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LINKING EMPLOYEE AGILITY WITH LINE MANAGERS' PRACTICAL WISDOM: THEORETICAL CONSIDERATIONS

ABSTRACT

Line managers play an important role in employee outcomes, including the actions that influence employee agility. In light of increasingly dynamic and unpredictable business environment, such managerial efforts are assumed to call for not just well-thought-out but also wise decisions. Despite the importance of the influence that managers exert on their employees, there have been no studies on the practical wisdom of managers and its impact on employee behaviour. The ability of managers to influence decision making in organisations has also long been the subject of study, with much less attention paid to the discretion that managers outside the top management team, such as line managers, exercise in influencing organisational outcomes. The aim of this article is to address these gaps by focusing on the relationship between line managers' practical wisdom and employee agility and the impact of line managers' perceived managerial discretion on this relationship. By applying agency theory and stewardship theory, a theoretical grounding for the relationship between line managers' practical wisdom and employee agility is established. With reference to managerial discretion theory, the importance of a line manager's perceived discretion is addressed, which can either constrain or enable the manager's actions. The paper concludes with implications for future research and practice.

KEYWORDS: *employee agility, line managers, practical wisdom, perceived managerial discretion, agency theory, stewardship theory*

1. INTRODUCTION

Employee agility refers to proactive, adaptive and resilient employee behaviours (Sherehiy & Karwowski, 2014). Employee agility is increasingly recognised as a component that helps to manage the increasing uncertainty, ambiguity and complexity in the business environment (Alavi et al., 2014; Breu et al., 2001; Doeze Jager-van Vliet et al., 2019; Muduli, 2016; Salmen & Festing, 2021). The results of previous studies show that organisation-wide mechanisms and employee psychological factors can contribute to improving employee agility (e.g. Muduli & Pandya, 2018; Sherehiy & Karwowski, 2014). Due to their role in dealing with dynamic and uncertain work environments, organisations need to understand how to foster employee agility (Breu et al., 2001; Shafer et al., 2001). The research perspective on employee agility needs to be broadened to include the conditions that determine what needs to be done in organisations to ensure the benefits of employee agility-oriented behaviours (Urbach & Fay, 2018).

How is employee agility influenced by the practical wisdom of line managers? Line managers are front-

line and middle level managers who represent their organisational units and oversee their direct subordinates through the interpretation and implementation of policies designed and adopted at the organisational level (McCarthy et al., 2010). Research provides evidence of the importance of line managers to employee outcomes (López-Cotarelo, 2018) and indicates that the quality of the relationship between employees and their direct line managers influences work climate and performance (Purcell & Hutchinson, 2007). Although it is recognised in the human resource management literature that line managers' support impacts employee agility (e.g., Doeze Jager-van Vliet et al., 2019; Lengnick-Hall et al., 2011), not much attention has been paid to the psychological factors that enable such support.

Practical wisdom can be understood as the 'quality of mind' inherent in experienced people (Aristotle, 2009). In management research, the idea of practical wisdom has been applied to various contexts, for example leadership (Ferrero et al., 2020; Yang, 2011; McKenna et al., 2009; Zacher et al., 2014), decision making (Bachmann, Sasse, et al., 2018; Intezari & Pauleen, 2014; Melé, 2010) and organisations (Jones, 2005; Tredget, 2010). It is recognised that practical wisdom plays a role in addressing complex problems faced by organisations (Ames et al., 2020), that it has the potential to solve problems that cannot be solved in other ways (Sternberg, 2019), that it prevents unnecessary suffering for individuals within organisations (King et al., 2020) and that it provides relational benefits in conflict situations (Peetz & Grossmann, 2021). Although practical wisdom can be useful in tackling unconventional and complex organisational problems, there are few studies on wisdom in organisational contexts (Intezari & Pauleen, 2018). Despite previous evidence of the importance of line managers' influence on employee outcomes, there are no studies to date that demonstrate the importance of line managers' practical wisdom and examine its impact on employee behaviour. Furthermore, no study has yet looked at the impact of line managers' practical wisdom on employee agility.

Managerial discretion can be determined by the industry environment, internal organisational factors and individual characteristics that affect executives' decision making and its potential impact on organisational outcomes (Wangrow et al., 2015). Individual discretion is defined as the extent to which a manager "personally is able to envision or create multiple courses of action" (Hambrick & Finkelstein, 1987, p. 379). The literature on managerial discretion has focused on its impact on CEO commitment and performance, executive compensation, strategic initiatives, and organisational performance (Wangrow et al., 2015). Although the literature on managerial discretion has classically focused on CEOs or top management to demonstrate the extent of managerial discretion (Wangrow & Schloemer, 2019), scholars are increasingly interested in examining the impact of line manager discretion on organisational outcomes (e.g., Briscoe & Joshi, 2017; Glaser et al., 2016; Karlsson, 2019; López-Cotarelo, 2018). Research on the discretionary power of managers below the executive level should be expanded due to the important role that line managers play in the implementation of corporate strategies (Wangrow et al., 2015). The question of how line managers' discretion affects the relationship between their practical wisdom and employee agility is still open.

In this paper, we attempt to address the above gaps and contribute to existing knowledge in three ways. We contribute to research on employee agility by highlighting line managers' practical wisdom as an important dispositional lever for developing employee agility. We propose that the behavioural characteristics of line managers as well as those of employees play a role in influencing employee agility.

Second, our paper contributes to existing knowledge about practical wisdom in management by providing an explanation for the importance of line managers' practical wisdom and explaining the relationship between line managers' practical wisdom and employee agility. Referring to agency theory (Eisenhardt, 1989) and stewardship theory (Davis et al., 1997), we focus on the dyadic 'line manager– subordinate' relationship. Drawing on agency theory and stewardship theory, we develop competing predictions about how employee agility depends on line managers' practical wisdom. In this way, we provide a theoretical basis for explaining why line managers' practical wisdom sometimes enhances and sometimes constrains employee agility.

Third, we address the importance of line managers' perceived managerial discretion, that can either constrain or enable managerial action in organisations. Specifically, we draw on managerial discretion theory (Hambrick & Finkelstein, 1987) to understand and predict how line managers' perceived discretion affects the relationship between line managers' practical wisdom and employee agility. In doing so, we extend the existing knowledge on line managers' discretion in the management literature.

EMPLOYEE AGILITY

Agile employees are described as adaptable to dynamic work environments (Breu et al., 2001), personally committed to organisational success (Shafer et al., 2001), take the initiative to find solutions to problems related to change, and are resilient in dealing with ambiguity (Patil & Suresh, 2019). Employee agility thus refers to

an observable performance or behaviour of employees at work that is characterised by three dimensions – proactivity, adaptability and resilience (Sherehiy & Karwowski, 2014). Such an approach to employee agility is anchored in the organisational psychology literature (Roper et al., 2022). Proactivity refers to taking actions that lead to solving problems related to change; adaptability refers to continuous learning and job flexibility to take on multiple roles and work simultaneously on different tasks in different teams; and resilience embodies tolerance of uncertain and unexpected situations and the ability to function efficiently under stress (Sherehiy & Karwowski, 2014).

Employee agility has been found to drive innovation (Franco & Landini, 2022) and also support the implementation of complex and fast-paced organisational change (Breu et al., 2001; Doeze Jager et al., 2022; Shafer et al., 2001). Employee cross-training and employee coordination policies (Hopp & Oyen, 2004), continuous organisational learning policy and flexible organisational structures (Alavi et al., 2014), collaborative work practises (Sherehiy & Karwowski, 2014) and psychological empowerment practises for employees (Muduli & Pandya, 2018) have been found to contribute positively to the development of employee agility. Recent research suggests that employee agility can be improved through a development portfolio process that includes setting agile goals, taking appropriate action and receiving feedback from supervisors and colleagues (Doeze Jager-van Vliet et al., 2019). Our paper responds to recent calls for further research on line managers' role in employee outcomes (Urbach & Fay, 2018) by investigating the impact of line managers' practical wisdom on employee agility.

LINE MANAGERS' ROLE IN EMPLOYEE OUTCOMES

Research on the nature of line managers' activities, including their relationships with subordinates, has primarily examined the "roles" of line managers, i.e., the organised behaviours associated with that position: Mintzberg (1990) suggested that the work of managers involves interpersonal, informational and decision-making roles; a large number of studies emphasise the role of line managers in managing employees (e.g., Brewster et al., 2015; Kraut et al., 2005; McCarthy et al., 2010; Renwick, 2003; Thornhill & Saunders, 1998), with a particular focus on employee engagement (Alfes et al., 2013), employee performance (Tyskbo, 2020) and employee agility (Doeze Jager-van Vliet et al., 2019). As line managers are the most important representatives of top management for employees in organisations (Napier & Peterson, 1984), they have a major influence

on employee engagement and performance (Alfes et al., 2013). Previous studies suggest that line managers' ability to foster employee engagement can be developed and improved: for example, line managers can help employees learn how to incorporate creativity while maintaining useful habits at work (Lengnick-Hall et al., 2011), and line managers can also assign complex tasks to employees to encourage them to collaborate with colleagues to improve employees' agile behaviour (Zhu et al., 2021). This means that employees' behaviour can be influenced by the line manager's decision.

However, in practice, some line managers may not be willing to implement the above or similar activities to promote employee agility. The fulfilment of line managers' tasks in managing employees often depends on managers' motivation and commitment (Purcell & Hutchinson, 2007). Consequently, the line managers'psychological and behavioural characteristics can be important for employee agility. For example, a recent study by Urbach and Fay (2018) has shown that strong power motives in line managers can have an influence on whether they want their subordinates to be agile, especially if the employees' creative ideas would jeopardise the superiors' own influence. Therefore, line managers can either support or limit the agility of employees in changing work contexts. We now turn to the idea of practical wisdom and propose that line managers' practical wisdom is an important dispositional lever for the development of employee agility.

UNDERSTANDING LINE MANAGERS' PRACTICAL WISDOM

Despite the broad interest in wisdom in the academic literature (Rowley, 2006) and the flourishing psychological research on wisdom (Weststrate et al., 2016), wisdom-oriented research in management is still a relatively small but increasingly growing branch of research (Akrivou et al., 2020; Bachmann, Habisch, et al., 2018). Specifically, research on wisdom at work is currently very limited (Zacher & Kunzmann, 2019). In the management literature, wisdom-oriented research is characterised by different approaches and interpretations (Alammar & Pauleen, 2016; Bachmann, Habisch, et al., 2018). The diversity of disciplines that have studied wisdom and their different understandings of wisdom make it rather complicated to provide a single and universally accepted definition of wisdom (Intezari & Pauleen, 2018). Different definitions of wisdom have usually been influenced by the aims of the research (Kolodinsky & Bierly, 2013). The construct of wisdom, which was first considered in philosophy, then in psychology, organisational research and other fields, now seems to have a variety of faces (Bangen et al., 2013).

The terms wisdom, personal wisdom and practical wisdom are often used interchangeably in the literature (Bachmann, Habisch, et al., 2018), with a clear bias towards the practicality of wisdom (Intezari & Pauleen, 2018).

The origins of the definition of practical wisdom date back to the time of Aristotle. Aristotle (2009) understood practical wisdom as the "quality of mind" inherent in experienced people who also possess the capacity for deliberation and judgement and exercise their actions in accordance with moral virtue – "for virtue makes us aim at the right mark, and practical wisdom makes us take the right means" (Book VI, Chapter 12). For Aristotle, a practically wise person meant that they possess "both the moral skill and the moral will to choose and act rightly" (Schwartz & Sharpe, 2019, p. 228). Practically wise people have an understanding of how they should live and behave (Swartwood & Tiberius, 2019), their minds are focused on " finding "the available means to accomplish a worthy end" (Beabout, 2012, p. 427). The Aristotelian ideal of being wise is "to strive for a condition of moral perfection <...> by which the "golden mean" is found and adopted in all of the significant affairs of life" (Robinson, 1990, p. 17). However, since the ability to be practically wise should manifest itself in actions, such an ideal harbours both opportunities and challenges, as actions can be limited by contextual circumstances (Küpers, 2013).

Aristotelian ethics shows that wise people are not so by chance. Although everyone seems to have a natural capacity for judgement, only practically wise people are experienced enough to act for the right reasons and according to moral considerations. Regarding the importance of personal skills and abilities in relation to the concept of practical wisdom, Kramer (2000), for example, pointed out that "wisdom has been conceptualized in at least two distinct, but not mutually exclusive, ways: as a cognitive domain or a constellation of personal attributes" (p. 87). Ardelt (2004) defined personal wisdom as an "integration of cognitive, reflective, and affective personality characteristics" (p. 257). Brown (2004) understood personal wisdom as a construct consisting of six interrelated individual dimensions: "self-knowledge, understanding of others, judgement, life knowledge, life skills, and willingness to learn" (p. 137). Webster (2003) suggested that personal wisdom has five dimensions – experience, emotional regulation, reminiscence and reflectiveness, openness, and humour – and that a "synthesis of at least two of these skill sets would be required for wisdom to emerge" (p. 14). Although some of the dimensions listed in these definitions refer to what Aristotelian ethics would probably call ascenders to practical wisdom (e.g., experience and knowledge of life), other dimensions actually point to wisdom-related, distinct character traits (e.g., understanding of others and openness).

Given the importance of contextual circumstances for the manifestation of wisdom in organisations, some scholars have emphasised the wisdom-related ability of managers to perceive variations in the environment and understand them in terms of the actors and the relationships between them, as well as the ability to take the right action when needed (e.g., Boal & Hooijberg, 2000; Malan & Kriger, 1998). King et al. (2020) stated that the concept of practical wisdom is "about the fit of a solution to a context" (p. 1). Similarly, Cugueró-Escofet and Rosanas (2020) suggested that practical wisdom is perceived "as a type of situational knowledge <...> that is particular and subjective, is acquired through practice, and is transmitted by example" (p. 1). This conceptualisation implies that practical wisdom is not only accumulated over time, but is also influenced by the contextual circumstances in which it is acquired and to which it is applied.

This holistic and process-oriented nature of wisdom has been emphasised by some scholars (e.g., Baltes & Staudinger, 2000; Sternberg, 2004). Sternberg (2004), for example, argued that wisdom is an "expert system" concerned with the meaning and conduct of life – "the application of intelligence, creativity and knowledge to the common good by balancing intrapersonal (one's own), interpersonal (others'), and extrapersonal (institutional or larger interests) over the long and short terms, through the mediation of values, so as to adapt to, shape, and select environments" (p. 287). For her part, Yang (2008) defined wisdom as a real-life process that (1) consists of three core components – integration, embodiment, and positive effects and (2) is achieved after a person cognitively undertakes uncommon integration, embodies their ideas through action, and thus produces positive effects to both self and others. In line with the process-oriented view of practical wisdom, the notion of "wise reasoning" has been introduced and used in a separate school of thought on wisdom (Grossmann & Brienza, 2018; Grossmann & Dorfman, 2019; Grossmann et al., 2013; Oakes et al., 2019). The notion of wise reasoning "is built on the idea that people acquire wisdom through experience and through successful mastery of various challenging life experiences <...> [thus] wisdom [is conceptualized] as a set of reasoning strategies that may be applicable and beneficial across a large number of social conflicts" (Grossmann et al., 2013, p. 945). The "wise reasoning" school of thought about wisdom draws on behaviours identified as certain defining characteristics of practical wisdom. In this view, the process of wise reasoning is at the centre of understanding what practical wisdom is and how it unfolds. The characteristics of wise reasoning include intellectual humility, consideration of multiple perspectives,

appreciation of the context in which the problem un-folds, sensitivity to the possibility of change in social relationships, recognition of the likelihood of multiple outcomes to a conflict, and a preference for compro-mise in resolving opposing viewpoints (Brienza et al., 2018; Grossmann & Brienza, 2018). It is assumed that smart reasoning proposes solutions to problems that are balanced across the needs of the parties involved and take the consequences into account (Glück & Weststrate, 2022).

While the scholarly conceptualisations of practi-cal wisdom discussed so far refer to personality-relat-ed attributes (such as certain character traits or per-sonal skills) and cognitive aspects (e.g. life knowledge and experience) as components of practical wisdom, the 'wise reasoning' approach to understanding prac-tical wisdom focuses on certain behaviours that are supposed to lead to solutions in situations that require wisdom. As we have already mentioned, line manag-ers have a major impact on employee engagement and performance through their interpersonal, inform-ative and decision-making behaviours. To fulfil this role wisely, it seems plausible that line managers can use their behaviour in conjunction with wise reason-ing. In their relationship with their subordinates, line managers can utilise what Aristotle (2009) referred to as the 'quality of mind', which is achieved through hu-man cognition and is characterised by certain personal qualities – such as the ability to reflect on contextual circumstances and likely courses of action, the ability to make rational decisions and the ability to act virtu-ously. In this respect, we are following in the footsteps of Aristotle. We extend this meaning of line managers' practical wisdom by adding to it the behaviours iden-tified in the 'wise reasoning' school of thought on wis-dom, since personality traits and skills do not necessar-ily lead to wise behaviours, although they may support such behaviours. We propose that the role line manag-ers take in managing employees places higher expec-tations on their behaviours than on their personality traits or skills. Thus, line managers' ability to be prac-tically wise is based on personality traits and on cer-tain behaviours required in solving real-life situations. Considering the relationship of line managers to their subordinates, this meaning of line managers' practical wisdom has several implications. First, it calls for line managers' openness to a life situation, understanding and recognising the right reason for which the right action is deemed necessary. Secondly, it suggests that before acting, the manager must consider and recog-nise in advance the likely consequences of such an ac-tion. And finally, that the manager's behaviour should correspond to the context of real-life situations.

THEORETICAL MODEL

The relationship between line managers and their sub-ordinates in organisations can be represented in for-mal, tangible features (e.g., in a reporting structure, job descriptions, etc.); however, in day-to-day interaction it is expressed through human behaviour exhibited by each party within the relationship. Since organisations must constantly justify their existence by achiev-ing certain goals for the benefit of their stakeholders, line managers in organisations are expected to take responsibility for the performance delivered by sub-ordinates and also for the behaviour with which this performance is delivered (Ouchi, 1978). Focusing on the dyadic 'line manager – subordinate' relationship, we now turn to agency theory (Eisenhardt, 1989) and stewardship theory (Davis et al., 1997). The two the-ories are based on contrasting theoretical assump-tions about the nature of the relationship between managers and their subordinates and the motivation of managers associated with this relationship. Howev-er, Coyle-Shapiro and Shore (2007) question wheth-er agency theory, with its assumptions about rational self-interest, provides a sufficient theoretical expla-nation for the relationships between managers (prin-cipals) and subordinates (agents) in the organisation. Managers may make decisions that are more aligned with their own self-interest, even if they are assumed to make decisions that are "guided by and also pro-mote the interests of the organization" (Coyle-Shapiro & Shore, 2007, p. 168). In contrast to agency theory, stewardship theory assumes that managers align their interests with those of other stakeholders (Martin & Butler, 2017). Therefore, agency theory and steward-ship theory are considered in research as "an either/or scenario" (Martin & Butler, 2017, p. 637), and a comple-mentary application of agency and stewardship the-ories can contribute to the study of principal–agent relationships (Van Puyvelde et al., 2012). In this paper, we apply both theories to gain a better understanding of the theoretical underpinnings of the 'line manager's practical wisdom – employee agility' relationship. We then draw on the views of managerial discretion the-ory (Hambrick & Finkelstein, 1987) to understand and predict how line managers' perceived discretion af-fects the relationship between line managers' practical wisdom and employee agility.

CONSIDERATIONS FROM THE AGENCY THEORY AND STEWARDSHIP THEORY PERSPECTIVES

Agency theory is directed "at the ubiquitous agency re-lationship, in which one party (the principal) delegates work to another (the agent), who performs that work"

(Eisenhardt, 1989, p. 58). Agency theory thus views an organization as a "system of contracts among individuals" (Caza, 2011, p. 13), which are arranged in the individual 'manager (principal)–subordinate (agent)' relationships. According to agency theory, "the agent is required to serve the interests of the principal" (Zogning, 2017, p. 2). Agency theory highlights the relationship between individuals in an organization – e.g. between a line manager and a subordinate – and provides a perspective on potential problems within the relationship. One such problem is the conflicting goals of the parties involved in the relationship – "agency theory reminds us that much of organizational life, whether we like it or not, is based on self-interest" (Eisenhardt, 1989, p. 64). Another major issue arises when line managers and subordinates have different attitudes towards outcome uncertainty and risk acceptance – agency theory implies that "outcome uncertainty coupled with differences in willingness to accept risk should influence contracts between principal and agent" (Eisenhardt, 1989, p. 65). Agency theory refers to the potential conflict between the principal and the agent (Bendickson et al., 2016). Agency theory implies that subordinates should abide by the decisions of their line managers, work as prescribed in job manuals, show obedience and serve their superiors. According to agency theory, line managers exercise considerable control over their subordinates. Agency theory, rooted in information economics, represents a valid partial view of how organisational relationships work, although this view ignores much of the complexity of organisations (Eisenhardt, 1989).

Since managerial power is in the hands of the principal, agency theory predicts that the relationship between the principal (a line manager) and the agent (a subordinate) is characterised by the principal's desire to limit the agent's self-serving and opportunistic behaviour. Agency theory assumes that the principal uses his power for personal gain and at the expense of the organisation (Caza, 2011). The principal will also try to control the agent's behaviour, especially when there is a higher degree of uncertainty of outcome. The principal's goals cannot be fully achieved if the agent's behaviour is not constrained (Van Puyvelde et al., 2012). In agency theory, as already noted before, agents must act in the interest of their principal. Furthermore, agency theory assumes that "the interests of the principal are always morally acceptable, or that the agent must often act contrary to ethics in order to fulfil its 'contract' in the agency relationship" (Zogning, 2017, p. 2). Employee agility, by definition, involves employee initiative at work, which may be at odds with line managers' attempts to maintain control over employee behaviour. Consequently, in uncertain business situations, line managers will take advantage of their

position to strengthen their sense of security, they will use their practical wisdom for their own interests. They dictate to their subordinates and retain full control over how the subordinates' behaviour follows the instructions given to them. Applying agency theory to the 'line manager's practical wisdom – employee agility' relationship, it is predicted that line managers will use their practical wisdom to constrain employee agility (see Figure 1). The above arguments suggest the following proposition.

Proposition 1a. *Line manager's practical wisdom negatively affects employee agility.*

The 'stewardship' perspective advocated in stewardship theory (Davis et al., 1997) draws attention to the cooperative behaviours of organizational actors: "Given a choice between self-serving behaviour and pro-organizational behaviour, a steward's behaviour will not depart from the interests of his or her organization. <...> Even where the interests of the steward and the principal are not aligned, the steward places higher value on cooperation" (Davis et al., 1997, p. 24). Stewardship theory assumes situations in which the principal (e.g. a line manager) and the agent (e.g. a subordinate) have aligned motives (Martin & Butler, 2017). In such situations, all organizational actors can be perceived as stewards who act for the benefit of their organization – stewards believe "that by working toward organizational, collective ends, [also]personal needs are met" (Davis et al., 1997, p. 25). Stewardship theory stems from the psychological and sociological traditions and offers an alternative perspective on managerial motivation and behaviour that can help capture the greater complexity in organizational relationships (Davis et al., 1997).

In stewardship theory, it is assumed that organizational actors – e.g. line managers and their subordinates – act for the benefit of their organisations, as organizational success is directly linked to their personal success (Martin & Butler, 2017). Based on their psychological motivation and perception of the situation, line managers can decide whether to establish an agency or stewardship relationship with their subordinates (Davis et al., 1997). Stewardship theory implies that line managers and their subordinates can work together as teams seeking ways to enhance the performance of their organisations in the context of emerging organizational developments associated with opportunities and risks. Stewardship theory assumes that line managers influence their subordinates and do not dictate to them. According to stewardship theory, line managers would want their organisations to benefit from the self-motivated contributions of employees because the participative approach is more effective, especial-
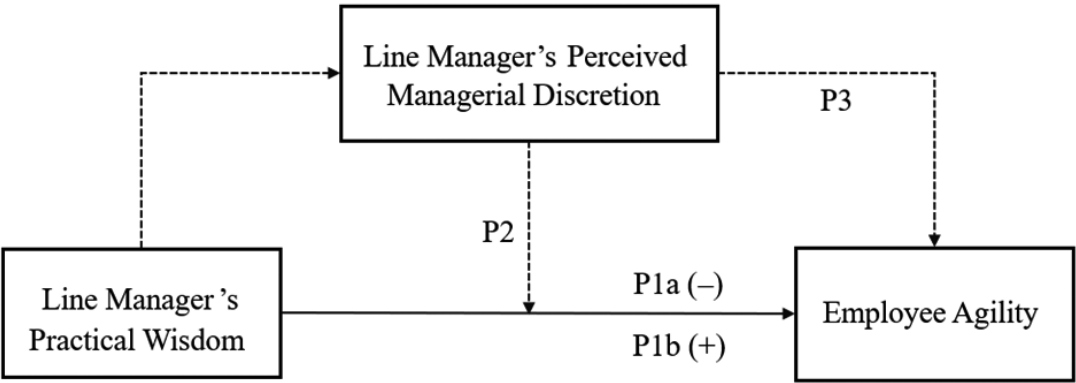
Figure 1. Theoretical model of the relationship between line managers' practical wisdom and employee agility

ly in uncertain work environments (Davis et al., 1997). Consequently, in these circumstances, line managers will use their position to protect the interests of their organization and use their practical wisdom to engage with employees, facilitate teamwork and promote and maintain employee agility. Applying stewardship theory to the 'line manager's practical wisdom – employee agility' relationship, it is predicted that line managers use their practical wisdom to support employee agility. Therefore, the following proposition is put forward.

Proposition 1b. *Line manager's practical wisdom positively affects employee agility.*

CONSIDERATIONS FROM THE MANAGERIAL DISCRETION THEORY PERSPECTIVE

In an effort to bridge the polar views of organisations as either inertial or featured by managerial power, Hambrick and Finkelstein (1987) have developed the concept of managerial discretion, defined as 'latitude of managerial action', and claim that it is determined by three sets of factors: (1) the extent to which an organisation's industry-specific environment allows for variety and change in managerial actions; (2) the extent to which the organisation itself is willing to allow for possible managerial actions and to give managers the authority to formulate and implement these actions; and (3) the extent to which the manager is personally able to imagine or create multiple courses of action. When managers have greater discretion, they have a greater influence on organisational performance (Finkelstein & Boyd, 1998). However, discretion can only be created or exercised to the extent that it is perceived (Carpenter & Golden, 1997). Managers' perceived discretion – i.e. their perceived freedom to make decisions and take

action – is an 'intraperson phenomenon' (Carpenter & Golden, 1997). The personal characteristics of managers affect the extent to which they see a need for action and decide to take action (Wangrow et al., 2015). As Key (2002) states, "individual perception influences whether or not an individual believes there are actions available to him or her" (p. 218). In this paper, we focus on perceived managerial discretion, as line managers may respond differently in a given setting (Caza, 2011).

Since perceived managerial discretion refers to the perceived managerial scope of action and not to the action of the managers themselves, we argue that direct effects of perceived managerial discretion on employee agility are unlikely. A review of research on managerial discretion (Wangrow et al., 2015) shows that it has an influence on outcomes that are related either to the managers themselves or to organisational performance. Employee agility is related to employee initiative at work (Sherehiy & Karwowski, 2014), which is influenced by line managers' practical wisdom manifestations and not directly by line managers' perceived discretion, which may influence the strength and (or) extent of these manifestations. Therefore, we focus on explaining the influence of line managers' perceived discretion on the relationship between line managers' practical wisdom and employee agility.

According to managerial discretion theory (Hambrick & Finkelstein, 1987), if it is applied to the line management layer, perceived managerial discretion is predicted to influence the way line managers handle work environments. We argue that perceived managerial discretion will affect line managers' motivation and commitment to fulfil their role in managing employees. We have noted earlier that line managers have a major influence on employee commitment. The relationship between line managers' practical wisdom and employees' agility is characterised by distinct behaviours of

the two parties involved in the relationship. Therefore, it is assumed that the perceived discretion of line managers influences the strength of their practical wisdom. Line managers with higher levels of perceived managerial discretion will take proactive steps to steer the course of their relationship with subordinates. Consequently, a line manager's higher individual perception of their managerial discretion is likely to have a stronger moderating influence on the 'line manager's practical wisdom – employee agility' relationship. Therefore, we formulate the following moderating proposition.

Proposition 2. *The greater the line manager's perceived managerial discretion, the stronger the impact of their practical wisdom on employee agility.*

The theory of managerial discretion (Hambrick & Finkelstein, 1987) states that a number of factors can either constrain or enable the action of managers in organisations. Managerial discretion is not an absolute or fixed construct – it can also be influenced by the actions of the managers themselves (López-Cotarelo, 2018). Since managers' practical wisdom is manifested in actions based on specific behaviours required to manage real-life situations, such manifestations may influence managers' perceived discretionary authority. Considering that line managers' perceived discretion may be conditioned by their practical wisdom, line managers with higher levels of accumulated practical wisdom may exhibit higher levels of perceived discretion. We have noted earlier that line managers play an important role in employee outcomes, including employee agility. Based on their level of perceived discretion, line managers may consider how to transform their practical wisdom into wisdom-related manifestations that influence employee agility. Thus, line managers' practical wisdom will influence employees' agility through its influence on line managers' perceived discretion. As an individual property, perceived managerial discretion may be identified as a mediating mechanism for a more comprehensive understanding of the 'line manager's practical wisdom – employee agility' relationship. Therefore, we propose that line manager's perceived managerial discretion mediates the relationship between line manager's practical wisdom and employee agility.

Proposition 3. *Line manager's perceived managerial discretion mediates the relationship between their practical wisdom and employee agility.*

DISCUSSION

Since line managers' support can influence employee agility (Doeze Jager-van Vliet et al., 2019; Lengnick-Hall et al., 2011), we sought to better understand how employee agility is affected by line managers' practical wisdom. Practical wisdom offers the potential to deal with complex organizational problems (Sternberg, 2019), it may be associated with relational benefits in conflict situations (Peetz & Grossmann, 2021). If the premise that people in organisations need to learn in order to respond and adapt to change is accepted, then practical wisdom represents an important resource for those responsible for employee management in organisations (Malan & Kriger, 1998; Schwartz, 2011). We have suggested that the ability of line managers to be practically wise is based on personality-related traits and on certain behaviours required to respond to emerging real-life situations. Taking into account the organizational context in which line managers operate and interact with their subordinates, we focus on line managers' individual manifestations of practical wisdom rather than on accumulated – but perhaps unapplied – individual life knowledge or experience. We have also addressed the importance of a line manager's perceived discretion, which may have an effect on line manager's manifestations of practical wisdom. The theoretical model we have presented in this paper contributes further insights into how line managers' practical wisdom and their perceived managerial discretion can influence employee agility in organisations.

Although our propositions need to be tested empirically to prove them, our theoretical considerations suggest that employee agility is likely to be supported by the practical wisdom of those line managers who appreciate the value of cooperation with their subordinates and choose to act for the benefit of their organization. Our theoretical reasoning also suggests that employee agility is likely to be constrained by the practical wisdom of those line managers who seek to control the behaviour of their employees and use their position for personal gain at the expense of the organization. We further found that higher levels of perceived managerial discretion are likely to increase the strength of their practical wisdom in relation to employee agility, as line managers with higher levels of perceived managerial discretion are more proactive in dealing with their subordinates. We also suggested that line manager's perceived discretion mediates the relationship between line manager's practical wisdom and employee agility, because line managers with higher levels of accumulated practical wisdom are supposed to have higher levels of perceived discretion, based on which line managers consider how to use their practical wisdom for employee agility.

Our article contributes to research on employee agility by highlighting line managers' practical wisdom as an important dispositional lever for developing employee agility. We also contribute to existing knowledge on managerial practical wisdom by providing an explanation for the importance of line managers' practical wisdom and explaining the relationship between line managers' practical wisdom and employee agility. Finally, our paper extends the existing knowledge on line managers' discretion in the management literature by explaining how line managers' perceived discretion affects the relationship between line managers' practical wisdom and employee agility. By focusing on line managers' practical wisdom and its impact on employee agility, we contribute to research initiatives that "promote both the study and the realization of practical wisdom as a virtue integral to management" (Bachmann, Habisch, et al., 2018, p. 162).

Applying wisdom-based reasoning principles to key problems facing the contemporary workplace could help reduce the significant human and social costs associated with these problems in organisations (Zacher & Kunzmann, 2019). If employee agility is perceived as beneficial for organisational outcomes, we would urge organisational leaders to consider that line managers might use their practical wisdom to limit employee agility, especially under certain conditions. On the other hand, line managers who are aware of how their practical wisdom impacts employee agility can change their behaviour to ensure the success of organizational programmes that promote employee agility. In addition, line managers should consider how their perceived managerial discretion influences their commitment to fulfilling their role in terms of employee management and related outcomes.

We propose future empirical research to test our propositions. Researchers could use appropriate techniques to determine line managers' intentions to use their managerial position (i.e., to serve themselves or the organisation). Without measuring intentions, researchers cannot be sure whether line managers' practical wisdom is used for their own personal benefit or to support organisational goals. Given the versatility of the theoretical model we have presented here, additional variables of research interest could be added to further extend the model to provide additional insights to established theories that attempt to explain how managerial behaviour can influence employee outcomes.

CONCLUSION

Our paper emphasises the importance of line managers' practical wisdom and its impact on employee agility. We recognise the possibility that line managers' perceived managerial discretion may influence the way their practical wisdom affects employee agility. Our theoretical discussion requires further research on the relationship between line managers' practical wisdom and employee agility, the intentions and motivation of line managers within this relationship, and on the strength and extent of the impact of line managers' perceived managerial discretion on this relationship.

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POVEZIVANJE AGILNOSTI ZAPOSLENIKA S PRAKTIČNOM MUDROŠĆU LINIJSKIH MENADŽERA: TEORETSKA RAZMATRANJA

SAŽETAK

Linijski menadžeri imaju presudnu ulogu u oblikovanju ponašanja zaposlenika, uključujući i postupke koji utječu na agilnost zaposlenika. U uvjetima dinamičnog i nepredvidivog poslovnog okruženja njihovo djelovanje zahtijeva donošenje ne samo promišljenih, nego i mudrih odluka. Unatoč važnosti tog utjecaja, dosad nije bilo istraživanja o praktičnoj mudrosti menadžera i njezinu utjecaju na ponašanje zaposlenika. Dok se sposobnost menadžera u donošenju odluka u organizacijama već dugo proučava, mnogo je manje istraživanja usmjereno na diskrecijske ovlasti menadžera izvan najvišeg menadžmenta, poput linijskih menadžera, u oblikovanju organizacijskih ishoda. Cilj rada je nadomjestiti te praznine analizom odnosa između praktične mudrosti linijskih menadžera i agilnosti zaposlenika te utjecaja percipiranih menadžerskih ovlasti na taj odnos. Polazeći od teorije agencije i teorije skrbništva, uspostavlja se teorijska osnova za navedeni odnos, dok se kroz teoriju menadžerskih ovlasti dodatno naglašava kako percepcija ovlasti linijskog menadžera može ograničiti ili omogućiti njegovo djelovanje. Rad završava implikacijama za buduća istraživanja i menadžersku praksu.

KLJUČNE RIJEČI: *agilnost zaposlenika, linijski menadžeri, praktična mudrost, percipirane menadžerske ovlasti, teorija agencije, teorija skrbništva*