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Organisational Resilience: Developing change-readiness

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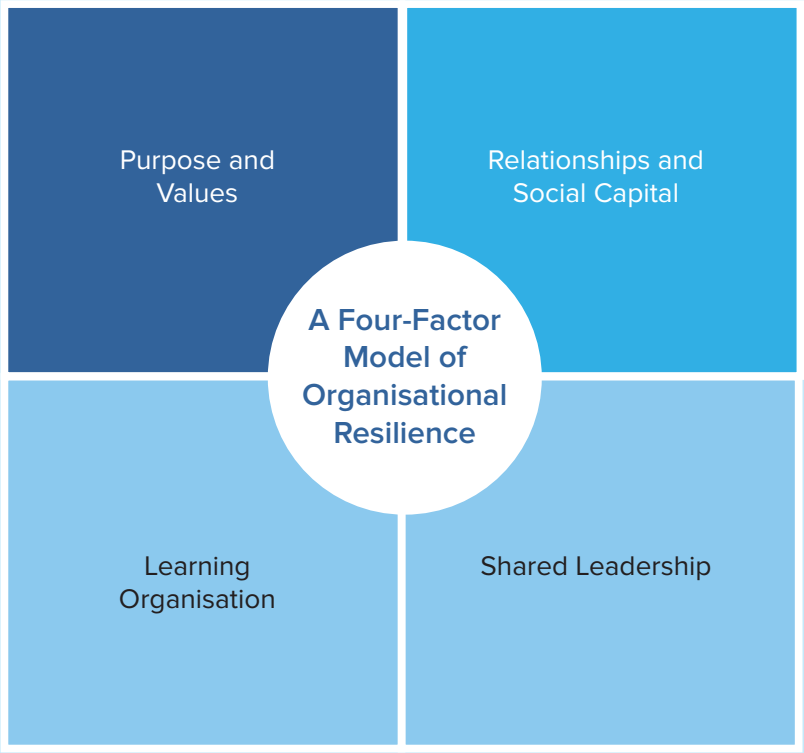
Executive Summary

VUCA (Volatile, Uncertain, Complex, and Ambiguous) may be an over-used label to describe the world we live in, but it's over-used because it's a neat summary of how many of us feel about our work and wider environment. We are experiencing massive social, economic, and demographic shifts. We are experiencing significant disruption and accelerating pace of change with technological advances. Every day we pick up a paper – sorry, read on our social media streams – about another organisation experiencing a significant crisis, the news of which rapidly spreads around the globe as it's shared and retweeted.

In such a world organisational resilience is highly desired, and often elusive: in our 2017 Management Agenda only 6 out of 10 managers agreed their organisation was resilient. In this paper we examine our own and other's research to give our working definition of organisational resilience:

Resilience is the capability of organisations to prevent and respond effectively to crises, and the ability to anticipate, adapt to and take advantage of long-term trends, challenges and opportunities. Put simply, resilience is about being change-ready and responding well to change.

We argue resilience emerges from the culture of an organisation, and highlight four key areas that contribute to a resilient culture, with diagnostic questions in each area that you can use to assess your organisation's resilience strengths and weaknesses.



Our overall recommendation is that organisational resilience is a key strategic asset, so if it is not being debated, you (whether you're a leader, HR, or OD practitioner) need to start the debate, using some of the diagnostic questions. Hopefully you'll find that many of your cultural change, leadership development, and learning initiatives have the potential to enhance organisational resilience. We also provide ten key tips for those of you who find your current initiatives are not contributing to building organisational resilience.

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Introduction

Pick up the paper and you are likely to see headlines about one or more organisations undergoing, having experienced or working themselves back from a crisis of some kind. To put some figures to this, research in 2002 uncovered that in a five-year period, 40 per cent of the World's largest companies had experienced a crisis severe enough for their share price to fall by 30 per cent.[1] More recently in the UK in the year since the Brexit vote, the worst FTSE performers saw their share price decrease from 20 – 40% due to crises such as accounting scandals, sudden shifts in regulation, and drops in investor confidence, whilst the top performers saw share price increases of 50 – 80%.[2]

Whatever the cause or manifestation of the crisis, this is usually accompanied by a hit to the reputation and brand of that organisation, damage that can be long-lasting. Warren Buffet is quoted as saying 'it takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently'. The capability of organisations to avert crisis, respond quickly and effectively when crises do emerge, and to be able to see into the future and not get caught out by changing trends and disruptive innovations is a critical one in a fast-changing world. This capability is resilience.

Resilience is the capability of organisations to prevent and respond effectively to crises, and the ability to anticipate, adapt to and take advantage of long-term trends, challenges and opportunities. Put simply, resilience is about being change-ready and responding well to change.

Research has demonstrated that resilience emerges from an organisation's culture – not just what it does, but how it does it[3]. This paper will focus on what it means to have a resilient culture, and how this can be developed.

The purpose of this paper

The intention of this paper is to answer the following questions and offer the following support to help you develop your organisation:

- Why is organisational resilience so important?
- What is organisational resilience?
- What contributes to a resilient culture?
- What questions should I ask to assess my organisation's resilience?
- Where should I start if I want to develop my organisation's resilience?

We also provide a case study of what one organisation has done to build its resilience.

1 Pretty, D (2002) 'Risks that matter: Sudden increases and decreases in shareholder value and the implications for CEOs' Oxford Metrica

2 http://uk.businessinsider.com/year-after-brexit-ftse-100-winners-and-losers-2017-6

3 McManus et al (2008) 'facilitated process for improving organisational resilience', Natural Hazards Review, 9(1), pp81-90

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Why is organisational resilience so important today?

The accelerating pace of change and disruption

People commonly refer to change being a constant nowadays. Employees in organisations frequently feel that one change programme has barely finished before another starts. The felt experience is one of constant change. What is also true, but less frequently talked about, is the accelerating pace of change. This is particularly true with respect to technology. For example, whilst it took television 22 years to reach 50 million users, it took YouTube 4 years and Twitter 2 years[4].

The pace of change in technology is enabling disruptive innovations. Innovations which create permanent shifts in customer demand and market structure. Examples such as Apple's iPhone, Amazon and the growth of the sharing economy through businesses like AirBnB abound. AirBnB, for example, has grown to encompass 600,000 properties in 200 countries, larger than all but the four largest hotel chains in the World. Organisations need to be continually scanning their environment for emergent technology and competitors that may rapidly disrupt their market.

The rise of social media

The rise of social media has placed pressure on organisations to respond much more rapidly to the developing social media buzz, and placed much greater scrutiny on their operations with a rise in social activism. Leading companies listen closely to what people are saying about their services on social media to stay ahead of developing issues and address them before they grow. Realising both the potential threat and opportunity in social media, companies pay close attention to what highly networked individuals are saying about them, and seek to take advantage of this by offering perks to such individuals. For example, one hotel chain cross-references a person's social media score upon check-in and offers upgrades where this is high. The growth of social media means news, good or bad, travels fast. Companies who give bad service or who are seen to be operating unethically can suffer widespread reputational damage overnight. Social sensibilities are not well defined and can change quickly, so organisations need to be alive and alert to what is being said about them and the issues of the day, and be able to respond quickly.

Changing social, economic and demographic trends

As well as responding quickly, organisations must also be thinking about, be prepared for, and take advantage of long-term trends. For example, by 2025, 30 per cent of the population in Europe is forecast to be over the age of 60. By 2044, China will have more people aged over 60 than the entire population of the US. Ageing demographics have a multitude of economic effects from a dearth of workers for physical, blue-collar jobs, different demand patterns (shift from products to services), as well as the rise of new markets. Such shifting demographics also have huge implications for organisations in ensuring they have the critical talent they need as baby boomers retire.

Organisational crises are no longer rare

The last 30 to 40 years has seen a huge increase in the frequency and impact of high-risk events[5] (e.g. extreme weather, financial crises). The increased interconnectedness of people, organisations and culture brought about by globalisation and other factors means that shocks tend to spread quickly and in unpredictable ways. Multinationals with global supply chains can be easily caught out by events happening deep in their supply chains. Every organisation is likely to face at least one disruptive crisis during its life.[6] How organisations respond to crisis is then, increasingly critical to future prosperity. What we also know is that how organisations are seen to respond to crisis provides an indication of its leadership capability, and directly impacts how it is evaluated by financial markets. Research has shown that organisations that manage a crisis well emerge from it with a higher share price than that with which they entered it.[7]

There are, then, a multitude of reasons why organisational resilience has become both a highly desired capability and some would argue an elusive one. As well as the reasons listed above research has also demonstrated statistically significant relationships between organisations assessed as having higher levels of resilience with better cash flow, profitability and return-on-investment[8] It's not surprising then that in a study by the Economist Intelligence Unit[9], nine out of ten business leaders saw resilience as a priority for their business and eight out of ten as indispensable for long-term growth. At the same time, only one-third of CEOs were confident that their organisation possessed such resilience. Similarly in our 2017 Management Agenda 4 out of 10 managers were unsure or disagreed when asked whether their organisation was resilient.

Closing the gap, then, between what is desired in terms of organisations' resilience and the felt reality is a significant challenge facing businesses, large and small.

4 https://www.bloomberg.com/view/articles/2017-07-06/the-world-is-about-to-change-even-faster

5 Van der Vegt, G.S., Essens, P., Wahlstrom, M., & George, G (2015) `Managing Risk and Resilience'. Academy of Management Journal, 58(4), 971-980

6 Seville, E (2017) 'Resilient Organisations: How to survive, thrive and create opportunities through crisis and change', Kogan Page

7 Knight RF and Pretty DJ (2001) 'Reputation and value: The case of corporate catastrophes' Oxford Metrica

8 Stephenson et al (2010) Benchmark Resilience: A study of the resilience of organisations in the Auckland region, Resilient Organisations Report

9 Organisational Resilience: Building an enduring enterprise (2015)The Economist Intelligence Unit commissioned by the BSI

What is organisational resilience?

There are many different definitions of resilience, all of which share similarities but which also give emphasis to different aspects of the concept. Some existing definitions are shown below.

Definitions of resilience

"How organisations continually achieve **desirable outcomes** amidst **adversity**, strain, and significant barriers to adaptation and development."
(Sutcliffe & Vogus, 2003)[10]

"Ability of individuals, groups and organisations to absorb the stress that arises from these challenges and **not only recover functioning to a 'normal' level but also learn and grow** from the adversity to emerge stronger than before."
(Stephens et al, 2013)[11]

"Dynamic capacity of organisational adaptability that grows and develops over time. Results from processes that help organisations retain resources in a form sufficiently flexible, storable, convertible and malleable to **avert maladaptive tendencies and cope positively with the unexpected**."
(Gittell et al, 2006)[12]

"A firm's ability to effectively absorb, develop situation-specific responses to, and ultimately engage in **transformative activities to capitalize on disruptive surprises** that potentially threaten organisation survival."
(Lengnick-Hall et al)[13]

The various definitions highlight the ability of an organisation to adapt positively from adversity and the unexpected, achieve outcomes of value, and perhaps crucially not only to recover functioning to a 'normal level' but also to learn and grow from the experience.

10 Sutcliffe, K.M and Vogus, TJ (2003) 'Organising for Resilience' in KS Cameron, JE Dutton, RE Quinn (eds) Positive Organisational Scholarship pp94-110, San Francisco, CA: Berrett-Koehler Publishers

11 Stephens JP, Heaphy ED, Carmeli A, Spreitzer GM, Dutton JE (2013) ' Relationship quality and virtuousness: emotional carrying capacity as a source of individual and team resilience' Journal of Applied Behavioural Science

12 Gittell JH, Cameron K, Lim S, Rivas V (2006) 'Relationships, layoffs, and organisational resilience: Airline industry responses to September 11th. Journal of Applied Behavioural Science, 42(3), 300-330

13 Lengnick-Hall, CA, Beck TE, Lengnick-Hall, ML (2011) 'Developing a capacity for organisational resilience through strategic human resource management' Human Resource Management Review, 21, 243-255

Simplifying the language a little, our working definition for resilience in this paper is:

> Resilience is the capability of organisations to prevent and respond effectively to crises, and the ability to anticipate, adapt to and take advantage of long-term trends, challenges and opportunities. Put simply, resilience is about being change-ready and responding well to change.

Is organisational resilience simply the sum total of its employees' resilience?

We are often asked the question as to whether an organisation's capacity for resilience is simply the sum total of all of its individual employees' resilience capability. We argue that whilst organisational resilience is improved when employees possess a level of resilience, resilience capability at an individual level is a necessary but not sufficient condition to create a resilient organisation. We argue that it is the nature of the relationships between employees across different parts and levels of the business, and also between its employees and wider stakeholders and social networks, that determine whether the latent resilience potential of employees' is realised. Relationships which both provide support and resources, but also crucially foster new learning, new ideas and insights are critical for an organisation's resilience capability.

The difference between individual and organisational resilience

"A critical source of capacity for organisational resilience is contained in the characteristics of employees" (Lengnick-Hall, Beck & Lengnick-Hall, 2011, Ibid)

"Whereas the composition of individual characteristics determine the system's potential for resilience, the relationships between individual employees and the social network in which these individuals are embedded strongly determine the availability and accessibility of these capabilities and resources for adaptive responses" (Van der Vegt, 2015[14])

"Relationships between employees characterised by openness and generativity – where new things are learned, new opportunities identified, and new insights originate – enable groups of individuals to use their collective resources, process information, make sense of emergent issues, and see opportunities for effective courses of action" (Carmeli, Friedman & Tishler, 2013, taken from Van der Vegt, 2015)

14 Van der Vegt, G.S., Essens, P., Wahlstrom, M., & George, G (2015) `Managing Risk and Resilience'. Academy of Management Journal, 58(4), 971-980

If an organisation is resilient in one situation or time, will it be so in others?

An organisation's resilience capability is dynamic and contextual. Dynamic because it changes over time and can be eroded over time if not attended to. Contextual because each organisation has its own strengths and weaknesses. A familiar story in the resilience literature is that of Nokia, an organisation which demonstrated a high degree of operational resilience, but whose strategic resilience was found wanting when faced with the disruptive innovation of the iPhone. Each organisation will have its own strengths and weaknesses with respect to resilience, and at the same time, can, through practical actions, improve its resilience capability.

The Case of Nokia: Operational not strategic resilience

In 2000, a fire broke out at a Royal Philips Electronics Manufacturing Plant in New Mexico. The fire was relatively minor but the dust and smoke generated contaminated a stockpile of computer chips to be used in Nokia and Ericsson mobile phones. The two organisations reacted differently to this event. Ericsson did little and accepted the estimated time of one week it would take to get production back up and running at face value. Nokia, on the other hand, anticipating that production may be affected for longer, worked proactively with Philips to redesign the chips so that they could be manufactured at a separate Philips plant. It actually took six weeks before production finally started at the fire-affected Plant, and in that time Ericsson's sales and margins had dropped, inventories increased and costs went up. Ericsson reported that the fire had caused a second-quarter operating loss of $200 million, whilst Nokia reported that third-quarter profits had increased by 42 per cent as it secured all of the additional capacity in the market.

Fast forward to 2007, when Nokia dominated the cell phone market and Apple introduced the iPhone. In 2007, Apple sold 3.7 million phones compared with Nokia's 435 million phones, including 60 million smartphones. By 2013, Nokia's smartphone share had dropped to 3 per cent and in the same year sold its smartphone business to Microsoft. Nokia had been blindsided by the iPhone in a case of disruptive innovation.

In essence, Nokia had demonstrated strong operational rather than strategic resilience.

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Is resilience simply about managing risk?

In its early guises, thinking and practice around resilience was focussed on planning for and either eliminating or mitigating risks in the light of historical data. It was identified closely with the discipline of risk management and business continuity, defending the critical operations of the business. Since that time, resilience has shifted to a greater focus on capabilities, people and culture, and how organisations and leaders can adjust to the changing world around them before it is too late. For example, in-depth research[15] using a grounded-theory approach with organisations from a variety of sectors and of different sizes concluded that resilience emerges from an organisation's culture. In other words, not what it does so much, but how it does it.

Work by Cranfield University usefully describes the evolution in thinking on organisational resilience over the last 40 years[16]. The work describes five phases with five associated contrasting perspectives. The first two, preventative control and mindful action, are focussed on avoiding losses either by standardised procedures and back-ups or through empowering employees to notice and respond effectively to threats. The next two phases, performance optimisation and adaptive innovation, are seen as progressive and concerned with either continually improving existing ways of working or creating new offerings and being the disruption in the market. These latter two evolutions are analogous with incremental and radical innovation. The last fifth phase identified by the researchers is that of 'paradoxical thinking', organisations being able to combine both defensive and progressive forms of resilience, and combining the consistency that standardised procedures offer with the flexibility that adaptive innovation affords.

In essence, resilience requires that an organisation be able to combine seemingly opposing capabilities: to be both planned AND adaptive; to have standardised procedures AND allow for flexibility; to continuously improve current ways of working AND be prepared to do things differently; and ultimately not only to manage risk but also to embrace it. Resilience is also about supporting business growth which entails risk, not simply about reducing or eliminating risk to protect and preserve core operations. Gary Hamel talks about the need for organisations to embrace paradox, dedicating as much energy to systematic exploration of new strategic options as they do to the relentless pursuit of efficiency.

So to expand our working definition:

> Resilience is the capability of organisations to prevent and respond effectively to crises, and the ability to anticipate, adapt to and take advantage of long-term trends, challenges and opportunities. Put simply, resilience is about being change-ready and responding well to change. It requires an organisation to be able to combine seemingly opposing capabilities, and emerges from the 'how' of an organisation – its culture.

15 McManus, S, Seville E, Vargo, J et al (2008) 'Facilitated process for improving organisational resilience', Natural Hazards Review, 9 (1), pp 81-90

16 Denyer, D (2017) 'Organisational Resilience: A summary of academic evidence, business insights and new thinking' BSI

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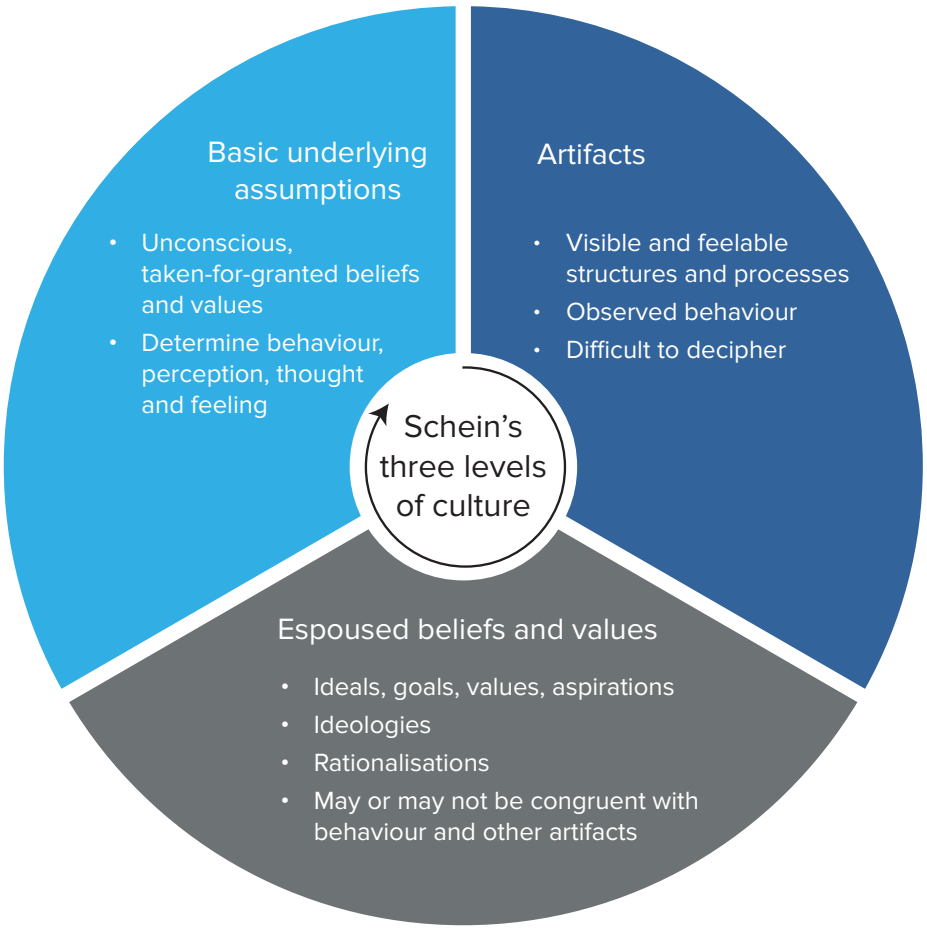
A note about culture

Before we talk about the key components of a resilient culture, it is worth pausing for a second to think about what we mean by culture. The shorthand and commonly repeated answer to the question 'What is culture?' is that of 'the way we do things around here'. This unfortunately locates culture at a surface level, and importantly focuses attention away from the crucial 'why' question, the shared assumptions underlying how people in a culture see, think, and act in the world. Failing to address the 'why' question can seriously undermine any effort at understanding, or indeed, changing culture.



In talking about culture, Edgar Schein[17] talks about how the culture of any group or organisation is a product of the shared learning of that group. As a group develops, it is viewed as confronting two basic problems: how to function effectively in its environment (external adaptation); and how to function effectively as a group (internal integration). As the group strives to solve these problems, it accumulates learning about how to think, feel, perceive and behave, learning which eventually comes to be taken-for-granted and drops out of conscious awareness: it becomes basic underlying assumption in Schein's language. To change culture, then, requires that members of a group or organisation resurrect, re-examine, challenge and ultimately change their worldview. Schein notes that such a process can induce considerable anxiety and resistance as we want to perceive the world in a way that is congruent with our assumptions and so preserve our worldview. We may even prefer to deny or distort external reality if it means preserving what we hold to be true.

The point, then, is when thinking about trying to understand how resilient your culture is, or how you might change it, interventions must focus on both surface level (Schein's artifacts) and deeper level values and assumptions (Schein's basic underlying assumptions). We have provided a range of recommendations and suggestions around how you could develop a resilient culture that acknowledge this complexity later in this paper.

17 Schein, E (2017) 'Organisational Culture and Leadership', 5th Edition, The Jossey Bass Business and Management Series.

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What makes for a resilient culture?

In our 2017 Management Agenda[18], we asked senior managers, HR and OD professionals to comment on the factors they saw as supporting or hindering the resilience of their organisation. We thematically analysed the responses and identified a number of recurring themes. Below we have supplemented these themes with learning from the literature on resilience to develop a four-factor model of organisational resilience. In this next section, we will discuss each of the four factors in turn, and suggest some questions to help you start thinking and reflecting on where your own organisation's resilience strengths and weaknesses lie.

A Four-Factor Model of Organisational Resilience

Purpose and Values

- Does your organisation have a clear and inspiring purpose that employees can get behind?
- Are the values of the organisation clearly articulated and shared?
- Are your organisation's values lived in practice by all, including and importantly the most senior leaders?

Relationships and Social Capital

- How well networked is your organisation/its employees internally/externally?
- Are all parts of the business operating in service of the whole? Are there fiefdoms and empires that are failing to support the wider business?
- What methods, tactics and approaches do you have for encouraging relationships and understanding across boundaries?
- Is collaboration included in how you define, recruit and develop leaders?

Learning Organisation

- How open is the culture of your organisation to challenge, to hearing new ideas and trying new things?
- Does your organisation have a genuine feedback culture?
- How open are the people in your organisation to constructive challenge?
- How well does your organisation anticipate emerging trends and challenges, and respond appropriately?
- How much time do your managers spend on reflecting with their teams on past performance?
- Does your organisation actively try to recruit for potential disrupters, people who think differently to the norm for your organisation?

Shared Leadership

- How effective are managers in your organisation at empowering employees? Do they micro-manage? Do they build trusting relationships with their staff?
- How are decisions made?
- Are decisions made at the appropriate level?
- How widely is leadership capability and behaviour developed in your organisation?

18 Lucy D, Wellbelove J, Poorkavoos M, Hatcher C (2017) The Management Agenda 2017. Roffey Park Institute.

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Purpose and Values

'Strong company values and a strong culture of its people being cared about and having people that care about the business and keeping the lights on'

HR Business Partner

'Employee engagement, clear values and a sense of purpose'

HR Manager

A strong core purpose and shared values have been identified as central to organisational resilience. Diane Coutu, writing in the Harvard Business Review[19], talks about how shared values facilitate meaning-making, especially in difficult times. According to Coutu, 'strong values infuse an environment with meaning because they offer ways to interpret and shape events'. Other researchers[20] in the field talk about purpose and values as helping people frame conditions in ways that support problem-solving and action in the face of a threat as opposed to a response characterised by denial and a reliance on habitual ways of doing things.

A shared sense of purpose and values also facilitates collaboration, helping people be aware of what they share as opposed to focussing on areas of difference inherent in different roles or functions. Shared values also provide a loose framework within which decisions can be made, potentially enabling more decentralised decision-making and less need for bureaucratic processes and procedures. Such decentralised decision-making is critical if organisations are to be able to respond quickly and effectively to emerging situations and to make best use of the expertise closest to the work at hand.

In her article Diane Coutu goes on to note that value systems in resilient companies change very little over the years, a point echoed by Jim Collins (author of 'Good to Great') who refers to values as 'deep and unchanging':

> *'You cannot set organisational values, you can only discover them. Nor can you 'install' new core values into people. Core values are not something people 'buy in' to. People must be predisposed to holding them. Executives often ask me, 'How do we get people to share our core values?' You don't. Instead, the task is to find people who are already predisposed to sharing your core values. You must attract and retain these people and let those who aren't predisposed to sharing your core values go elsewhere (Jim Collins, 2000)*

In other words, if you do notice discrepancies between espoused and lived values, there may be a need to revisit them with staff and ensure that they reflect the aspirations and needs of all. If your organisation does not as yet have a stated purpose or values, these will be held implicitly by employees. This could be a good opportunity to involve staff in defining and articulating a sense of purpose and values that can support your organisation's resilience.

Purpose and Values: Questions to ponder

- Does your organisation have a clear and inspiring purpose that employees can get behind?
- Are the values of the organisation clearly articulated and shared?
- Are your organisation's values lived in practice by all, including and importantly the most senior leaders?

19 Coutu, D (2002) ' How Resilience Works' Harvard Business Review

20 Lengnick-Hall, CA, Beck TE, Lengnick-Hall, ML (2011) Ibid

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Learning Organisation

'Becoming a learning organisation that reflects on what can be learned rather than who can be blamed is critical for our growth'

Head of Organisation and People Development

Popularised by Peter M Senge in the 1990s, the concept of the learning organisation is perhaps more relevant today than ever, with its vision of an organisation where difference is tolerated, truly open discussions are commonplace, and thinking is systemic. However the Harvard Business Review article, 'Is yours a learning organisation? argues that although the learning organisation is attractive as a concept, it has failed to take root due to difficulty in implementing it practically. The paper identifies three broad building blocks of a learning organisation and a way of assessing each of these. The three building blocks are:

- A supportive learning environment
- Leadership that reinforces learning
- Concrete learning processes

A supportive learning environment is one where employees feel psychologically safe. Psychological safety refers to the degree to which people perceive their work environment is conducive to taking interpersonal risks: the risk of being seen as ignorant by asking questions or seeking information; the risk of being seen as incompetent resulting from asking for help, admitting mistakes, experimenting; the risk of being viewed negatively when offering critical feedback or presenting minority viewpoints.

An appreciation of difference, openness to new ideas and making time for reflection are three additional aspects of a supportive learning environment. According to Denyer, adaptive innovation works when there is creative problem solving by people drawing on multiple, diverse perspectives and trying new things, in a safe environment. It is hindered in a culture where people are frightened to experiment, and there is a lack of diversity in perspective and nonconforming voices are ignored. The importance of Cognitive Diversity, is increasingly being recognised by organisations, although many still struggle with making this a reality. In our 2018 Management Agenda research[21], only 14 per cent of managers said that their organisations actively sought to recruit people who may be different from the prevailing culture. Different views, perspectives, and ways of thinking generates fresh thinking and stimulates learning. Lengnick-Hall also talk about the importance for resilience of ensuring a range of different experiences, perspectives, paradigms, and competencies are available in the workforce. They emphasise the importance of pluralism and valuing individual differences.

A supportive learning environment allows time for reflection, something which is quite counter-cultural to the ubiquitous busyness of the modern-day manager. The ability to think analytically and creatively, and to genuinely explore issues in an open-ended way, is compromised by busyness and the pressure to be, or seen to be, doing. Such an environment privileges finding quick solutions to symptoms rather than understanding and resolving underlying issues. As Albert Einstein reputedly said ' If I had an hour to solve a problem, I'd spend 55 minutes thinking about the problem and 5 minutes thinking about solutions'.

> *'Organisations fail more often because they solve the wrong problem than because they get the wrong solution to the right problem' (Ackoff, 1974, taken from Denyer, 2017)*

Senior leaders must not only actively support learning processes, practices, and reflection but actively role model behaviour which is supportive of learning. They need to be skilled enough to seek out different viewpoints, and to signal by their behaviour the importance of spending time on reflective activities by actively questioning and listening to employees, and being willing to challenge assumptions and have them be challenged.

21 Lucy D, Wellbelove J, Poorkavoos M, Hatcher C (2018) 'The Management Agenda 2018' Roffey Park Institute.

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The embedding of concrete learning processes and practices is not only about internal problem solving, but also having means of gathering intelligence and learning from customers, competitors and wider trends in the business environment. In his Harvard Business Review paper, 'The Quest for Resilience'[22], Gary Hamel talks about the importance of conquering denial for resilience' the importance of staying alert and alive to what is changing, and the implications of those changes for the survival of your organisation. He advises 'witnessing change close up', staying closely connected with customers, suppliers, competitors, disrupters and acknowledging that your organisation's strategy will likely need to evolve.

Concrete learning processes are not solely about correcting errors or mistakes, but also questioning deeply held assumptions and beliefs, and encouraging people to think creatively and in unexpected ways. This is linked to the notion of wicked problems and double-loop learning.

Learning Organisation: Some questions to ponder:

- How open is the culture of your organisation to challenge, to hearing new ideas and trying new things?
- Does your organisation have a genuine feedback culture?
- How open are the people in your organisation to constructive challenge?
- How well does your organisation anticipate emerging trends and challenges, and respond appropriately?
- How much time do your managers spend on reflecting with their teams on past performance?
- Does your organisation actively try to recruit for potential disrupters, people who think differently to the norm for your organisation?

22 Hamel G, Valikangas L (2003) 'The quest for resilience'. Harvard Business Review, 81(9), pp52-63

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Relationships and social capital

'Extensive connections to other organisations facing similar challenges globally'

(Vice President, HR)

Good management which engages employees and involves them in the decisions that directly affect them. Being clear about organisational goals and how individuals contribute to achieving them'

(HR Director)

'Good knowledge and awareness of the industry and market and very active monitoring of political and other external changes that may affect our business'

(Senior Lawyer)

'Regularly outward-looking strategic reviews, closeness to customers with strong advocacy of customer voice across the business'

(OD Consultant)

'Resilience rests fundamentally on relationships' Luthar[23]

Whilst Luthar's quote refers in the main to child development, the ability to build relationships across intra- and inter-organisational boundaries is critical for organisational resilience. A wide network of collaborative relationships and partnerships enables better problem solving, more fluid sharing of ideas, as well as making available practical support and resources. Connections are needed outside the organisation to both help with sensing how the environment is changing, as a potential wellspring of ideas, and also as a source of support when times are difficult.

Relationships also need to be proactively built across boundaries within the organisation. Siloed viewpoints and mind-sets act against the sharing of information and the development of collective understanding. The building of empires and the fostering of 'them and us' sub-cultures are identified by Denyer and colleagues as a barrier to adaptive innovation, a key aspect of their organisational resilience framework. There is a deeply human tendency to define in-groups and outgroups. Organisations need to be alive to this and seek ways to continually practise ways of helping employees from different areas recognise their inter-dependence. They need to recruit and develop leaders who understand the bigger picture and are effective at building trusting relationships across boundaries which go beyond the transactional.

For an organisation to be resilient, it also needs to pay attention to and nurture its relationship with its employees. Having engaged employees is critical to resilience. Clarity of shared purpose and values helps, but organisations need also to develop leaders who can effectively manage both the technical and human aspects of change.

Relationships and social capital: some questions to ponder:

- How well networked is your organisation/its employees internally/externally?
- Are all parts of the business operating in service of the whole? Are there fiefdoms and empires that are failing to support the wider business?
- What methods, tactics and approaches do you have for encouraging relationships and understanding across boundaries?
- Is collaboration included in how you define, recruit and develop leaders?
- How effective are your leaders at managing both the technical and human aspects of change?

23 Luthar S (2006) 'Resilience in development: A synthesis of research across five decades'

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Shared Leadership

'A critical mass of effective managers who care about their teams and services'

(Learning and Development Manager)

One aspect of organisational resilience discussed by Denyer and colleagues is that of mindful action. Mindful action refers to the organisation's (and by that, read, employees') capability to notice and respond to threats and challenges as they arise. In other words, to be prepared for adversity and a 'generalized capacity to investigate, to learn, and to act, without knowing what one will be called to act upon'[24]. Denyer notes in his paper a shift in resilience over the last 40 years, away from the idea of humans as merely sources of error and towards people as providing a positive contribution towards resilience. This requires a move away from hierarchical, command and control forms of leadership to a more shared, collective, and less hierarchical one where leadership behaviours and roles are not solely taken on the basis of one's position in the hierarchy but as a response to need. This means positional leaders sometimes taking a back seat to allow others to step forward. Such shared or collective leadership has been identified by leadership experts including those working in the healthcare sector:

> *'A collective leadership culture is characterised by shared leadership – by a constantly swirling mix of changes in leadership and followership, dependent on the task at hand or the unfolding situational challenges. Of course, there is still a formal hierarchy with dedicated positions but the ebb and flow of power is situationally dependent on who has the expertise at each moment. Research evidence suggests the value of this, particularly at team level: meta-analyses demonstrate that shared leadership in teams predicts team effectiveness, particularly but not exclusively within health care'*[25].

Denyer et al state that a sign of weakness in an organisation's capability to display mindful action is the deferring of decision-making to others and people diffusing responsibility for resolving problems. People need to be empowered to act when they recognise a problem and for there to be devolved ownership and responsibility. It's not possible for organisations to react quickly and effectively if too much power is centralised and too many decisions rest with senior management. Better decisions will also be enabled by those closest to the problem having a substantive degree of autonomy in how to respond. The danger, of course, is that when threatened by external events, senior managers often seek greater control rather than less, and can often display a tendency to micro-manage when under pressure. It is also not possible for people to feel empowered in a culture where they are blamed quickly if errors are made. Mindful action is also weakened when organisations stop investing in the competence of their people[26].

Shared leadership: questions to reflect on:

- How effective are managers in your organisation at empowering employees? Do they micro-manage? Do they build trusting relationships with their staff?
- How are decisions made?
- Are decisions made at the appropriate level?
- How widely is leadership capability and behaviour developed in your organisation?

24 Wildavsky (1988) taken from Denyer et al (2017) (Ibid)

25 Kings Fund (2015) ' Leadership and Leadership Development in HealthCare: The Evidence Base' Kings Fund

26 Sutcliffe and Vogus (2003) Ibid

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A Case Study of Building Organisational Resilience

Case Study – Fire and Emergency New Zealand

Fire and Emergency New Zealand currently comprises 40 different Fire services, both urban and rural, and is undergoing a change programme to form one service, following a service review in part initiated as a response to the Christchurch earthquakes in 2014. The service relies heavily on volunteers (90% of staff are volunteers) and nearly all operational staff are male (98%). Resilience is critical both in terms of the ability of individuals and teams to respond in times of crisis, and also the organisations' ability to continually learn. To support the development of resilience, the Organisational Development team has set in motion a number of initiatives and actions. These include:

- Actions to attract and retain a more diverse workforce, reflective of the communities which the service supports. Part of this involves attracting and recruiting more women into operational roles. Greater support has been offered in helping women achieve the physical requirements of the roles, and there has been greater effort made to publicise the more operational roles women are taking, boost further recruitment, and create a more diverse workforce.
- OD work is being undertaken to collect stories from across the 40 different organisations, to understand what is the same and what is different, and to create more stories of diversity and inclusion.
- Leadership development that includes people from both operational and non-operational roles, thereby facilitating the development of connections across boundaries.
- They are working on providing leadership development across all levels of seniority, to spread effective leadership throughout the organisation
- Leadership development incorporates learning around complex adaptive systems and how to influence systems, and the managing of polarities (embracing the tension between improving process and more radical changing of the way things are done)
- The development of a more deliberate career pathing process, ensuring that talented individuals experience a diverse set of roles and areas of the business (e.g. operational and non-operational) to increase understanding and break down silos
- They are undertaking a longitudinal piece of research to track volunteers in their first three years to understand more about the experience and how the service can do more to attract, retain and develop volunteers and aid the resiliency of the service
- A learning culture is supported by a debriefing process following each and every incident. Case studies of incidents are also built into leadership development.
- Psychological well-being and resilience is part of the selection process. This is important given that operational first-responders have to regularly deal with extreme situations including death.

What is clear from this case study is the focus on a wide range of levers to influence resilience, including developing leadership capability throughout the organisation, breaking down silos through cross-organisation leadership development cohorts and career development that enables talented individuals to experience and form connections in different parts of the organisation.

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Recommendations

Where to start?

Initiate the conversation

Resilience is a strategic asset but is it on the table in your organisation? Is it being discussed at all? The first step in any attempt to build resilience in your organisation is to start the debate. This can be done by starting to ask some of the questions posed in this paper to senior leaders and employees throughout the organisation.

Assess your organisation's own resilience strengths and areas for development

Organisational resilience is supported by a complex set of behaviours and attitudes. Each organisation will have its own strengths and weaknesses, and these will ebb and flow over time. Whatever your organisation's current situation, a good next step can be to assess its levels of resilience across the four dimensions outlined in this paper. Once you have a sense of where your organisation's strengths and weaknesses are, you will have a better sense of if, and where, to consider intervening.

Align resilience with other existing and planned initiatives

Building your organisation's resilience does not necessarily mean a whole host of new initiatives labelled as explicitly building resilience. Many existing initiatives and activities may already be supporting or have the potential to support resilience, perhaps with a little tailoring. Planned leadership development can be adjusted to incorporate sessions of personal resilience, or include action learning sets as a way of facilitating the ability to inquire into others' experiences, perspectives and underlying assumptions. Leadership development cohorts can potentially be reshaped to ensure that connections are built across boundaries.

Ten key tips for building organisational resilience

01 Encourage cross-functional project teams and assignments. These can be part of leadership development programmes. Working with people from across the business on projects can be useful in supporting the forming of cross-boundary connections as well as broadening the perspective of those involved. Such assignments typically also provide opportunities for personal development, learning and growth, as well as innovation.

02 Review leadership development programmes to ensure that cohorts include leaders from different parts of the business. The programmes should also provide the opportunity for different levels of leaders to meet and form connections.

03 Consider the provision of leadership development not just for your most senior leaders or high-potential staff, but also those throughout the organisation. Development of leadership behaviours and capabilities should happen as widely as possible across the business.

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04 Review high-potential leadership development programmes to ensure that they provide opportunities to develop a breadth of knowledge, and to support the forming of connections across the business.

05 Incorporate within any leadership development effort building of the capability to actively listen and ask open questions which can support learning and new thinking. Such skill can be supported through development of coaching skills as well as action learning sets. There are also other methodologies that can support these skills.

06 Ensure leadership competency frameworks enshrine the importance of:

- Thinking and working collaboratively with people inside and outside the organisation
- Valuing diversity of thought and opinion
- Active listening and questioning skills
- The promotion of a culture which is psychologically safe and supports learning

07 Review organisational purpose and values and take steps to ensure that the purpose and values are widely shared. This does not mean telling employees they must 'buy into' the values, rather it means effectively surfacing the values held by staff widely across the organisation and which represent the organisation's cultural DNA.

08 Embed learning processes and practices, for example post-project reviews or post-incident debriefs. Develop the capability of staff and the culture to help ensure that these processes function effectively as reflective spaces rather than simply a box-ticking exercise. Also, establish concrete learning processes for learning from customers, competitors and for keeping a watchful eye on trends in the wider business environment.

09 Develop broad recruiting sources. Develop recruitment processes to guard against reflexively hiring people that 'fit the model'.

10 Use every opportunity to build and develop connections and relationships, inside and outside your organisation.

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Concluding Comments

In our management and leadership development work at Roffey Park we are privileged to work with people from a huge variety of organisations, in different sectors and industries, from different countries, and from organisations of varying sizes. Often we end up discussing what helps people do their jobs, and what gets in their way – usually with lots of energy and pent up frustration around the latter!

Themes from such discussions are very consistent with the four key areas we have highlighted as important to building organisational resilience:

- That senior leaders either do, or don't frequently and consistently communicate values and purpose, in a way that can be practically translated by all employees so they can explain "this is how my job contributes to our organisation"
- That structures and processes work in ways that helps collaboration and networking, rather than an environment of silos, 'them and us' attitudes, and internal competition
- That managers and leaders are empowered to make decisions as much as practically possible, that no-one feels micro-managed, and everyone takes responsibility for their actions
- And possibly most importantly that people have a chance to breathe at work, to reflect on their day's work, to question processes and practices, to seek out different views, to challenge assumptions, "to speak truth to power"

Such commonality is good news: any initiatives that are aiming to improve leadership, collaboration, delegation, decision-making, and learning are likely to also build organisational resilience. And any initiatives that are explicitly focused on organisational resilience are likely to have much wider positive ramifications. Let's hope such a positive spiral means that when we next ask managers whether their organisation is resilient we will have one hundred percent agreement.

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Organisational Resilience Diagnostic

Based on a review of the academic and practitioner literature, and views from HR and OD practitioners on what has supported their organisation's resilience, we have compiled a set of diagnostic questions which you can use inside your organisation to gain an assessment of where your relative resilience strengths and weaknesses may be.

Purpose and Values

- I am clear about this organisation's core values
- Managers live by this organisation's values in their day-to-day behaviour
- I am clear about the core purpose of this organisation
- Organisational values are frequently used to inform important decisions

Learning organisation

- Differences in opinion are welcome in this organisation
- This organisation learns from past experiences
- People are open to new ideas and ways of working
- People in this organisation feel comfortable at bringing up issues and concerns openly and honestly
- Despite the workload, people in this organisation find time to review how the work is going
- There is simply no time for reflection in this organisation (negative indicator)
- Teams in this organisation regularly conduct post-project/action reviews
- This organisation regularly experiments with new ways of working, product and service offerings etc.
- This organisation regularly and systematically collects information and analysis on competitors, trends and customers
- People in this organisation pay attention to different views during discussions
- People in this organisation identify and discuss underlying assumptions that affect key decisions
- My manager promotes the career development of employees
- I am given the opportunity to develop new skills
- Learning is shared effectively throughout this organisation
- Information is shared with a network of experts outside this organisation
- My managers provide time and resources for reviewing and learning from past performance
- My managers listen attentively
- My managers encourage multiple points of view

Relationships and Social Capital

- This organisation's culture values all its stakeholders
- Time and resources are made available for employees to interact socially with people from different departments and teams
- Time and resources are made available for employees to form networks inside and outside the organisation
- Cross-department task forces and project teams are commonplace in this organisation
- Leadership development programmes in this organisation facilitate the making of connections across the business
- Leadership development programmes in this organisation facilitate the development of an understanding of the wider business

Shared Leadership

- There is trust and mutual respect between team members
- I feel involved in decisions that directly affect my work
- Managers give people the authority they need to do their work effectively
- Leadership behaviours are developed across the entire business, at all levels

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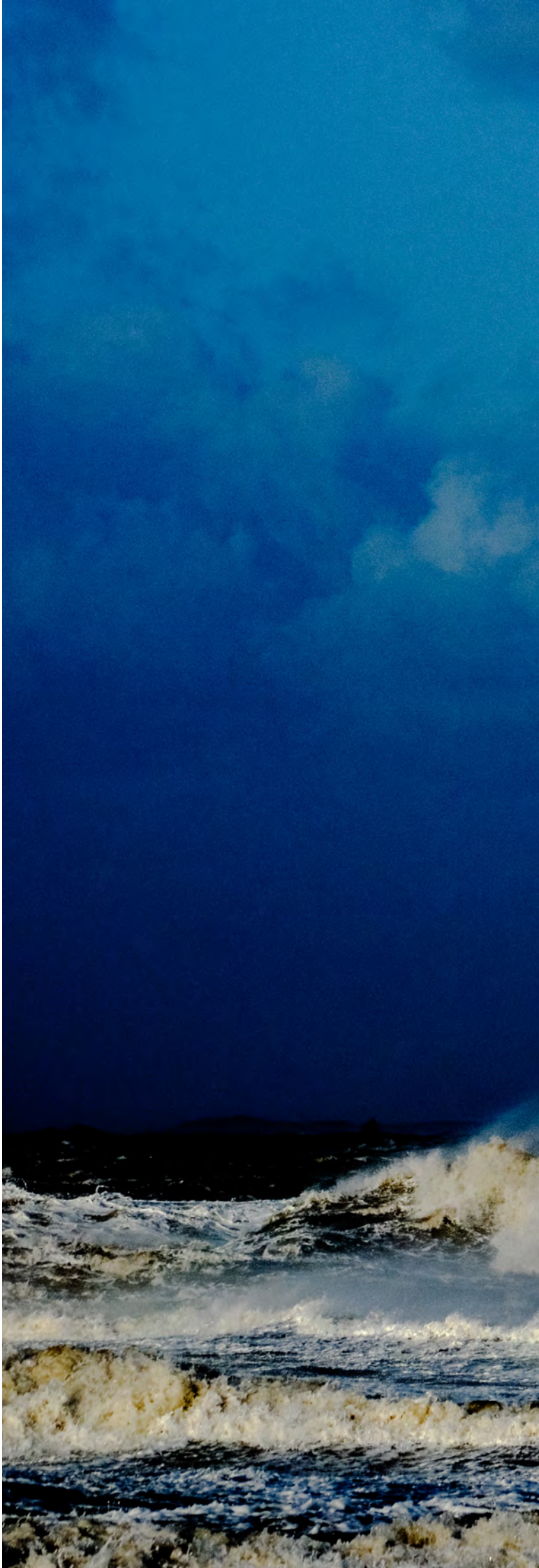

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