Senior Leadership Teams and the Agile Organization

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Introduction

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Organizations need to be agile—they have needed to be agile for decades, and they will need to be agile in the future. But becoming and remaining agile, nimble, and flexible is difficult, and requires the involvement and alignment of systems, processes, and people. At the epicenter of the never-ending push to maintain agility is the senior leadership team. This team, and its influences on organizational agility, is the focus of this book.

The origins of this edited book predate the year 2020, when the world was suddenly thrust into its first global pandemic in a hundred years—requiring organizations, and those leading those organizations, to make rapid shifts. In some cases, these changes in the environment required organizational responses that were a fundamentally new way of operating, organizing, and orienting to the strategic environment. In other cases, these changes necessitated less of a radical reorganization and instead required using an existing playbook of strategies and capabilities to solve emerging issues, and problems. In all of these cases, some form of agility was necessary. Moreover, these cases presented both threats and opportunities.

One industry where these challenges and opportunities are particularly evident is the airline industry. When the pandemic shutdown began, demand for air travel declined by 90% or more, resulting in airlines reducing capacity and using buyouts and early retirement programs to remove many of their workers and pilots (Baron, 2022). These cost-cutting responses helped the airlines reduce cash burn (though they still had to pay for the fixed costs of the airplanes) and helped to make the loans and bailouts from the government more palatable to the general public, but left them unprepared when demand for air travel came

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roaring back in late 2021. Pilots are highly skilled and require continual certification (for each specific type of plane)—so airlines could not just immediately start using furloughed, laid-off, or retired pilots—these pilots needed recertification, for which there was a long line. It turns out that the airline industry was assuming a six-year recovery instead of the 18-month recovery that actually occurred (Thompson, 2022), making the pilot shortage, which was already in existence pre-COVID-19, much more painful for airlines and passengers in the subsequent months and years.

This example demonstrates the challenge with agility. Senior leadership teams made decisions due to a massively shifting environment (the onset of COVID-19), which in turn set them down a path that, while cutting costs to alleviate a short-term problem, made it more challenging to ramp up operations or capture market share from competitors when the situation shifted again. However, some senior leadership teams saw things differently in the airline industry—reconfiguring and slashing costs while simultaneously ensuring that all of the complex pieces of the system (including human capital) were ready to reaccelerate quickly and enter new markets (Tully, 2021).

These challenges and issues played out across almost all industries and sectors in slightly different ways and created an extremely challenging operating environment. Indeed, despite substantial government aid, there was still a roughly 33% increase in small business failures during the first year of the pandemic (Sheffey, 2021).

The Inevitable Need for Continuing Agility

While the global reach, seriousness, and duration of the COVID-19 pandemic are a useful and salient backdrop for thinking about the need for agility, it is important to keep in mind that any single event—no matter how global and far-reaching—is part of the inevitable disruption that has been continually increasing over the past decades. From cutthroat "winner-take-most" competition in many industries to technological shifts (such as artificial intelligence), trade wars, military wars, labor challenges, shareholder activism, and government regulation, strategic environments are often dynamic, complex, and ambiguous. Although the next disruptions for a particular organization may look somewhat different in different industries, it is certain that challenges, changes, disruptions, and opportunities will occur, and that they require agile responsiveness and adaptation for survival and long-term success.

The Senior Leadership Team

Within the need for agility, reconfiguring and realigning systems, processes, people, and strategies represent challenging and ongoing processes. Inertia often

prevails—with organizations erroneously planning for stability, rather than agile planning for innovation and sustained excellence (Doz & Kosonen, 2010; Tushman & O'Reilly, 1996). It is thus essential that organizations see the need and respond with inertia-breaking force. How do organizations do so? Indeed, organizations are complex systems that require the input and interface of individuals and teams at all levels, but the central figures deciding on the big picture of strategy, resources, and structure to set and break this inertia—and lead the organization toward agility—is the senior leadership team.

This book examines organizational agility as a key dimension of organizational performance and specifically focuses on the senior leadership team as a key driver and enabler of such agility. Our focus here is most centrally on the internal "upper echelons" (Hambrick & Mason, 1984) level of the organization—CEOs and typically other C-suite executives who are most responsible for the strategic leadership of the organization. We recognize that an organization's board of directors (for those organizations having a board) is also a party to some of the substantive decisions of an organization, though it is not the primary focus of this book.

Broadly speaking, agility reflects the capacity of a company to pivot effectively in response to strategic changes and challenges. This capacity is reflected in both short-term or operational pivots and in longer-term strategic adjustments; it may involve lower-order or higher-order configurations of "resources" or "capabilities" of an organization—such as strategies, unique organizational competencies, organizational norms, systems, and structures. While several organizational scholars have pushed processes of agility down to lower levels of management (Denning, 2018; Harraf et al., 2015; Kahl et al., 2022), the senior team undoubtedly sets the conditions for their expression.

Building Bridges Across Domains

Our intent in editing this volume is to build some bridges across different but related scholarly communities around organizational agility. The first bridge is between the research areas of leadership and team dynamics, particularly as they apply in senior leadership teams. These research areas have traditionally run in parallel to one another, as theories of leadership typically focused on qualities and behaviors of individual leaders, while models of team dynamics typically do not place enough weight on the enabling role of team leaders (Zaccaro et al., 2001). While studies that have emerged on the leadership of teams (Morgeson et al., 2010; Kozlowski et al., 2016; Zaccaro et al., 2009) and on collective leadership (Contractor et al., 2012; Hiller et al., 2006; Pearce & Conger, 2003) have helped, there is still a gap in terms of understanding how teams of leaders interact effectively, particularly in the pursuit of agility. For example, Marks et al. (2001; see also Ilgen et al., 2005) proposed a taxonomic

framework of transition, action, and interpersonal processes to explain team effectiveness. Morgeson et al. (2010) used this model to describe how formal and informal leaders influence the team's enactment of these processes. Yet senior leadership teams are unique in that each member, who is typically responsible for leading their own functional or divisional team often with their own agendas, must simultaneously engage with each other as a team in pursuit of a higher-order set of goals focused on the survival and success of the entire organization. These "leadership teams" at the top of organizations are, in many respects, an enigma that we are only beginning to understand (Luciano et al., 2020). For example, what roles do emergent states such as shared cognition, trust, and cohesion play in teams of leaders, and how do they evolve across performance episodes?

The topics of leadership and team dynamics historically reside mainly in the domain of industrial and organizational psychology. The literature on "upper echelons"/top management teams—emanating from the field of strategy—is built on the premise that organizations are run by a coalition of senior executives (Hambrick & Mason, 1984). Therefore, we expect that insights from an integrated perspective of leadership and teams can build bridges to increase our understanding of strategic team leadership, specifically a broader and deeper understanding of how senior leadership teams can foster greater organizational agility. Moreover, the domain of industrial and organizational psychology also includes theories and models of leader and team selection, training, and development. These strategies have been used for enhancing performance in a typical work situation. Thus, team training strategies focus on fostering collective emergent states and processes that apply across multiple performance domains (Bisbey et al., 2019; Salas, 2015). Selection typically focuses on choosing individuals as leaders or team members who possess identified typical performance skills (Guion, 1965; Ployhart et al., 2017). Selection and leadership development for organizational agility, however, require different approaches that focus more on collective skills and processes fostering strategic flexibility and adaptation. Thus, there is a need to articulate how current models of selection, training, and development, bridging the literatures on leader and team performance, can be used to strengthen the effectiveness of senior leadership teams.

The second bridge we hope to build is between the areas of organizational psychology/organizational behavior and strategic management. The topic of senior leadership teams and organizational agility encompasses themes related to team dynamics, leadership, strategic decision-making/strategic leadership, and organization-wide systems and policies. For example, in part due to the difficulty in actually getting inside senior leadership teams to measure attributes and processes, the strategic management literature often uses an umbrella concept termed "behavioral integration" as a general proxy for the quality of

top management team processes (Hambrick, 1994; Simsek et al., 2005). This construct, broadly defined as "the degree to which the group engages in mutual and collective interaction" (Hambrick, 1994, p. 188), includes both social and task processes and suggests the existence of emergent states such as cohesion and shared cognition. While this construct helped research on top management teams move forward, differentiating and understanding nuanced team processes and emergent states is a challenge when working with such a broad construct, and as a result, we have a need to understand the cognitive and relational underpinnings in the upper echelons of organizations (Neely et al., 2020). For example, Stewart and Amason (2017, p. 13) noted that:

> Despite three decades of research on TMTs, little is still known about the actual processes by which TMTs influence actions and performance in firms . . . [past research] have offered some insight into relationships, but little understanding of actual TMT decision making or strategic integration processes that explain why and how TMTs influence some firms to perform better than others.

Efforts by scholars from organizational psychology and organizational behavior offer a number of promising avenues to advance research on team processes and behavioral integration. For example, Mathieu et al.'s (2019) summary and conceptual model of recent research on team effectiveness suggest several such directions. They move beyond the traditional "Input-Mediator-Output" model to frameworks that reflect the dynamism, complexity, multilevel, and multiplexity of organizational teams (see also Mathieu et al., 2017). Thus, they summarize a range of mediating mechanisms, compositional features, and structural elements of teams that interact in intricate ways to influence team effectiveness. We expect this kind of more complex framework from team dynamics research can foster a greater understanding of the TMT processes that relate most effectively to organizational agility.

Research on leadership represents an additional bridge between organizational psychology and strategic management. Much of the current work done by researchers who identify as leadership scholars (many of whom are trained in I/O-OB) focuses on the implications of leaders, policies, etc., on individuals (attitudes, behaviors, cognitions) and groups/teams (DeChurch et al., 2010). These scholars are less likely to explicitly consider organizational-level outcomes (ROE, strategic direction, stock price) empirically. When pressed to make conceptual linkages and arguments (i.e., in a discussion section), mainstream leadership scholars are more likely to simply suggest that the aggregate of these individual effects will lead to similar effects at the organizational-level outcomes (committing the ecological fallacy), or that these effects might somehow jump across variable content domains (e.g., a motivated workforce leads to better

sustainable competitive advantage and ROI). In short, typical I/O-OB thinking and research on leadership and organizational-level outcomes have been historically un-nuanced (DeChurch et al., 2010).

For strategy scholars from the upper echelons tradition (Hambrick & Mason, 1984), there has been a relative focus on organizational-level leadership strategies and outcomes and static individual-difference factors as distal causes of these strategies and outcomes. They are only beginning to understand some of the processes through which individual and especially team factors/variables are translated into factors such as agility, but there is indeed a substantial push emerging under the banner of "strategic leadership" (Finkelstein et al., 2009; Neely et al., 2020). Research on agility has burgeoned over the past decade (Denning, 2018; Walter, 2021). However, there is still significant ambiguity in terms of how much individual leadership, team processes, and organizational systems contribute to organizational agility. "Rightsized" teaming and networking among top organizational teams are significant contributors (Pulakos et al., 2019). However, leadership dynamics are, in turn, key drivers of these processes. Along this line, research based upon the upper echelons perspective of strategic management has provided valuable insight into the influence of industry and environmental contexts on leadership within organizational systems.

Thus, we see the scholarly glass on senior leadership and team dynamics as half full and half empty. Scholars in industrial and organizational psychology have offered sophisticated models of leadership and team dynamics, as well as interventions to improve them, that are typically missing in the strategy literature. Alternatively, strategy/TMT scholars have provided perspectives of organizational-level drivers and contextual influences that are missing from how I/O scholars talk about executive leadership. A deeper and more complete understanding of organizational agility requires greater integration of these different but closely related disciplines.

Our purpose with this book is to advance understanding of the drivers, mechanisms, and processes within senior leadership teams that relate to one particular category of organization-level outcome—organizational agility. We seek this purpose through bridging and integrating knowledge of leadership, team processes and dynamics, and organizational effectiveness from both the I/O-OB and TMT/strategy perspectives. As is often the case when attempting to bridge-build and integrate across different scholarly traditions comprising different histories, knowledge bases, and assumptions, these conversations require learning and a check of our own perspectives and assumptions. Thus, we hope that this book simultaneously appeals across disciplines, offering fruitful avenues for future research, but also makes all readers feel a little discomfort as they encounter ideas that stretch them. In the remainder of this overview chapter, we will review

and summarize conceptualizations of organizational agility to help guide the book, present an overarching model of such agility, and offer a preview of the chapters in the book within the context of this model.

Definitions of Organizational Agility

Our intent in this section is not to provide a definition or review of the construct of organizational agility. We direct interested readers to other sources for more comprehensive treatments of this construct (Appelbaum et al., 2017a, 2017b; Doz, 2020; Harraf et al., 2015; Walter, 2021). Instead, we provide a summary of key elements and features of organizational agility to set the stage for the subsequent chapters in this book. In Table 1.1, we offer a sample of definitions provided over a span of almost 40 years. We purposely sampled from multiple domains including strategic management (Doz, 2020; Teece et al., 2016; Walter & Raetze, 2021), information technology (Conboy & Fitzgerald, 2004), and military (Holsapple & Li, 2008) literatures. A cursory review of these definitions indicates two broad themes: a *reactive* responding by the organization to environmental events and a *proactive* positioning of the organization to anticipate or even shape environmental changes.

TABLE 1.1 Organizational Agility: A Sample of Definitions

Brown and Agnew (1982, p. 29)	"The capacity to react quickly to rapidly changing circumstances"
Zhang and Sharifi (2000, p. 496)	"The ability of enterprises to cope with unexpected changes, to survive unprecedented threats from the business environment, and to take advantage of changes as opportunities"
Conboy and Fitzgerald (2004, p. 40)	"The continual readiness of an entity to rapidly or inherently, proactively or reactively, embrace change, through high-quality, simplistic, economical components and relationships with its environment"
Holsapple and Li (2008, p. 6)	"Agility is the result of integrating alertness to changes (recognizing opportunities/challenges)—both internal and environmental—with a capability to use resources in responding (proactive/reactive) to such changes, all in a timely, flexible, affordable, relevant manner"
Worley et al. (2014, p. 18)	"The dynamic capability that allows outperforming firms to sense and respond to their environments and to rapidly reallocate resources, build new capabilities, and, perhaps most important, jettison the assets and activities that longer create value"

(*Continued*)

TABLE 1.1 (Continued)

Harraf et al. (2015, p. 675)	"Organizational nimbleness and ability to respond swiftly to the external environment"
Teece et al. (2016, p. 17)	"The capacity of an organization to efficiently and effectively redeploy/redirect its resources to value creating and value protecting (and capturing) higher-yield activities as internal and external circumstances warrant"
Žitkienė and Deksnys (2018, p. 118)	"An organizational ability to recognize unexpected changes in the environment and appropriately respond in a swift and efficient manner, by utilizing and reconfiguring internal resources, thus gaining competitive advantage in the process"
Doz (2020, p. 1)	"The ability to exploit, or create to one's advantages changing patterns of resource deployment in a thoughtful and purposeful but also fast and nimble way rather than remain hostage to stable pre-set plans and existing business models"
Walter and Raetze (2021, p. 1–2)	"A [dynamic capability] that allows a company to quickly recognize changes in its dynamic business environment and exploit them for its own advantage (i.e., for enhancing business performance and competitiveness)"

Agility as Effective Reaction to Environmental Change

The notion of reactive responses to environmental change is reflected in the earliest definitions of agility (Brown & Agnew, 1982). This perspective suggests that agility refers to how effectively organizations can react to critical changes in their environments in ways that maintain or enhance competitive advantage. Such agility is grounded in the properties of the organization that foster rapid detection and sense-making of environmental changes. These properties are analogous to Endsley's (1995, 2015) model of situational awareness developed in individual leader and team military contexts. Her model posits three processes of such awareness: (1) detection of changing situational elements, (2) sense-making and comprehension of these changes, and (3) forecasting the implications of these changes. All three processes serve as a foundation for effective responses to situational changes.

These processes have been defined in several ways in the literature on organizational agility. Žitkienė and Deksnys (2018, p. 119) described the "sense-response framework" of such agility, denoting the organization's ability to identify strategic threats and opportunities emerging in its environment. The sense-making and forecasting aspects of sense-response framework also determine whether the organization has the capabilities and capacities to address changes. Žitkiene and Deksnys note:

> Once external threats or opportunities are identified, the organization has to identify whether it can cope with these changes: are external changes

> applicable to the organizational existing status and future strategic goals; are these changes potentially benefit an organization; can organizational actually do something about those changes.
>
> *(pp. 121–122)*

The facilities for such responses most likely reside in the cognitive capacities of the top management team (Heavey & Simsek, 2017; Helfat & Peteraf, 2015), as well as in the information technology capabilities across the organization (Werder et al., 2021).

Doz (2020) described strategic sensitivity as a key aspect of strategic agility. Such sensitivity refers to "sensing and framing opportunities and threats in new insightful ways—as they emerge" (p. 2). According to Doz, strategic sensitivity can entail detecting new patterns in the strategic environment, a process that is hampered by the tendency of organizational leaders to be biased toward using existing mental models guiding strategic interpretations and toward attending mostly to evidence confirming these mental models. Thus, organizational agility rests on the abilities of strategic decision makers to engage in frame switching and to think in flexible ways that minimize cognitive biases (Baškarada & Koronios, 2018; Nelson et al., 2010; Teece et al., 2016).

Strategic responsiveness also includes the ability of the organization to react effectively as a system to environmental changes. Research on organizational agility specifies this systemic responsiveness as a function of the organization's dynamic capabilities (Baškarada & Koronios, 2018; Teece et al., 2016; Walter & Raetz, 2021). Organizations possess particular resources that become critical in responding to environmental events. Teece et al.'s (2016) definition of organizational agility (see Table 1.1) identified it as the firm's capacity to redeploy its resources around "higher-yield" activities to maintain competitive advantage. They articulated three sets of dynamic capabilities contributing to agility: (1) "identification, development, co-development, and assessment of technological opportunities (and threats) in relationship to customer needs (the "sensing" of unknown futures);" (2) "mobilization of resources to address needs and opportunities and capture value from doing so ("seizing");" and (3) "continued renewal ("transforming" or "shifting")" (p. 18). The first capability cluster reflects the sensing capacities defined earlier. The second refers to the redirection of current resources and systems toward needs suggested by environmental changes. The third cluster reflects the capacity to continually learn, innovate, and transform. All three sets of these capabilities are built into the processes of strategic decision makers and inculcated throughout the organization. Indeed, in agile organizations, dynamic capabilities are entwined with their business model (Teece, 2018), or "the design or architecture of the value creation, delivery, and capture mechanisms employed" by a business (Teece, 2010, p. 191).

A common element in the definitions in Table 1.1 is that agility includes speed and nimbleness in effectively responding to environmental changes.

Youssef (1992) argued that competitive advantage for firms should be based not only on costs and quality but also on timeliness of innovation and response. He noted that agile organizations implement faster product development processes and align human resources accordingly. Harraf et al. (2015) argued that balancing decentralized and centralized power contributed to speed of response. They noted that "when lower-level employees have some authority, responses to the environment are faster and more accurate" (p. 679). However, they also argued that, in times of crisis, speed is enhanced through more centralized decision-making by senior executives. This suggests that to foster agile responding, TMTs need to establish a climate of devolved decision-making autonomy but establish clear boundaries for when particular decisions need to be centered in top managers.

Doz (2020) defined resource fluidity, or "mobilizing and redeploying resources *rapidly* and efficiently" as a key capability of strategic agility (p. 2, emphasis added). He noted the tendency for organizational units to hoard resources as a major obstacle to such fluidity. Organizational agility is often constrained by process decrements from cross-unit conflicts over which resources to redeploy as well as when and how to do so. Doz argues that resource fluidity and speed of responding can be facilitated by encouraging a more systems perspective regarding interdependencies across the organization, fostering a more adaptive learning approach across the organization, and implementing a more flexible network of entrepreneurship that breaks rigid ownership and utilization of resources. Such a network would tailor resources more swiftly to customer requirements and environmental demand. Doz also notes that resource fluidity entails "identifying opportunities and needs for resource allocation before they become obvious" (p. 8). This notion speaks to the proactive aspect noted in definitions of organizational agility.

Agility as Proactive Agency

A second perspective in the definitions of agility in Table 1.1 is the capacity of organizations to establish systems and processes in anticipation of environmental changes to maximize their competitive position when such changes occur. For example, Pulakos et al. (2019, p. 307) argued that "organizational agility entails *proactively* sensing and redirecting in order to chart a competitive path by rapidly reallocating resources, building new capabilities, and jettisoning assets and activities that no longer create value" (emphasis added). Rindova and Courtney (2020) offered a similar approach, defining shaping strategies as a response to environmental uncertainty. Thus, to be agile, these researchers noted that organizations make anticipatory strategic decisions and establish systems that allow them to remain flexible while not sacrificing stability. Accordingly,

Pulakos et al. argued that agility "requires a holistic and coordinated approach across products, technology, operations, structures, systems, and talent" (p. 307).

Such an approach means that organizations need to build a number of different capacities. The first is to establish and use tools to forecast potential emerging threats or opportunities in the business environment. This entails strategic sensitivity (Doz, 2020) within a longer time horizon than is typical in reactive agility. Thus, for example, senior management teams need to be attuned to the possibilities of early-stage technologies. They need to conduct long-range competitor analyses. They also need to establish risk management structures and leadership roles within the top management team (e.g., chief information security officer). Such strategic forecasting systems allow the organization to position current resources and human capital, and to develop new forms of such capital, in order to take advantage of opportunities as they occur, or to mitigate threats as they arrive in the environment.

Proactive agility also entails building slack and redundancies across the organization. Building slack means creating or holding onto excess resources to anticipate the need to respond quickly to environmental events (Teece et al., 2016). Indeed, the failure by most airlines to build slack in equipment and human resources is arguably a major cause of their lack of agile performance during the course of the COVID-19 pandemic, when travel demand surged. Establishing slack in information technology resources can foster greater innovation and creativity that can in turn lead to the development of novel tools to improve the company's positioning in changing competitive environments (Doz, 2020; Lu & Ramamurthy, 2011). The key challenge, though, is that building slack and redundancies in organizations is costly; thus, organizations need to establish the right balance in possessing sufficient slack to respond agilely to events but not holding too much slack so as to diminish resources needed for innovation (Teece et al., 2016).

Proactive agency in agility is also manifested when organizations develop dynamic capabilities that can shape their external environments (Teece et al., 2016). Baškarada and Koronios (2018, p. 337) define such shaping as "the ability to execute and scale new capabilities to affect the external environment." Thus, agile organizations act with foresight to shape their environment according to their strategic orientation and goals. Strategies for environmental shaping can include the introduction of new technologies and other innovations that change the competitive landscape. They can also entail investments in strategic alliances as well as mergers and acquisitions that also alter this landscape. Finally, environmental shaping requires an acute awareness of pollical dynamics within and outside of the organization. Such awareness also contributes to the strategic sensitivity and forecasting capabilities noted earlier. Accordingly, investments in human capital around political acumen can contribute in multiple ways to organizational savvy.

Summary

We have identified an array of organizational parameters that compose a company's capacity to be agile. In line with prior definitions, we have noted both reactive and proactive elements of this capacity. Most factors influencing organizational agility are rooted ultimately in the structure and processes of the senior management teams. The general intent of the chapters in this book is to elucidate the multiple connections between the senior executive team and the organizational capacity for agility. In the next section of this introduction, we provide a conceptual framework of organizational agility and its antecedents. We will conclude with an overview of the chapters and how they fit with this framework.

An Organizing Framework for Understanding Organizational Agility

Figure 1.1 illustrates our proposed framework of organizational agility. It reflects the input-process-output model ubiquitous in the literature on team effectiveness (McGrath, 1984; Hackman & Morris, 1975; Marks et al., 2001). The outcome space in our model includes agile performance, and its most proximal drivers, an agile organization, and agility investments. Agile performance reflects nimble, fast, and effective management of environmental challenges and events. We posit agile performance as an "umbrella term" (see Heavey and Simsek, 2024) to encompass a number of related terms such as adaptability, ambidexterity, and resilience, although there are important conceptual differences among these constructs (Pulakos et al., 2019; see Hiller and Ozgen, 2024). Agile performance is broadly the result of the organization being structured in terms of product management processes, normative practices, decision-making processes, top management configurations, resource slack, research and development, and information technology in ways that systematically position it for nimble, fast, and effective reactions to environmental events. This organizational structuring is in turn a function of strategic investments made by the organization to increase its agility stance.

The basic premise of this book is that agility investments are influenced directly by the interface of teamwork and leadership processes in the senior management team. This team is responsible for making and implementing the strategic decisions that in turn position the organization to be agile. Senior team members are also responsible for creating the climate for agility in their respective units.

While behavioral integration reflects the quality of teamwork in senior teams, there are several other aspects of such teams that are reflected in teamwork processes. For example, each member of top management teams is leading a separate function, unit, or division of the company, and often competing for strategic resources with other members of the team. Thus, the dual roles of leading a separate unit and serving as members of the management team at the apex of these units can produce coopetition dynamics within the team (Bengtsson et al.,

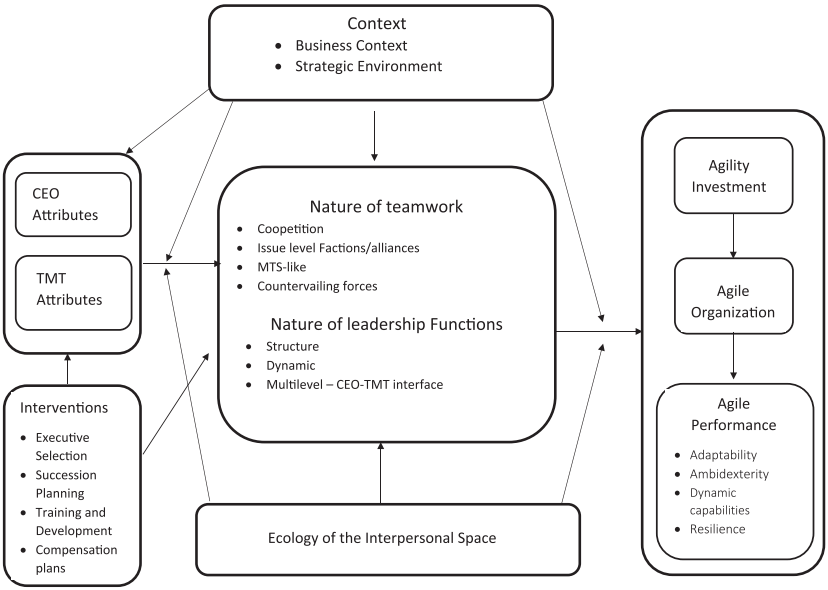

FIGURE 1.1 A framework of organizational agility.

2020; Tsai, 2002). This dynamic of coopetition can vary across issues, such that alliances, factions, and fault lines may change as other issues come to the fore (Cooper et al., 2014; Ndofor et al., 2015).

The nature of top management teams as composed of leaders of different functions and units, as well as their interactions with other senior teams and boards of directors, suggest a structure of tightly networked teams called multiteam systems (Luciano et al., 2020; Mathieu et al., 2001). Luciano and colleagues described these as strategic leadership systems in which a key emphasis is on balancing and integrating processes of working independently versus interdependently as team members. However, the dual identity as a member of a separate unit versus a member of the senior leadership team can foster countervailing forces in which executive resource allocation decisions, and commitment to the component team versus the strategic leadership system, are in tension (Asencio & DeChurch, 2017; DeChurch & Zaccaro, 2013).

The nature of teamwork in senior organizational teams is entwined with the nature of leadership dynamics within teams. The functions of senior leadership that contribute to agility include an array of strategic formation and implementation processes (Morgeson et al., 2010; Zaccaro, 2001). These include decisions about the selection and staffing of the top management team, as well as senior leadership teams at the next lower level (see Ployhart et al., 2024). Leadership structures and forms also influence teamwork processes in TMTs as well as the

agility of organizational responses to the environment. Leadership can be centralized where one or a few individuals have power to make strategic decisions or power can be decentralized where multiple managers have autonomy to respond to environmental changes (Harraf et al., 2015). Moreover, leadership structures can reflect both formal and informal multilevel network ties that can influence information sharing and cooperation (Tsai, 2002). These structures also have a dynamic quality in that different leadership network ties can be activated across different issues, and decision-making as a whole can reflect a heterarchy (Aime et al., 2014) where power can move between hierarchical and shared leadership arrangements. Harraf et al. (2015) noted, for example, that organizational agility is enhanced when managers have autonomy to make decisions (i.e., decentralized or shared leadership), but also when such power is centralized in times of crisis.

We suggest that this interface of teamwork and leadership dynamics is in turn influenced by the environmental context of the organizational, the ecology of the interpersonal space among senior leadership teams, the individual attributes of the CEO, and the features of the senior team. The idea that environments and the business context influence strategic processes is a long-established one (Lawrence & Lorsch, 1967). Moreover, the need for agility is inextricably tied to the dynamism and rate of change in the external environment (Teece et al., 2016). These environmental qualities can also influence the nature of team and leadership processes (Eisenhardt, 1989) and the strategic possibilities under consideration by senior leaderships teams. For example, environmental munificence increases strategic options open for choice (Hambrick & Abrahamson, 1995; Li & Tang, 2010). Also, environmental complexity creates a greater need for interdependence among senior leader teams and their members (Luciano et al., 2020).

The physical and social arrangements of organizations may also influence the dynamics in senior leadership teams. For example, company size and the amount of diversity among its managers can influence social interactions, including the ease of moving in and out of such interactions (Bahns et al., 2012). The degree of physical and temporal dispersion among managers will also influence information sharing and the practice of leadership (Mesmer-Magnus et al., 2011). Such factors can in turn influence the speed of organizational responsiveness to changing events (Bi et al., 2013; Irfan et al., 2019). In this regard, the evolving practices associated with work arrangements must be reviewed with a particular emphasis on when and where physical co-location can be seen as an asset or liability when it comes to the sharing of information as it can support situational awareness and where it can support the timely processing of this information for appropriate actions (or reactions). Proximity or propinquity may have an important role to play in shaping collective behavior among members of the leadership team, especially under conditions of stress or emotional arousal.

CEOs are typically positioned as the main drivers of strategic decision-making in organizations. They often have the most position power to influence

organizational processes. Accordingly, their individual characteristics carry important weight on the nature of teamwork and leadership in senior teams (Helfat & Martin, 2015; Holmes et al., 2021; Zaccaro, 2001). These characteristics refer to cognitive capacities, social skills, motives, and personality (see Zaccaro et al., 2024). These attributes complement and often interact with the qualities of other executives on the top management team (Holmes et al., 2021). The composition of the top management team in terms of such attributes has long been posited as a key driver of TMT processes (Finkelstein & Hambrick, 1996; Hambrick et al., 1996). Therefore, interventions designed to increase such human capital, such as executive selection, succession planning, and executive development programs in turn can contribute to organizational agility (see Day et al., 2024; Ployhart et al., 2024). We also note, however, the importance of compensation systems as influences of the decision-making of senior leadership teams. Thus, such systems represent another intervention that influences the agility posture of organizations (see Essman and Nyberg, 2024).

The model in Figure 1.1 provides an advance organizer for the chapters in this book. Our intent was to establish a broad framework to integrate the invited chapters; indeed, the chapters speak to one or more linkages in this framework. We do not offer it as a comprehensive model of agility. Indeed, other chapters in the book offer more elaborated models (e.g., Heavey and Simsek, 2024). In the remaining section of this introduction, we will briefly summarize each of these chapters.

Overview of Chapters

The chapters in this volume are organized around the input-mediator-outcome aspects of our conceptual framework. The chapter by Hiller and Ozgen relies heavily on the strategic management literature in providing a framing overview of the organizational agility construct. As in many of the chapters in this book, they rely heavily on the dynamic capabilities literature, and position agility as a key proximal predictor of several organizational outcomes, while also acknowledging that agility is not a panacea—it is often costly in terms of attention and resources and shouldn't be blindly pursued as a generic goal.

The chapter by Heavey and Simsek provides a comprehensive review and conceptual framing of dynamic capabilities as precursors to organizational agility. They define multiple sets of dynamic capabilities, including sensing and seizing opportunities and threats, and reconfiguring organizational resources. They reference several top management group capabilities as fostering dynamic capabilities. They also posit several structural features, TMG interfaces, TMG processes and emergent states, and incentive structures as influencing TMG capabilities. These are influenced in turn by several TMG input factors. Thus, Heavey and Simsek offer a nice companion piece and significant extension to several of the ideas offered in this introduction and by Hiller and Ozgen. They also preview key points in many of the chapters later in the book.

The chapter by Joshi examines the link between business strategy and organizational agility. We noted in Figure 1.1 that agile performance is predicated on the strategic decisions that establish structures and processes throughout the organization to position it to act with speed and efficiency to environmental shifts. Such decisions reflect the investments organizations make to increase their agile posture. Joshi offers a strategic framework composed of strategic vision and long-term objectives leading to corporate, business, and functional strategies. He stresses that agility derives from strategic alignments across the organization and among these types of strategies. This chapter, then, emphasizes that organizational agility needs to be rooted in the strategic nexus of the organization.

The next three chapters in this volume address the intricacies of the leader-team interfaces in senior management teams. Wedell-Wedellsberg and Greve examine the characteristics and key functions in such teams that enable strategic agility. Specifically, they integrate the behavioral integration of a senior team with its structure of distributed cognition to explain a predominant emphasis on exploitation, exploration, or ambidexterity. Their premise is senior executive teams need high levels of both behavioral integration and strong transactive memory systems, an emergent state that reflects shared cognition about each member's specific expertise (Wegner, 1987), to display effective ambidexterity and strategic agility. They use data from Fortune 500 Global firms to provide an initial examination of their framework.

The chapter by Carter, Cullen-Lester, Solanelles, and Jones focuses on the leadership side of the leader-team interface in senior leadership teams. They examine leadership at the top as a network of communication and leadership ties among top managers. Such networks can reflect different leadership forms from centralized and hierarchical to decentralized and collective (or shared (Contractor et al., 2012). Carter et al. depict how different patterns in the strategic leadership network can either hinder or facilitate the agile functioning of the organization. They illustrate their framework with a case study of a large European commercial cleaning company that needed to demonstrate agility in the early stages of the COVID-19 pandemic.

Zhou and Klimoski offer an examination of the chief of staff's role in orchestrating the interpersonal and political context of senior management team interactions and decisions. This role has received limited attention in the strategic management and leadership literatures. The authors define three key roles of the chief of staff—administrator, advisor, and connector—and describe how the chief of staff connected to the senior executive team can foster team behavioral integration and distributed cognition. Thus, this chapter not only covers a relatively new topic in strategic management but also builds nicely on the Wedell-Wedellsberg and Greve chapter.

The next two chapters in the book focus on primary input factors for senior executive team processes. Zaccaro, Zhou, and Resick describe sets of CEO

characteristics that contribute to organizational agility. To substantiate these characteristics, they define the performance requirements and imperatives associated with organizational agility. Thus, they are not speaking to general CEO qualities but to those specifically needed to foster the leadership functions and processes that contribute to success in dynamic environments. They articulate several cognitive, social, motive, and personality attributes that enhance the practice of situational sensing, seizing, and recalibration noted as key agility functions (Teece et al., 2016; see Heavey and Simsek, 2024).

Ling and Wei describe how the composition of the top management team contributes to agility through its influence on the CEO–TMT interface. They review the literature on TMT similarity and diversity and their effects on TMT processes. They also articulate the role of the CEO in shaping the TMT through several different mechanisms, including staffing (i.e., establishing the composition of the team). They describe several necessary future research directions based on an ecosystem view of the CEO–TMT interface. Taken together, these two chapters on CEO characteristics and on TMT composition and the CEO–TMT interface provide complementary perspectives on how CEO and TMT attributes set the stage for organizational agility.

The remaining chapters in the book describe intervention strategies that can either improve the human capital contributing to organizational agility or determine how executives choose to apply their personal capital toward such agility. The chapter by Ployhart, Schepker, Wright, and Strizver summarizes basic selection procedures and applies them to senior executives and teams. In doing so, they utilize the external team contexts framework (Ployhart et al., 2022) to explain unique aspects of executive selection versus the selection of managers at lower organizational levels. They conclude their chapter by applying principles of dynamic executive selection and succession planning to the establishment of a capability for organizational agility. They describe how an integration of future-oriented knowledge, skills, abilities, and other attributes with the firm's strategy is needed to build a basis for organizational agility.

The chapter by Day, Conger, and Dannhäuser changes the lens from executive selection to executive development. However, in line with the focus of the book on senior executive teams, they present a conceptual framework and set of practices related to collective leadership development. Rather than developing individual executives (or rather in addition to individual leader development), organizations can enhance their agility by focusing more attention on developing the collective dynamic capabilities of the top executive team. Day and colleagues describe the enabling conditions and needs for such development. They also postulate shared learning opportunities and processes for fostering collective leadership capacity in the service of agility.

These two chapters apply an extensive literature on employee selection and leader(ship) development from the domain of industrial and organizational

psychology to the enhancement of dynamic capabilities in the strategic team. They are emblematic of the bridges we hope this book may build across communities. The chapter by Essman and Nyberg extends this bridge-building by applying principles of employee compensation to efforts to be agile. They begin by providing fundamental frameworks of executive compensation and top management team pay mix. They proceed to show how these frameworks, particularly TMT pay mix, may need to be adjusted to foster organizational agility. They note that there is limited research on pay mix and agility and provide several directions to advance this research.

We are delighted to conclude the book with a commentary by Michael A. Hitt and his colleagues, R. Michael Holmes Jr. and Sal Mistry. Acknowledging the continually changing environment, this chapter frames strategic advantage created by an organization as a necessarily temporary state and lays out the need for both lower and higher-order forms of agility to both adapt to and shape the organization's environment. Drawing partly from the contributing chapters to this book, Hitt and colleagues provide an overview of the importance of recognizing the various stakeholders of a firm and discuss some of the nuances of implementation of strategy and the behavioral and human capital required. Finally, they lay out a path and plan for future research that can effectively lead us to maximize our understanding of organizational agility through the lens of strategic leadership teams.

In summary, these chapters provide multiple perspectives from different disciplinary domains to inform the concept of organizational agility. We invited these authors and their chapters in the hope of providing synergies that can drive future research in this area. While the concept of organizational agility was introduced decades ago, it has only recently become a major theme in organization science. The COVID-19 pandemic has provided a vivid example of the importance of such agility. Given the surge in interest in organizational agility and the current dramatic example of its necessity, we hope this book can help galvanize research in this area.

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