ACHIEVING RESILIENCE REQUIRES UNDERSTANDING HOW WE CAN'T

Allow your body to process the adrenaline …
Take regular, long and deep breaths…
Slow down your heart rate…

What has just happened?

In October 2022, I had trips arranged to four different countries, plans to attend more than 10 conference and seminar talks, and intentions to complete 25 job application whose deadlines were fast approaching, when my laptop was stolen. In one night, in a foreign country, I had lost all the minimally backed-up material, and my visa necessary for one of my travels. The pressure of securing a job was immense, that of the heavy rushing emotions even more so. It was the longest few minutes I have ever spent squatting in the middle of a street, trying to process everything and anything.

Can resilience be predicted ahead of a crisis?

This event resulted in a true crisis. It was *unexpected*; there was no way for me to be prepared for such an event. It *disrupted* all the plans that I had made for the upcoming months; I had almost nothing to work with, not even a laptop in the moment. It was *unfamiliar*; I had never faced a situation like this before. There was no clear way of responding to the situation, and I had no established means of seeking help in a foreign country. This personal experience of a crisis mirrors the crisis experience of organizations.

In the aftermath of such an event, unlike individuals, organizations face a unique challenge. The immediate consequences of the event get entangled and intertwined with the complex dynamics of the organization. This results in an even less predictable, and oftentimes exacerbated situation. This partially lies in – what I call – the *decoupling* of the observable organizational reality from the unobservable one. In abstract terms, organizations are complex systems that possess diverse components interacting with each other in varied ways. Despite all efforts to collect information, any member of the organization (even the "CEO") will never have a full accurate picture of the organization. Thus, all members will operate with a set of observations of what *happens* complemented by some assumptions filling the void left by what *does not happen*.

Peter Drucker observed this process and expressed concern for its consequences. He suggests an example of a remedy against such decoupling, *the manager's letters*: "each manager first defines the objectives of his superior's job and of his own job […] sets down the performance standards which he believes are being applied to him" [p. 127, 1] and goes on to explicate many other elements. "This device, like no other I have seen, brings out how easily, the unconsidered and casual remarks of even the best 'boss' can confuse and misdirect" [p. 127, 1]. All organizations and their members run into the risk of being distracted by the observable leaving unobserved reality unconfirmed in the blind spot. He also put forth a criticism on management by "drives" – by exposing organizational members to regularly conduct crisis drills – is that "things always collapse into the *status quo*" [p. 125, 1] and, counterproductively, "when the real crisis comes, when all hands should drop everything and pitch in, they treat it as just another case of management-created hysteria" [p. 126, 1]. In this case, too much practice appears to have removed the rare sense of urgency necessary for a real crisis response.

Theoretically, too much preparation could never be too bad, yet in practice we see how such an emphasis on preparedness ahead of a crisis can backfire.

Such decoupling is not unique to business enterprises, but it can even affect the resilience of regions and countries hit by a disaster. A tragic example of this is the February 6th earthquakes in Southern Turkey that has led to 51,000 casualties and 47,000 destroyed buildings (see Figure 1 for a visual). Before the earthquake, the affected region generated 10% of the country's GDP and 10% of its exports; all expected to be drastically diminished now. Was this destruction all due to the unexpected severity of the earthquake? It is sad to echo the conclusion drawn from the 2011 Fukushima earthquake: "It was a profoundly man-made disaster" (p. 9, [2]). An obvious explanation is that the buildings responsible for sheltering people collapsed due to malpractice and lack of law enforcement. Another one is that the humanitarian organizations did not have sufficient operational and logistical capabilities to effectively manage the aftermath.

Figure 1: Buildings affected by the earthquake on February 6th in Nurdağı, Gaziantep. 6% of the local population was lost due to the earthquake, making the town the worst-affected one. (Author's own visual content)

However, what I have learned through my observations and interviews in the region suggests that the culprit was the *decoupling*. Just as dormant tectonic fissures lead to earthquakes, the dormant social polarization and fragmentation surfaced in crisis time: The unstoppable market forces led to a doubling and tripling of the prices of commodities, trucks, containers, and many other necessary supplies. The cultural rift between locals and immigrants led to ineffective resource sharing. The political forces clashed, not just miscoordinating but *undoing* each other's efforts to be the one to deliver help. Most striking of all, all government entities and disaster response organizations conducted a drill in 2019 for a 7.6 earthquake with exactly the same geographic origin as the 2023 event. These drills resulted in the development of a disaster response plan identifying all stakeholders and their specific roles and responsibilities [3]. Despite this, the decoupling of the carefully crafted and practiced disaster response plan and the fragmented response due to social fissures, leading to a manmade disaster, is now a devastating lesson of how organizations run into the very same risk of being unable to respond to a crisis when the time actually comes to do so.

In sum, I assert that the resilience of an organization cannot be measured ahead of a crisis. *Unfamiliar*, *disruptive*, and *unexpected* events exacerbated through *cascading* organizational dynamics will have unpredictable outcomes. I assert that this is due to the *decoupling* between individuals' beliefs about the organization and the realities of the entity, eliciting difficult to predict organizational responses. In contrast, a predictable set of events does not constitute a

crisis but only an alternative world in which the organization chooses or is to operate, or potentially fails to do so. After all, "decisions concerning the future will always remain anticipations; and the odds will always be against their being right." [p. 90, 1]

Does this mean that any initiative to design resilient organizations ahead of unexpected adverse events is doomed to fail?

Thoughts were racing… What happened? What's next? Emotions were rushing… Was I angry? Was I scared? Most importantly, do I accept defeat or do something about it? The true crisis was advancing in full speed. I had only more reactions getting out of control. This had to stop. I study, advise, and teach organizational resilience. There had to be something that I must have learned or – frankly – even my career was in vain. In retrospect, *awareness* was the answer, and awareness came from *strategy*. These constitute the basis of resilience in organizations.

Any manager is free to choose a strategy – a set of goals and means of achieving them – that they strive for, yet strategies materialize only through their persistent implementation; otherwise, it is only boardroom talk. Peter Drucker asserts that a crisp strategy allows a manager to identify opportunities from threats, and opportunities taken advantage of versus not are the manifestation of that strategy. A crisis is unexpected, unfamiliar, and disruptive; it is exactly in such a situation that an organization needs a clear strategy to act as an anchor, an ultimate judgement device, according to which some organizational actions in crisis times can appear as clear opportunities and some others not. The more clearly the strategy is defined and the more robust it is during crisis times, the more decisively an organization can act and thus respond to the adverse event and consequent circumstances. Resilience then becomes the manifestation of the strategy and it is assessed by the organization's ability to fulfill its objectives, maintain its performance, and pursue its strategy. This could mean that the organization takes a different structure, transform its culture, or overhauls its technological operation. Even business continuity plans should be abandoned, if they hold back the organization from taking advantage of opportunities during crisis.

Having a clear-cut strategy was my main source of resilience: The objective was to receive a job offer in couple of months. The performance metrics were presence at conferences, the quality of my presentations, and meeting job application deadlines. I first had to manage my physiological response to be functional as a person, then to identify what I can and can't do, need and needn't to do. Until I buy a new laptop, I used that of my sister, recreated the deadline calendar, and scraped whatever documents I had in my emails. Questions such as why this has happened or am I really going to find a job in two months were irrelevant to my objectives and performance metrics; the former is already too far into the past, the latter into the future. An *awareness* of the situation in that moment started to emerge that has guided me towards some actions and away from some others.

An organization whose members possess a great deal of awareness is most likely to produce the most resilient response. A manager aspiring to run a resilient organization needs to inspire and establish this awareness in others. This not only comes with the clarity of the formulated strategy, but also with how widely it is shared, understood, and agreed with by the organizational members. Peter Drucker advocates a challenging solution: Managing through objectives, whereby the definition and pursuit of the organization's strategy arises from self-control, not top-down imposed authority. However, in an organization where managers define their own objectives, tasks, and performance metrics, achieving organization-wide alignment and a unified understanding of the organization's ultimate strategy is not straight-forward. This

is indeed the source of the dormant decoupling that becomes ground shaking in crisis times, and may even become a source of crisis itself.

A strong strategy communicated clearly throughout the whole organization is one way to improve the awareness among disconnected members of an organization, and thus one way to reduce decoupling. We observe this in action in the Haier Group Corporation, a representative Druckerian organization, that emphasizes self-control, proximity to the user, creation of value for the end-user, and decentralized self-management, among many other properties [4,5]. Numerous microenterprises form ecosystem micro-communities (EMCs) each focused on creating value for the consumer. They are not attached to the product; "the only boss in [Haier's] EMC approach is the user. [Hence, by working together] toward the same goal, they are on the same page because [in the end] they are paid not by the company, but by the users." [4] They all see themselves as part of a bigger goal, hence act in unison when faced with a crisis, just as they did during the Coronavirus pandemic [6].

Just as a strategy offers clarity and continuity to an organization's functioning and its members decision-making, some practices and capabilities can support the strategy implementation. If we agree with Drucker that managers will always rather err on their forecasts and assumptions, that decoupling is an unavoidable risk, then mastering *piloting* is one way managers can further develop their awareness. Piloting involves using small stakes engagements to improve managers' understanding of the world, leading them to make better decisions in a times of constant change and action. "Neither studies nor market research nor computer modeling are a substitute for the *test of reality*" [p. 87, 7] asserts Drucker, yet running such tests also requires the development of certain skills before the onset of a crisis. For example, organized abandonment [7] does not prepare an organization to face an adverse event directly and concretely. However, in this process, managers familiarize themselves with what it means to actually abandon a project. People are likely to escalate their commitment to projects that are not working anymore, to throw good money after the bad. Oftentimes long-term large-scale engagements at the workplace results in strong personal identification with them that can exacerbate this tendency to commit to failing endeavors. However, by practicing abandonment, managers learn to manage themselves, to cope with their biases and to develop a self-awareness informing them that their past efforts and engagements do not define them.

Organizations that aim at improving their resilience should not seek the one structure, the one way of leading, or the one way of competing, that is guaranteed to safeguard them from any adversity. All of them are only a means to an end, and there is no one right way of managing an organization [7]. Such initiatives are indeed more likely to fail, and any positive outcome should be attributed to luck. However, organizations should aim at improving the awareness of their managers both of their internal and external world. In crisis times, it is important to be aware of how the people with whom we collaborate with feel and what they know. The awareness of how the business environment is changing will enable managers to redesign tasks, objectives, and performance metrics successfully. Establishing an organization-wide internalized strategy is a promising starting point that can be supported with practices helping managers to raise their awareness.

How resilience cannot be achieved?

Every time an organization taps into the bottom-up forces arising from the people of an organization, it exposes them to stress. Although in the short-run this can result in higher performance while facing a crisis situation and, in the long-run, in better knowledge of how to

cope with such situations, people need to be given sufficient resources and time to reduce the risk of a break-down; resilience is developed over time through experience, yet they should not be overwhelming, hence resources should be accessible to alleviate some effects of it.

Managers have to recognize they cannot jeopardize their people for the sake of the organization and its performance. An organization still has the responsibility of how much it will allow its workers to be exposed to adversity. Haier is operating in way that does not offer any form of stability except its own microenterprises. Although Haier as a whole may have performed well, it is an open question of how many of its microenterprises have failed, coming at the expense of its people and their livelihoods. Instead, an organization is *responsible* for ensuring the survival of its units by enabling resources when necessary and should allow them to learn from the experience as well.

One way to fulfill this responsibility lies in acknowledging the limitations of self-reliance and self-sufficiency as a source of resilience, although it is an important part of it. Forming trust-based collaborative partnerships in and outside of an organization is considered to be an essential part of achieving resilience. The ability to reallocate material and human resources from one department to the other (or even from one organization to the other in a decentralized fashion) can make a notable difference in the receiving department's (organization's) ability to cope with the crisis. For instance, managers should not only have two budgets, one for operations and one for innovation [7]; but also a third one for resilience, to be used when operations and innovation are disrupted, discontinued, dysfunctional. However, beyond its technical necessity for resilience, it is the responsibility of a manager to establish these extra internal resources and collaborative relationships to alleviate the impact of adverse events on the organizational members. The responsibility to buffer the impact, "to adjust the dosage of adversity", also gives the manager the responsibility of being *patient*. Having a strong strategy with practices mitigating the decoupling problem will help, but neither the unpredictability of crises nor the necessity of experience can be abolished. Achieving resilience cannot be rushed.

Internalizing what can be done and not to achieve resilience

Crises cannot be predicted, hence the resilience of an organization cannot be estimated. The pursuit of resilience defies any optimization logic. However, having a commonly understood and accepted strong strategy and capabilities empowering the managers and equipping them with the skills to embrace change can help. Specifically, this can reduce the manmade consequences of adverse events arising from the decoupling between belief and reality. True resilience is generated in the moment and from the bottom-up.

However, resilience should become neither the function nor the purpose of an organization or its management team. If we take Peter Drucker's analogy that management is an organ of society, organizations tools fulfilling the function of management [7], resilience can and should only be seen as the quality of the tool – organization – that the organ – management – is utilizing. Accordingly, managers need to acknowledge the burden they place on their workers, their people for the sake of such a quality. They need to take on the responsibility of making resources available when necessary and allowing their people to learn as they experience one adverse event after the other.

When managers aim to make their organizations more resilient, they need to internalize the line separating the unpredictable from awareness, self-reliance from dependence, and the short-term reactions from long-term improvements. Only then, managers will be able to achieve

resilience effectively. This form of awareness, of where the boundaries are, can also help individuals to achieve resilience when facing adversities in their own lives, an insight I walked away with from my own personal experience, yet would have never really internalized without living through the event.

References

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