

Abstract. Grappling for Strategic Agility during the Covid-19 Pandemic— The Case of the Russian Subsidiary of a Large Multinational IT Company

Purpose – This study aims to detail the actions of the Russian subsidiary of a multinational IT company, during the COVID–19 pandemic, aimed toward the exploration and exploitation of unexpected business opportunities. It depicts the strategic and tactical actions of the subsidiary and corporate initiatives during the pandemic, revealing tensions between the subsidiary and its corporate parent on implementation of each’s initiatives.

Design/methodology/approach – A case study is presented, based on action research, using internal primary and secondary documents from the company under consideration, participation in various working meetings, meetings with customers and interviews with subsidiary management.

Findings – The strategic actions implemented by the subsidiary during the pandemic exemplify strategic agility, i.e. a set of activities carried out by a company that create value in a turbulent and unpredictable environment which in turn require systematic variations in specific processes, products and structures. Some of those variations included the unauthorized amendment of internal corporate rules, leading to tensions between the subsidiary and parent company. This case illustrates that such parent-subsidiary tensions are an inevitable element of achieving agility at the subsidiary level, especially during rapid and unpredictable changes in the business environment.

Research limitations/implications – This study presents the flow of events in one multinational corporation subsidiary. However, the authors speculate that similar situations (subsidiary actions exploiting emergent business opportunities and which have been restricted by rigid internal corporate rules and regulations and low receptivity from corporate headquarters) occurred in many multinational corporation subsidiaries, aiming to explore and exploit nascent business opportunities in local markets during the pandemic.

Practical implications – The study confirms the necessity for the review of the functioning of the corporate immune system of large multinational corporations to allow more subsidiary initiatives to flourish than before the pandemic.

Originality/value – The paper presents a case of strategic agility at subsidiary level during the pandemic. It also uncovers the black-boxing managerial decision-making processes in headquarters-subsidiary relations during the extreme turbulence of business environment.