

What Lies Behind The Concept of Organizational Resilience and Related Concepts? An Analytical Literature Review

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The expression ‘organizational resilience’ emerges more and more frequently in today’s turbulent and constantly changing world. However, despite the growing number of publications that deal with resilience, it is not an easy assignment to provide a proper definition at this point of time as there is a lack of clarity in its usage: (1) different concepts (cf. nimbleness (Conner, 1998a); ever-changing organization (Pieters & Young, 1999) are being used to describe the overlapping phenomena; (2) the term is also being used to describe different concepts (cp. flexibility, adaptability, etc.). Furthermore, a “hierarchy” of these concepts is also observable: some, for instance, constitute a subset of others, just as how resilience (along with execution, alignment, renewal, and complementarity) contributes to organizational health (Smet, Loch & Schaninger, 2007); which is important as organizational health contributes to value creation and competitive advantage (Smet et al., 2007). Among other conceptual problems, particularly the terms ‘resilience’ and ‘flexibility’ are being used interchangeably even though they should refer to different concepts and phenomena. The aim of this paper is to provide an analytical review of the literature, which helps clearing up the potential misunderstandings and the jingle-jangle fallacies, and to help researchers as well as practitioners understand the precise meaning what lies behind the concept of organizational resilience as well as some of the related concepts.

Challenges of the twenty first century

The world is changing constantly nowadays, at a more and more rapid speed. Globalization and technological development leave their marks everywhere. The nature of competition and competitive advantage have mostly changed (Bryan, 2002; Farsani, Bidmeshgipour, Habibi & Rashidi, 2012; Kotter, 2012; Mendenhall, Jensen, Black & Gregersen, 2003; Miles, Snow, Fjeldstad, Miles & Lettl, 2010; Pieters & Young, 1999; Smith & Fingar, 2003; Wang & Ahmed, 2003) New, innovative approaches are needed which enable organizations to respond to the changing environment.

The need for change readiness – adaptive capacity for change

The above-described changes have induced changes even in the discipline of change management. As many authors (Conner, 1998a, 1998b; Cowan-Sahadath, 2010, etc.) have also pointed to the fact, continuously changing environment expects changes from organizations that can be described as an on-going process rather than

occasional events. Therefore it is not enough anymore for change management to focus on change implementation, it has to be capable of detecting and reacting to the (un)foreseeable forces of its environment.

This idea appears in works of several authors, however, they use different concepts to describe the, at times, overlapping phenomena. For instance, *Pieters and Young's* book (1999, p. vi) describes the *Ever-Changing Organization* (ECO) model which “views the organization as a living system and addresses an organization’s required change capability along with the issues that determine existing capacity.” The model identifies five key components, each being composed of further subcomponents:

- 1) Environment: Several forces of change arise from the environment of the organization, so being in touch and understanding the organization is critical to function as an ECO.
- 2) Stabilizing base: A fast moving environment creates destabilizing forces and pressures for change. Without balancing forces the organization would be lost.
- 3) Managing for change: Operating practices, business processes, structure, and infrastructure designed for change are important determinants of ECO capabilities.
- 4) Continuous improvement: Running continuous improvement takes time and hard work. It is not a continuous series of quick fixes with promising new management fads.
- 5) Continuous learning: Learning must be systematic, not random. It must help the organization cope with changing conditions without repeating the same mistakes.

The concept of *nimbleness* appears in Conner’s works (Conner, 1998a, 1998b). Meaning “more than flexibility”, nimbleness is the ability of an organization to consistently succeed in unpredictable, contested environments by implementing changes more effectively and efficiently than its competitors (Conner, 1998b:31). “A nimble enterprise is both malleable within its existing boundaries of operation and capable of redefining those boundaries so it can shift its success formula whenever necessary.” Conner claimed “*manifesting resilience*” to be one of the characteristics of nimble organizations, defining resilience as the “*ability to absorb large amounts of disruptive change without a significant drop in quality and productive standards*” (Conner, 1998b:35).

Even if more than a decade ago Conner argued for resilience to be a contributor to nimbleness, resilience seems to have become a broader concept than nimbleness.

Resilience, organizational resilience

A recent, relatively new focus of many studies is change readiness or ‘special flexibility’, namely resilience, as well as the fact that organizations need to be resilient in today’s turbulent times if they want to keep their competitive advantage. Despite the growing attention and number of publications (Lampel, Bhalla & Jha, 2013; Stewart & O’Donnell, 2007; Welsh, 2013), that deal with resilience, it is not an easy assignment to provide a definition of what the concept precisely covers.

What is resilience?

Referring to *Bigley and Roberts (2001)*, *Lampel et al. (2013)* claimed that “literature on organizational resilience emerged from the study of organizations that experience unexpected events such as natural disasters or nuclear accidents that have major consequences in terms of damage to property and loss of lives”, however, the first studies examining resilience date back to the late 60s (Coutu, 2002), early 70s of the twentieth century, for instance, to Holling’s (e.g., Holling, 1973) and then Garmezy’s (Garmezy & Masten, 1986) early works.

The concept has been and is being used by a wide range of scientific fields, resulting in „a number of different opinions, definitions and classifications of resilience within many disciplines” (Devanandham & Ramirez-Marquez, 2012:114). Additionally, it has a meaning on different levels:

- Individual level (Coutu, 2002; Devanandham & Ramirez-Marquez, 2012)
„Resilient people, they posit, possess three characteristics: a staunch acceptance of reality; a deep belief, often buttressed by strongly held values, that life is meaningful; and an uncanny ability to improvise.” (Coutu, 2002:48) See also, for example: *Bimrose and Hearne (2012)*; *Richardson (2002)*.
- Organizational level (Coutu, 2002; Devanandham & Ramirez-Marquez, 2012);
- Level of markets, communities, cities (Devanandham & Ramirez-Marquez, 2012).

Furthermore, beside and probably due to its extensive usage, there is a lack of clarity in the concepts precise meaning even when it is being used on the organizational level. The following paragraphs and Figure 1 aim to show how the concepts *organizational health*, *resilience*, and *flexibility* are related to but also differ from each other.

Figure 1: Components of Organizational health and organizational resilience

organizational health	?		
	complementarity		
	renewal		
	alignment		
	execution		
	resilience	?	
		redundancy	
		improvisation	
		adaptability	
		agility	
	flexibility	?	
		strategic flexibility	
		structural flexibility	

Organizational health

Even before the millennium, *Brown* (1997:175-176) claimed that “trauma and transition are fundamental organizational health issues” and while “*there is no immunity to trauma*”, it “*can nourish creativity and new growth, if a healthy transition is processed, the key is to harness the power of resilience*”.

“*«Performance and health» is a metaphor that derives its power from a simple comparison with the human body*” (Dobbs, Leslie & Mendoca, 2005:63).

Keller and Price’s works provide more clarity on what organizational health is: “*the ability of your organization to align, execute, and renew itself faster than your competitors can*” (Keller & Prince, 2011a:xiv); “[*it*] *is about adapting to the present and shaping the future faster and better than the competition*” (Keller & Prince, 2011b:2).

According to (Smet, Loch & Schaninger, 2007), resilience along with execution, alignment, renewal, and complementarity contribute to organizational health, which is important as organizational health contributes to value creation and competitive advantage (Smet et al., 2007).

- 1) Resilience: “*Resilience and execution can be seen as what it takes to get into a «bracing» position – the ability to withstand shocks and discontinuities*” (Smet et al., 2007:3-4).
- 2) Alignment: “*Alignment around a common goal is desirable whether companies are in the bracing position or on the front foot*” (Smet et al., 2007:4).
- 3) Complementarity: “*Complementarity involves the interactions among changes in different variables in affecting performance*” (Smet et al., 2007:5); “*...two choice variables are complements when doing (more of) one of them increases the returns to doing (more of) the other*” (Roberts, 2007:34).
- 4) Renewal: “*Renewal also requires attention to softer issues, such as the ability to generate ideas and adopt to change, both culturally and strategically*” (Smet et al., 2007:5).

Lengnick-Hall et al. (2011) were on the opinion that flexibility, agility, and adaptability contribute to resilience but are not sufficient themselves. *Coutu* (2002:48) argued that „an uncanny ability to improvise” is one important component of being resilient – let that be the case either on the organizational or the individual level.

There are different approaches but what seems to be accepted and/or at least partially covered by most of the authors is that resilience has two “basic types” (cf. *Lengnick-Hall* et al., 2011):

- 1) (recovery based) *operational resilience*: “*is the antidote for a sudden sock or jolt. It is the strength or stability that is needed in case of such a sudden disturbance*”;
- 2) (renewal based) *strategic resilience*: “*is what dynamically prevents the organization from falling into decline, thus ensuring that a crisis never comes*” (Hamel & Välikangas, 2003; Välikangas, 2010:30).

Table 1 provides an example of the appearances of these two types of resilience in the literature.

Table 1: Example of various appearances of resilience conceptualizations in the literature

1) Operational resilience	Source	2) Strategic resilience
✓	(Oxford dictionary, 2013)	
	(Coutu, 2002)	✓
✓	(Hamel & Välikangas, 2003)	
✓	(Sheffi & Rice, 2005)	
	(Jamrog et al., 2006)	✓
✓	(Lengnick-Hall et al., 2011)	✓
✓	(Devanandham & Ramirez-Marquez, 2012)	
✓	(Gilly, Kechidi, & Talbot, 2013)	✓

Components of resilience

Agility and *adaptability* together with *flexibility* are said to contribute to resilience, even though they are not sufficient themselves (Lengnick-Hall et al., 2011). Coutu (2002) also listed *the ability to improvise* as a building block of resilience.

- Flexibility (Lengnick-Hall et al., 2011):
 - [resilience] “*can be achieved by (...) increasing flexibility*” (Sheffi & Rice, 2005:41)
- Agility (Lengnick-Hall et al., 2011):
 - “*For a business to be agile means that it can move quickly, decisively, and effectively in anticipating, initiating, and taking advantage of change*” (Jamrog et al., 2006:5),
 - “*some authors use agility and resilience interchangeably*” (Jamrog et al., 2006)
- Adaptability (Lengnick-Hall et al., 2011):
 - “*Adaptability can be said to be an emergent characteristic of a system that enables it to avoid, survive, or recover from a disruption. (...) Apollo 13 was a good example as (...) [w]hen the main power failed, the crew saved power by moving to a smaller module. (...) Adaptability is, in this case, emergent because it illustrates the relationship between the modules and is not a characteristic of each module when treated singly*” (Jackson, 2009:7).
- Ability to improvise (Coutu, 2002):
 - “*The third building block of resilience is to make do with whatever is at hand*” (Coutu, 2002:52); “*...the rules and regulations that make some companies appear less creative may actually make them more resilient in times of real turbulence*” (Coutu, 2002:55).
- Redundancy:
 - “*functional redundancy, that is, the ability to achieve a given function in multiple ways*”, “*firms can develop a variety of stand-by teams to deal with a range of unexpected problems (...), but this will also add to their overheads*” (Jackson, 2009:265).
 - “*While some redundancy is part of every resiliency strategy, it represents sheer cost with limited benefit unless it is needed due to a disruption. Flexibility, on the other hand can create a competitive advantage in day-to-day operations*” (Sheffi & Rice, 2005:41).

Closing thoughts

Further examination of what constitutes flexibility and how its 'elements' differ from those of resilience should be subjects of further research as being capable of understanding (the nature of) the components as a system is the first step towards living up to its requirements, namely creating an organization that really is resilient. Additionally, a "...major topic among resilience researchers is whether resilience or, better put, lack of resilience, called brittleness, can be predicted or measured" (Jackson, 2009:8). As a closing thought, "...it is worth noting that resilience is neither ethically good nor bad. It is merely the skill and the capacity to be robust under conditions of enormous stress and change" (Coutu, 2002:52).

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