sull, 2001). This approach, then, can occur in many areas, with the firm picking where such rules are most crucial and then supporting improvisation within these rules, which promote accountability. This offers strategic agility with the rules providing constraints that promote continuity and accountability. HR professionals involved in organizational re-designs can direct attention to finding appropriate balances within the whole system so that the overall level of structure permits creative improvisation when it is valuable. Even job design can usefully involve varied levels of structure, where some jobs are structured in tight detail, but other jobs are better left only partially structured, with more room for later improvisation (Cohen et al., 2016).

3.3. Nourish teams that both protect and challenge team members

Effective improvisation in organizations is often a team effort (Hadida et al., 2015). For people to improvise effectively involves a number of conditions. It is more likely when people share common knowledge (Nisula & Kianto, 2015), mutual consideration and trustful relationships (Carmeli et al., forthcoming; Yanow, 2001). In the absence of these collective antecedents resorting to standard and routine can be tempting. The openness to face the risks associated with improvisation demands a climate of psychological safety. Improvisation can be seen as a process of learning while doing (Miner et al., 2001). Research reveals that learning in teams thrives on the combination of psychological safety and accountability (Edmondson & Lei, 2014). A lack of psychological safety will prevent individuals from risk assumption and experimentation; the deficit of accountability will permit dangerous diffusion of responsibility and the "weed garden" phenomenon mentioned above.

HRM implications. The literature on psychological safety in teams and organizations is now abundant and rich in practical possibility. The work of Edmondson and her associates indicates that to experiment and to learn "on the fly", organizations need to support their people in environments rich in psychological safety (Edmondson, 2008; Edmondson & Lei, 2014). Psychologically safe environments are characterized by a shared mindset involving trust, openness to honest mistakes and the motivation to learn together. Research on contextual ambidexterity empirically supports the role of accepting mistakes in the development of an exploratory mindset (Havermans, Den Hartog, Keegan & Uhl-Bien, 2016). This is clearly linked to the willingness to embark on innovation action while still designing it, as occurs in improvisation.

Supportive environments should be complemented, however, with the challenges of the logic of accountability. Accountability counters the dilution of responsibility and creates a sense of ownership for one's failures and successes. It might involve reviews of explicit recent actions and outcomes, rewards or sanctions, visible data on individual or team outcomes, for example, but nested in a supportive climate. In psychologically-safe environments, improvisations are permitted and facilitated by high levels of forgiveness for mistakes, along with mutual development. Agility and effective improvisation is also facilitated by generative relationships in which team members have the "the opportunity to generate, learn and seek new things (Carmeli, Jones & Binyamin, 2016, p. 50). Consistent with these ideas, Vera & Crossan found that high teamwork skills in a group enhanced the chances that improvisation would lead to valued innovation outcomes. The key idea again is the combination of two potentially contrasting elements – support and accountability. If the organization starts a program to increase the supportiveness in a team environment for example, it would wisely review the types and level of accountability present.

3.4. Build both self-confidence and humility (defined as realistic awareness)

Improvisation involves an element of risk because the performance of action occurs while it is designed, and in that sense improvisation is irreversible (Hadida et al, 2015; Miner et al, 2001). By definition, novel action is designed during its performance, so is not designed as part of the formal planning system. It often occurs when routines are seen as not appropriate. Consistent with novel activity in general (March, 1991), improvisation can lead to ineffective or even to harmful outcomes. Therefore, it is often prudent for individuals to avoid improvising. In many organizational contexts, it seems more likely that individuals will be sanctioned for improvising rather than for not doing

so (Batista, Cunha, Clegg, Rego & Giustiniano, 2016), which is consistent with an organization seeking to capture the value of prior learning.

To stimulate improvisation, organizations need to build the self-confidence of their members. The importance of self-confident employees for agile responding in general has been proclaimed by managers (Elderkin & Bartlett, 1983, Finkelstein, 2016). Scholarly research has theorized that actors with high Self efficacy will have a more positive attitude towards improvisation (Magni, Provera & Proserpio, 2010). Confidence is especially important because as noted, improvised actions occur in real time, and in a sense are irreversible: actors do not test out a novel idea "off line" but interact ongoing events instead, which adds a distinct sense of risk taking. In this context, employees with a sense of self-confidence are more apt to improvise because they trust that their competences will be on par with their challenges.

Self-confidence, however, has a downside. It can stimulate the unrealistic acceptance of excessively stretching goals (Cunha, Giustiniano, Rego & Clegg, 2016; Sitkin, See, Miller, Lawless & Carton, 2011), as well as the discounting of competitors' competences. It can stimulate improvisation, while also reducing the chances that the improvisation will be realistic or effective. Excessive self-confidence can thus undermine the potential benefits of improvisational activity.

For this reason, employee self-confidence should be accompanied by the cultivation of humility, defined as a balanced view of strengths and weaknesses (Owens & Hekman, 2012). For effective improvisation, both confidence and humility matter. Organizations need to prepare their members to combine a paradoxical sense of confidence and humility. Self-confident humility will simultaneously equip employees and their leaders with the willingness to face the risk to improvise as well as with the clear understanding that improvisation is, organizationally, a deviation from tried and

tested paths and a factor of risk. Supporting research shows that in dynamic contexts, entrepreneurs with moderate levels of optimism, which is consistent with confidence mixed with humility, create higher firm performance than those with extremely high optimism (Hmielksi, Corbett & Baron, 2013).

HRM implications. To foster self-confidence organizations may invest in cultivating the positive psychological capital (PsyCap) of their members (Luthans, Youssef-Morgan, & Avolio, 2015). PsyCap is a multidimensional construct defined as an individual's psychological state of development characterized by "(1) having confidence (efficacy) to take on and put in the necessary effort to succeed at challenging tasks; (2) making a positive attribution (optimism) about succeeding now and in the future; (3) persevering toward goals and, when necessary, redirecting paths to goals (hope) in order to succeed; and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (resilience) to attain success" (Luthans et al., 2015, p. 2). The state-like nature of PsyCap indicates that self-confidence can be developed. Humility is also amenable to development, namely via role modeling and through practices that put equivalent emphasis on success and failure. Improvisational competence can also be cultivated and trained (Leonard & Yorton, 2015; Vera & Crossan, 2004) which can then be deployed most effectively given the confidence and humility encouraged more broadly.

3.5. Develop both focal and peripheral vision

Market intelligence is critical for organizations to capture and remain in sync with the world around them (Bouquet & Birkinshaw, 2008). The process of gathering and incorporating market intelligence, however, can be problematic. Organizations, even sophisticated MNCs, often ignore or misrepresent the signals from their environments

(Vuori & Huy, 2016). Organizations however can stimulate an improvisational mindset by conducting expeditions in their peripheries (Day & Schoemaker, 2004; Hamel & Prahalad, 1990). This process also provides real time information that can increase the chances that improvisation will be effective (Moorman & Miner, 1998a). Further, improvisation research has shown that internal and external market information have different effects on the impact of improvisational effectiveness (Kyriakopoulos, 2011).

The notion of the periphery applies to "wherever attention is not," i.e. the total set of an organization's blind spots. The periphery matters: organizational scholars and management practitioners often heed the notion of knowledge but also often miss the importance of ignorance. Yet ignorance can be as important as knowledge. Exploring the periphery may increase an organization's market orientation and make it able to receive signals of issues necessitating immediate attention. Scanning the periphery thus can help create a propensity to improvise via the trained awareness to respond to the environment.

At the same time, it is well established that organizations can gain value from focus. Consider for example, the well-known "segmenting-targeting-positioning" mantra in marketing or the established importance of goals, plans, and other attention-focusing conceptual tools. However, according to proponents of the notion of the periphery, organizations can usefully compose teams to explore their peripheries of attention to disturb crystalized processes of sensemaking. Teams exploring the periphery can bring fresh insights that will potentially activate corrective behaviors not only through planned innovation but also through improvisation (Cunha & Chia, 2007). To help stimulate an improvisational mindset, organizations may search outside habitual attentional foci. The peripheral information can reveal fast moving external changes where improvisation and experiential involvement will have special value (Cunha et al.,

2016). Further, the information gained this way can inform the actual improvisational content as when a start-up improvises an entire new product-market strategy (Baker, Miner & Eesley, 2003). Real time information increases the chances of effective improvisation, which then enhances strategic agility.

HRM implications. Exploratory actions can be important to facilitate rich sensemaking processes. However, knowing something about the periphery does not automatically translate into doing what could be done (Pfeffer & Sutton, 2000), especially if it implies improvised responses rather than following pre-established routines. Research by Vuori and Huy (2016) illustrates how the awareness of possible threats (in their study posed by the iPhone) does not necessarily lead to action. The weak signals received in a Finnish company were discounted rather than acted upon. A well-developed peripheral vision can be rendered irrelevant when not supported by the inclination and capacity to respond swiftly when swiftness is justified (Mendonça, Cunha, Kaivo-oja & Ruff, 2004). Cognitive, emotional and organizational barriers can neutralize the potential advantages of the navigation of the outer environment. Teams sensitized to these dangers can potentially recognize important changes in context, and to diagnose the urgency of action – including the value of improvisation.

HRM professionals can help the organization develop stronger capabilities to explore the periphery, either in existing teams or special groups for this purpose. The goal is to enhance sensors of ongoing changes, and diagnosis of the potential value of improvisational action. Special teams can allow members to "catch reality in flight" (Colville et al., p. 7), especially with regard to distant changes taking place outside executive attention. Executive attention is an important yet limited resource, and the HRM capacity to complement it can be valuable for developing strategic agility. In the case of MNCs this process can be even more important. As global integration

increases, central headquarters may constitute a barrier against global attention even as the periphery expands. Expeditions into the periphery may counter this tendency not only in terms of geographical variation but also of temporal change. Training organizational members to use multiple scenario analysis offers one practical way to promote attention to the periphery, and even to create referents that could be used in later improvisation (Postma & Lieble, 2005).

3.6. Cultivate both comfort with spontaneity and an organizational environment of good rules

National cultures and institutions appear to influence the predisposition to take action spontaneously, and thus to improvise (Aram & Walochik, 1996; Cappelli, Singh, Singh, & Useem, 2010). The organization and management literatures have studied differential national more broadly, (e.g., Bloom & Van Reenen, 2004; House, Dorfman, Javidan, Hanges, & Sully de Luque, 2014). However, systematic comparisons about how national patterns can stimulate or harm improvisation remain scarce. Single country studies offer important anecdotal evidence (Aram & Walochik, 1996; Cappelli, Singh, Singh, & Useem, 2010), but there is a need for more research on comparative theory.

Cross-level theorizing is especially promising in order to explore how national cultures translate into practices at the organizational, team, and individual levels. At the national culture level, the intensity of normative enforcement and the level of individualism or collectivism may condition the willingness to see rules as definitive or indicative. At the organizational level, the depth of bureaucratic mentality may be influential. Bureaucratic cultures with a logic of normative enforcement reduce the willingness to improvise and increase the action risk of innovating in general. In teams, local peculiarities are especially important. For example, in the Chinese context, the

concept of *moqi* (mo-chee) means a profound understanding between two individuals (e.g. supervisor and subordinate). This understanding resonates with reciprocation in jazz improvisation (Barkema, Chen, George, Luo & Tsui, 2015, p.471). This propensity for mutual attention should increase the chances of effective improvisation. However, it also raises the issue of what happens in an MNC, where employees sensitive to the importance of *moqi* collaborate with others who do not abide by it.

HRM implication. From a paradoxical HRM perspective, it seems conceptually promising to suggest that (1) in external environments (countries, regions or industries, for example) with a propensity for improvisation, managers should introduce the necessary amount of structure to seed effective improvisation and avoid disarray, and that (2) in environments rich in structure, managers should enable cultures that promote effective improvisation. From this perspective, an excess of structure will create strategic and operational coherence at the cost of agility, but an excess of improvisation will create an excess of agility at the cost of diminished strategic coherence. This matches the emphasis above on encouraging semi-structured organizations with sufficient gaps to enable effective improvisation. Attention to nuances such as how different national predispositions interact with coordination during improvisation will be important for such interventions.

3.7. A configurational view

In the previous sub-sections we outlined the conditions involved in the construction of improvisational capabilities. We discussed them as independent factors. It seems plausible, however, that they are best represented, conceptually, as part of a holistic set. Early important prior work on HRM practices and strategy emphasized that in some cases, bundles of practices have impact that goes past the simple additive effect of independent processes (Boselie et al., 2009). Ongoing work continues to explore this

issue, but the conditions above clearly may have interactive effects in addition to their independent value nourishing strategic agility through improvisation. They invite attention to how they might enhance or even detract from each other's impact as a vital frontier for future work.

Exploring configurational possibilities can also introduce issues not yet made explicit in the ideas above. They also may be especially salient for effective improvisation as a special type of innovation. It is also possible that the freedom to improvise leads people to see their jobs as richer in autonomy and more meaningful (Cohen et al., 2016; Miner et al., 2001), an issue not made explicit above. Employee perception of job richness is an important challenge for contemporary HRM (Cleveland, Byrne & Cavanagh, 2015). Future work can usefully develop specific theories on when and how interactions occur between the factors above, within and across organizational levels and on links to evolving theory on emotion and positive organizations. Research should test the configurational hypothesis (Miller, 1987) and explore how the presence of some elements in the absence of others influences key outcomes in strategic agility, including the creation of improvisational capabilities, mediating factors and other core issues.

4. Improvisation and the MNC

The pervasive paradoxical demands confronting the MNC are well established (Bartlett & Ghoshal, 1994). This typically emphasizes the cross sectional structural paradox of seeking to localize value but simultaneously achieve consistency or efficiency across units. Improvisational paradoxes highlight temporal paradoxes as well. It focuses attention on   demands for consistent performance and strategic coherence versus the crucial value of "continuous redirection and/or reinvention of the core

business without losing momentum" (Doz & Kosonen, 2008, p. 14). We have argued above that improvisation provides one way to support strategic agility that bridges the temporal paradox of continuity and rapid change. The six conditions above all promote the development and deployment of effective individual and collective improvisational capabilities within the firm. In this section we briefly sketch out four possible specific contributions of improvisation to the development of strategically agile MNCs, which face especially challenging issues in dealing with paradoxes and achieving strategic agility.

First, improvisational capabilities at all levels may contribute to building and maintaining center/periphery relationships characterized by balance and mutual consideration. A recurrent problem in the MNC refers to perceived headquarters domination of the decision-making process, which is related to the structural paradox of centralization versus decentralization (Gomes et al., 2015). The perceived (or actual) domination can keep subsidiaries from shaping and translating knowledge and potential related to external changes that they detect, or to static differences from others. The resulting "dominant mothership" (Birkinshaw et al., 2015) syndrome can be a source of perceived subsidiary powerlessness and limit the motivation of front line employees to act creatively. This, in turn, will potentially deprive the organizational center of relevant inputs, and subsidiaries from expressing local responsiveness to unexpected temporal or cross sectional variation. Improvisational space legitimized across the organization can thus be a potent long-term source of corporate balance and contribute to the development of genuinely integrated MNC entities.

Second, some improvisations occur at the local level in response to local problems, or opportunities not predicted by existing strategic plans. They often involve rapid change in the external setting of the local business unit, requiring fast action

encouraging improvisation. By definition, the improvisational activity is not fully planned in advance even at the local level. They can reflect emotional or creative impulses of employees. The improvised actions, in this context, can represent *de facto* experiments. If the local actors attend to their content and outcomes, and the improvised experiments work, they can be repeated, perfected and retained (Miner et al., 2001).

Sometimes these improvisations arise "under the radar" in the sense that there is little or no formal resource allocation or written permission to undertake them, (as when product designers improvise new product features related to novel product markets with *ad hoc* materials (Garud et al, 2008). If they work, the improvised innovation and any implied strategic redirection can be formally presented to the headquarters in a refined form. A subsidiary that coherently transforms local improvised experiments in this way can increase the "extent to which a parent company recognizes and gives credit to a subsidiary for its contribution to the MNE as a whole" (Bouquet & Birkinshaw, 2008, p.579).

Third, at the same time, the subsidiary may gain in strategic impact, as the improvisational experiments at the subsidiary level can be sources of corporate revitalization. In effect, improvising around possibilities and selecting the best to travel to the corporate level may contribute to corporate renewal via "bottom-up relational processes" (Bouquet & Birkinshaw, 2008). This form of innovation can have special impact because the unplanned elements of improvised action by definition were not already known to the improvisers or headquarters in advance. The process is not the familiar corporate creation of official "skunk works," but rather unofficial spontaneous creation of new action patterns. The classic exemplar of Honda team improvising novel product and market strategies while introducing motorcycles into the United States illustrates this process (Cunha, Clegg, Rego, & Lindsay, 2015).

Headquarters' respect for improvisational spaces can stimulate the sort of organizational experiments that happen under the conditions above of safety and accountability. Such possibility has been explored by improvisation theorists (Cunha, Neves, Clegg & Rego, 2015). Illustrating this possibility, an HR manager in a highly centralized Southern European subsidiary of a pharmaceutical company explained that some projects have to be sometimes conducted "under the radar" (personal communication, 23 December, 2015). From the point of view of the MNC these projects are improvised because they were not fully planned in advance. Even from the point of view of the local teams, they often involve unplanned discovery and experientially driven projects. Miner et al. (2001) similarly describe new product and potential new product markets developed through improvisation done in a scientific instruments firm. This informal improvisational space presents two major advantages: it grants protection when experiments fail, as these are formally nonexistent, and they can be communicated and formally submitted to center only in case they work. This mode of operation can be a safe source of innovation from the periphery to the core.

Fourth, by stimulating close connections with temporal changes visible to a given local market or community, and to cross sectional variation across subsidiaries and communities, organizations may facilitate innovation from the inside out (Simanis & Hart, 2009). Improvising locally can involve direct contact between organization members and communities. This in turn can carry inside fresh narratives and, in this way, help to amend sensemaking and unfreeze established narratives inside the firm. Improvisational activity in the periphery may thus legitimize and give voice to change agents whose power resides in the narratives they bring forth (Bosma, Chia & Fouweather, 2016). Peripheral interactions can provide input for improvisations via the narrative power of stories that challenge the prevalent modes of sensemaking (Vaara,

Sonenshein & Boje, 2016). Managers – especially HR managers – can use new stories as scaffolds for a broader exploratory mindset (March, 1991). This differs from discoveries or innovation pathways planned in advance in formal research programs. It offers a crucial but distinct pathway to strategic agility for the MNC.

5. Discussion

In this section we briefly elaborate key implications of the previous sections. We consider implications for the three intertwined conceptual streams explored in the article: HRM and strategic agility, HRM and paradox theory (Aust et al., 2015) and improvisation theory (Cunha et al., 2016). The importance of improvisational capabilities has been explored in several domains, but especially in information systems (Pavlou & El Sawy, 2010, Zheng et al., 2011) and new product development (Brown & Eisenhardt, 1997, Miner et al., 2001). The themes of paradox and improvisation, however, have received less attention in the field of HRM. In this section we outline some possible paths for the integration of agility, paradox, and improvisation in the HRM agenda.

5.1. HRM and strategic agility

The six specific action possibilities discussed above, and their potential interaction with each other, offer a vision of HRM's proactive role in creating and sustaining strategic agility. This vision goes past the traditional HRM roles in supporting specific strategies designed by others. Here, HRM plays not only a partner role with others, but a core role in designing the system that can permit the organization as a whole to count on strategic agility. It also goes beyond the five leadership practices related to strategic agility more broadly (Lewis et al., 2014) that are more general.

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Several aspects of the framework described are especially closely linked to HRM functions in particular, rather than simple general structural design elements. Also, each proposition highlights a pair of design elements rather than single element at a time. This reflects the underlying focus on the vision of productive tensions as positive engines for organizational prosperity. It underscores the importance of nuanced attention on how to combine potentially contradictory elements, and the importance of assessing their relative presence. Nourishing structures that both empower and include accountability, teams that both protect and challenge, and building self-confidence combined with humility all resonate with traditional HR function activities, regardless of which specific organizational members carry them out. All of these create a climate more conducive to skilled and effective improvisation.

To fully capture the potential fruit of these conditions, however, specific training in improvisation stands out as a promising next step with high potential (Vera & Crossan, 2004). Extant training programs tend to emphasize individual level improvisation, however, leaving an important gap for future training in collective improvisation. Current work on disaster management (Mendonca et al., 2004) offers an especially promising context for further work not only on enhancing the chances of effective improvisation, but of explicit training about collective improvisation under duress. Managers can develop capabilities in attending to signals of shifts to a more improvisational mode. To cultivate effective improvisation, organizations might also consider how to stimulate and cultivate paradoxical thinking. Recent work offers suggestions about how to assist managers in replacing dualistic frames by duality frames: raising awareness about synergy and trade-off as constitutive dimensions of paradox (Li, 2016), training managers in "both/and" forms of leadership (Smith, Lewis

& Tushman, 2016), emphasizing the synergistic potentialities of paradoxical practices such as improvisation (Hargrave & Van de Ven, 2016; Zheng et al., 2011).

5.2. Implications for paradoxical HRM

The vision explored here goes past traditional organizational elements to promote long-term adaptation such as decentralized systems that separate exploration and exploitation activities (March, 1991), processes to spur unplanned evolutionary change (Miner, 1984), minimal structures that permit adjustment to changing temporal or cross-sectional contexts (Brown & Eisenhardt, 1997) or designs focused on ambidexterity that sustains two contrasting and still separate organizational elements (Juni, Sarala, Taras & Tarba, 2013; Lewis & Smith, 2014). Our approach squarely embraces a paradox lens in which apparently contrasting elements not only can coexist but can fuse and in some cases dealing with them using a paradox lens can actually lead to new forms of value (Andriopolous & Lewis, 2009; Poole &Van de Ven, 1989; Smith & Lewis, 2011).

There is growing awareness that the work of HRM is replete with tension and ambiguity. However, Aust et al. (2015, p.208) observed that "at this point in time, paradox HRM studies are rare." The framework above contributes to paradox HRM research by exploring the role of HRM related actions and organizational design to promote improvisation in the construction and preservation of strategic agility. We also explored how the HRM function may contribute to develop a paradoxical HRM in the context of the MNC, a preoccupation that echoes recent investigation in the HRM discipline (Link & Muller, 2015). Stimulating attention to the paradoxical ethos of HRM, especially in the context of the MNC, is an important step forward as this topic has been under-researched thus far.

The combined reasoning above also contributes to the development of paradox theory more broadly. By focusing on HRM related activities, it explores paradoxical elements in an undertheorized domain. Further, it emphasizes several different organizational design elements that we argue can help organizational members deal with the apparently inconsistent and contradictory aspects of their settings. The emphasis on self-confidence linked with humility, for example, highlights a specific combination of organizational features that may strengthen the ability of actors not only to accept paradox but to harvest its positive potential. Future work can fruitfully investigate how the relative presence of each of the two features in one of the highlighted pairs influences outcomes.

5.3. Implications for improvisation theory and practice

This article contributes to improvisation theory first by discussing its articulation with the HRM function. Pioneering work by authors such as Nisula and Kianto (2015) have called attention to the role of HRM in shaping individual level improvisation but, as the authors note, leaves many question unanswered. The ideas above, to our knowledge, are the first to explicate how HRM can deliberately contribute to create strategic agility via improvisation. An important corpus of literature explored the strategic role of the HRM function but not much is known about the role of HRM in the construction of strategically agile firms through improvisational capabilities. This represents a valuable future research avenue.

This paper also advances improvisation theory more broadly and details several distinct issues to be addressed in the deliberate cultivation of improvisational capabilities. First, organizational designs that promote improvisation may not necessarily promote valuable improvisation. In several cases, this implies the

importance of nourishing related features such as confidence *and* humility or supportiveness *and* accountability. These foster effective versus potentially harmful improvisation. Our theory provides an important context for extant research, such as the finding that founder improvisation in the presence of moderate optimism led to better performance than improvisation in the presence of extremely high optimism (Hmielski et al., 2013).

Second, combining the different elements discussed here implies that improvisation can play not just one but several different roles in agility and renewal more broadly. Our theory implies that it can involve detection of external changes and alertness to unimagined opportunities, encourage redeployment of current resources, form the basis of long-term trial and error learning, and increase the richness of employee emotional and life experience, all areas of potential importance. These separate processes advance the range of improvisational impact (Cunha et al., 2016; Hadida et al., 2015).

Finally, the framework above highlights important aspects of improvisation itself. Improvisation can be seen as a form of paradox, given that much theory takes it for granted that planning and adaptation are mutually inconsistent, with one preceding the other. Improvisation synthesizes both, however, without replacing either (Clegg et al., 2002). Improvisation is not the denial of strategy or the absence of strategy (Baker et al., 2003). Instead it can be a product of a strategic orientation that is continuously maintained in tune with environmental change. Effective improvisation does not occur in the absence of responsibility, but in the context of accountability that by definition implies a dose of freedom.

5.4. Challenges to the paradoxical HRM approach to strategic agility through improvisation

The development of organizations with a proclivity to improvise effectively is a difficult endeavor. Organizational improvisation is often represented as a practice emerging from a purely *ad hoc* orientation, in the absence of preparation. This is a faulty interpretation of improvisation. Effective improvisation, in fact, depends on the gradual, patient construction of ability with procedural and declarative (Moorman & Miner, 1998b), tacit and explicit (Yanow, 2001), individual and collective (Weick, 1993) components. This knowledge accumulation takes time and effort. As Johnson-Laird (2002, p. 439) put it, the knowledge involved in the practice of effective improvisation "is acquired at the cost of considerable work."

The notion that effective improvisation is a fruit only of instantaneous inspiration is thus a misrepresentation, and cultivating competent improvisational skills is a painstaking endeavor. Therefore, managers may reasonably be cautious with regard to the nurturing of improvisation as they necessarily confront employees with difficult and dilemmatic choices. It is possible that, as suggested by paradox theory, when facing competing demands, managers select one pole over the other instead of considering integrative approaches, such as the one suggested here (Smith & Lewis, 2011). It seems reasonable to hypothesize that when faced with the choice of control or empowerment, many managers will consider control as their best possible option. Western managers, in particular, may feel psychologically uncomfortable with paradox (Yuan & Chia, 2011). As Smith et al. (2016, p. 67) stated: "Hostility to contradictions is deeply rooted, especially in the Western world. Aristotelian logic treats contradictions and tensions as signals that we need to seek a more accurate, unified truth." This "hostility" creates an additional barrier to the implementation of the ideas discussed here.

Some cultures may also be unprepared to harvest the benefits of effective improvisation or for the conditions that can promote it. Attempts at the creation of

cultures of psychological safety may be received with suspicion and cynicism and explorations of the periphery may lead to discoveries that will perturb dominant organizational discourses (Vaara et al., 2016). If some of these possibilities materialize, the knowing-doing gap can grow wider and lead to cynicism rather than to agility. These challenges help account for why firms do not easily accomplish the vision described here, but do not lower the potential value of accomplishing this vision when it succeeds (Doz & Kosonen, 2008).

6. Conclusion

Confronted with extreme levels of dynamic complexity, sustainable organizations respond by imagining, devising, distilling, and applying new ways to act and new contributions to society. When there are rapid changes in context or in opportunities, traditional methods of constructing generative change may not suffice, yet strategic continuity remains important. Agility – which implies rapid yet smooth change – becomes crucial. Many theories have tackled this general frontier, but the intersection of HRM theory, strategic agility, paradox theory and improvisation has not been explicitly developed. We discussed how HRM can affect strategic agility through specific activities that will enhance effective improvisation in and by the organization. The six illustrative factors offer crucial opportunities for HR professionals who face environments of rapid and pervasive change. In these settings, organizations do not necessarily have the luxury of observing, reflecting, analyzing, planning and then, and only then, executing key actions – yet much prior HRM strategic analyses has assumed this sequence. The use of a paradox lens, and focus on improvisation reveal their

importance for understanding HRM and the creation of strategic agility, while they also

highlight promising frontiers for future work.

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Table 1

Key concepts

Concept	Definition	Relevance
Improvisation	"…the deliberate and substantive fusion of the design and execution of a novel production."(Miner et al. 2001:314)	Improvisation can respond to and even create the important yet unplanned and unexpected. In constantly shifting environments, it constitutes an important element in an organization's competitive repertoire
Improvisational capabilities	"the ability to spontaneously reconfigure … resources to build new operational capabilities to address urgent, unpredictable, and novel environmental situations" (Pavlou & El Sawy, 2010, p. 443). May also include creation of new to world resources (Moorman & Miner, 1998b, p.712)	Improvisation can be learned and improved through practice. Organizations can develop improvisational routines.
Paradox	"Contradictory yet interconnected elements that exist simultaneously and persist over time" (Smith & Lewis, 2011, p. 382).	Organizations are faced with numerous interdependent oppositions. Instead of separating related poles they can sometimes integrate them.
Paradoxical HRM	"HRM as a function that is continuously faced with plurality and paradoxicality in the management of human beings within the context of the employment relationship. (Aust et al., 2015, p.198)	HRM can be an active contributor to the creation of improvisational capabilities and paradoxical thinking
Strategic agility	"Timely decision-making to execute business strategies in advance of or in reaction to ongoing environmental trends" (Glaister, Ahmmad and Gomes (2015, p. 1)	Agility is a necessary competence in rapidly changing markets. Organizations can build agility via anticipation, reaction or imagination.

Table 2

Paradoxical HRM: Strategic agility through improvisation

Facilitating conditions	HRM implications	Effective improvisation	Contribution to strategic agility
Define *a purpose that both coordinates and liberates* *Indicative work:* Mainemelis (2010) Zheng et al. (2011)	• Define rich purposes • Nourish a culture around purpose • Stimulate purpose as lived experience through stories	• Purpose can be a backbone (referent) of improvisation • Explicit purpose can serve to distinguish improvisational activity that advances a focal purpose from those that do not • Allow deviations aligned with the purpose	• A clear purpose, open to individual appropriation, can offer both strategic direction and space for response to novel real-time contexts. • Clear purpose can, however, have negative consequences if it is strong to the point that it blinds people to relevant opportunities not clearly aligned with the purpose.
Develop *structures that both empower actors and spur accountability* *Indicative work:* Brown & Eisenhardt (1997) Kamoche & Cunha (2001)	• Design organization around a logic of simple rules • Design organization around clear objectives and responsibilities	• Simple structures, structures organized around simple rules, leave spaces for individual innovative action in response to unexpected problems or opportunities • Simple structures allow for responsiveness to real-time information and for imagination	• Minimal structures offer space for adaptive responses and for imagination of new to the world possibilities. • Minimal structures can lead to more complex structures over time. They can be difficult to sustain.
Nourish *teams that both protect and challenge team members* *Indicative work:* Murnighan & Conlon (1991) Silva et al. (2015)	• Nourish teams rich in psychological safety and in accountability	• Effective improvisation more likely to occur when team members not too anxious to risk improvising, but also held accountable for actions.	• Psychological safety and accountability neutralize each other's downside. • They can create both the willingness to be consistent and to improvise in the face of unexpected problems or unimagined fruitful opportunities. • Psychological safety can inadvertently create an excess of complacency in the face of mistakes.
Build both *self-confidence and humility (defined as realistic awareness)* *Indicative work:*	• Develop individual Psychological capital in the sense of self-confidence. • Train people in improvisational skills • Help people diagnose	• People lacking self-confidence will prefer the security of rules over the risks of improvisation • By cultivating humility,	• Self-confidence makes people more predisposed to respond quickly even the absence of routines. If they are skilled, this will

Hodgkinson, Hughes & Arshad (2016) Hmielski et al., (2013)	when improvisational activity is positive or negative	organizations can keep people vigilant about the risks of failed improvisational activity.	promote effective improvisation. • Humility makes employees remaining alert to the risks of improvising (e.g. failure to solve the problem). • An excess of confidence in improvisational capabilities can decrease attention to planning.
Develop both focal and peripheral vision *Indicative work:* Day & Shoemaker (2008) Cunha & Chia (2007)	• Create teams to navigate organizational peripheries. • Heed ignorance	• Practice in imagining real-time responses to immediate threats or opportunities can improve effectiveness of later improvisation • Awareness helps bridge the gap between knowing and doing in face of urgent demands.	• Cultivate alertness to weak signals when the signals are still weak. • An excess of sensitivity to the periphery can create confusion between improvisational signal and noise.
Cultivate both comfort with spontaneity and an organizational environment of good rules *Indicative work:* Pavlou & El Sawy (2010) Miner et al., (2001)	• Diagnose both propensity for structure and comfort with spontaneous behavior. • Seek useful balance of structure and spontaneity.	• Effective improvisation thrives when structure and freedom meet.	• The synthesis of structure and freedom harmonizes organizational sensitivity to past learning and future exploration. • A complete lack of structure creates strategic drift; a lack of freedom to improvise well creates strategic rigidity.