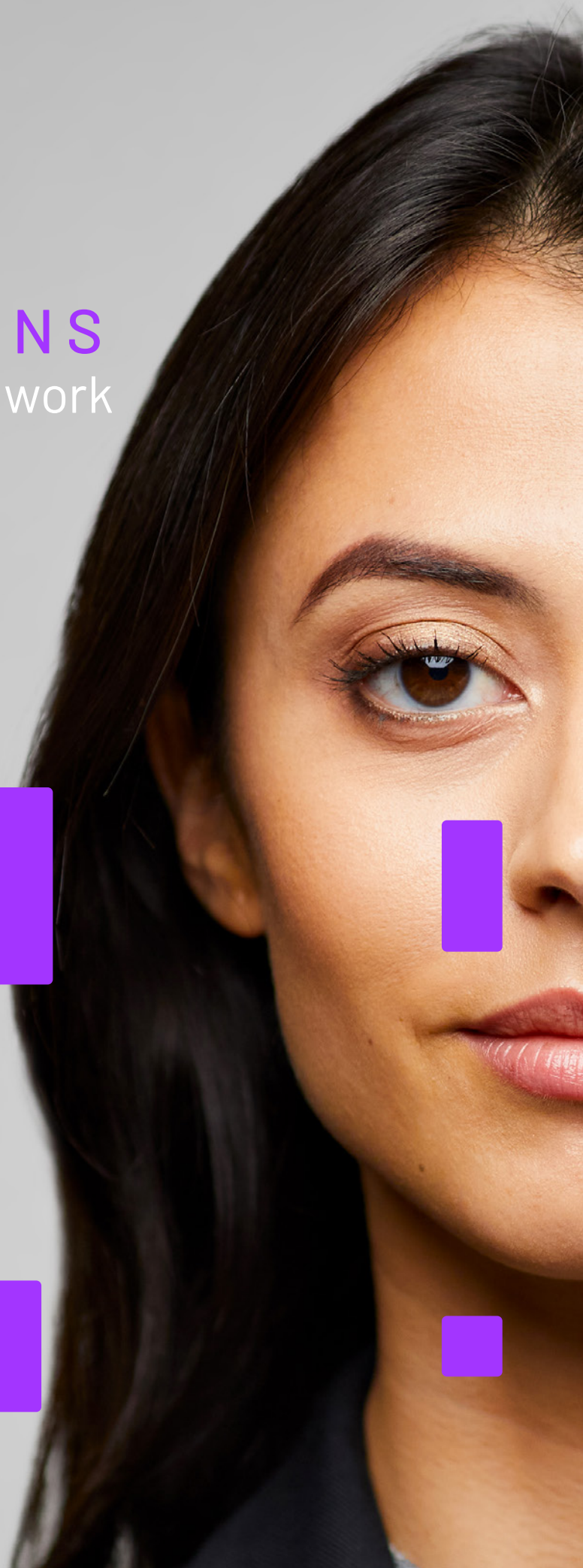




BUILDING
RESILIENT
ORGANIZATIONS
for the future world of work



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The world is experiencing an economic and political upheaval that will continue for the foreseeable future. The forces of the Fourth Industrial Revolution have ushered in a new economy and a new form of globalization. Whether it will improve the human condition will depend on whether corporate, local, national, and international governance can adapt in time. //

Klaus Schwab

Founder and Executive Chairman, World Economic Forum

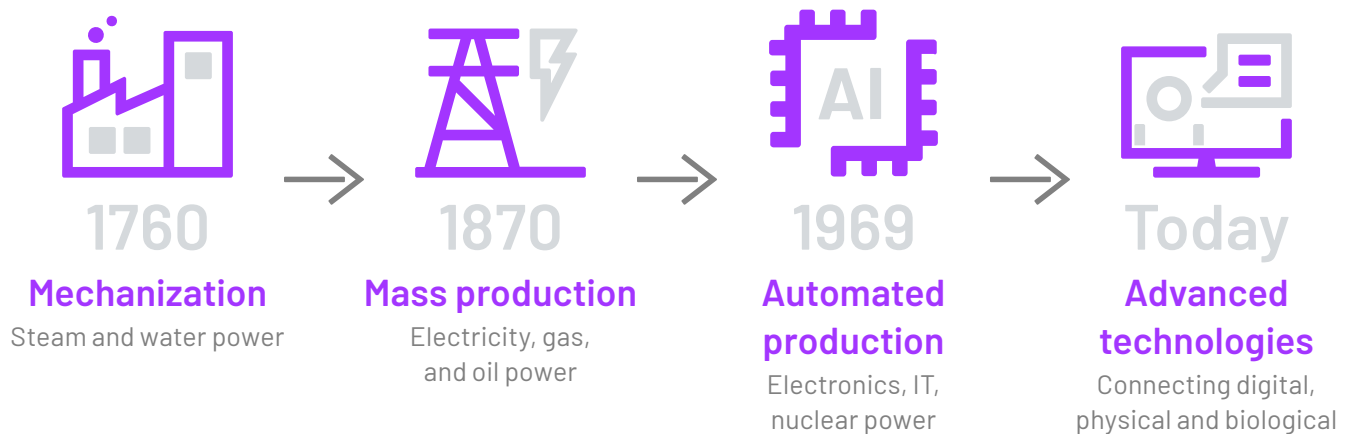


by **Ali Shalfrooshan**

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Monumental change is here

Even prior to the pandemic, some have commented that we are in the midst of what has been termed as the 'Fourth Industrial Revolution', characterized by the convergence of digital, biological, and physical innovations. With every previous industrial revolution, came a significant alteration to how we conceptualized the workplace.



The impact of the pandemic, combined with this fusion of cyber and physical technologies, has resulted in many of us being unable to predict what the future explicitly holds. Many organizational leaders are currently wrestling with how they manage all of these changes, which raises the question regarding how organizations should be operating and people behaving.

Change has been constant throughout the ages and we have all experienced an incremental cycle of evolution and revolution during our lives. However, what many have commented specifically about this post Covid world, is that the very foundations of how we operate at work will completely change. This is reflected in the World Economic Forum's Future of Jobs report, which has employers estimating that, on average **42% of the skills required within a job** will shift significantly and that **54% of all employees** will require significant reskilling and upskilling.

With this challenge ultimately comes a significant opportunity for organizations, as technology has already been shown to bring flexibility, scalability, and success to those who utilize it well. In addition, those who choose to adapt, rather than fight against it, are the ones who ultimately thrive.

The challenge of change

Despite the vast opportunities that change enables, it can also cause some significant challenges for organizations. These are just some of the issues organizations are reporting:



Increased stress

Stress is defined as the conditions where the demand exceeds the capacity, which include unpredictability and uncontrollability. The greater levels of change will mean greater stress placed on organizations and their employees. A Gallup study demonstrated that 2020 was officially the most stressful year in recent history, with a record-high of **40% of adults worldwide** saying they experienced high levels of stress.



Increased burnout

Burnout is characterized by feelings of exhaustion, negativity, and cynicism. Outcomes of burnout include an inability to perform effectively, work avoidance and increased absenteeism. According to the OC Tanner 2021 Global Culture Report, which surveyed 40,000 employees, there has been a **15% increased rate** of burnout globally.



Lower wellbeing

Wellbeing can be understood as how people feel and how they function, both on a personal and a social level, and how they evaluate their lives as a whole. A global survey by Qualtrics found that wellbeing has been on the decrease; with **42% of employees** reporting a decline in their mental health since the pandemic started. A staggering **76% of employees** say that workplace stress affects their mental health causing depression or anxiety.

Solutions around wellbeing, stress and burnout requires an approach that balances the appropriate resources and opportunities, with the commitment to achieve optimal health and performance for the individual, organization, and community. Consequently, there has been much discussion about how organizations will be able to manage these issues and overcome the challenges ahead.

Many commentators are identifying that 'organizational resilience' will be one of the most critical characteristics needed for organizations to survive or potentially thrive.

What is organizational resilience?

Organizational resilience can be defined as an 'adaptive capacity in a complex, dynamic, and interconnected environment'.^I It plays a central role in not only organizational survival, but also in the survival and functioning of the wider community, by virtue of communities' dependence on organizational services.^{II} Research evidence also shows that it contributes to an organization's competitive advantage.^{III}

Is organizational resilience the solution?

Many who highlight the need for organizational resilience typically cite a seminal study by the Harvard Business Review that analyzed 4,700 companies from three different time periods: the 1980s, the 1990 slowdown, and the 2000 banking crisis. 17% of those companies didn't survive their respective recession at all, and the vast majority of the ones that did survive, failed to meet pre-recession metrics even three years after its end. However, the 9% of companies that managed to adapt, focus on operational efficiency and investing in their people thrived after the recession.

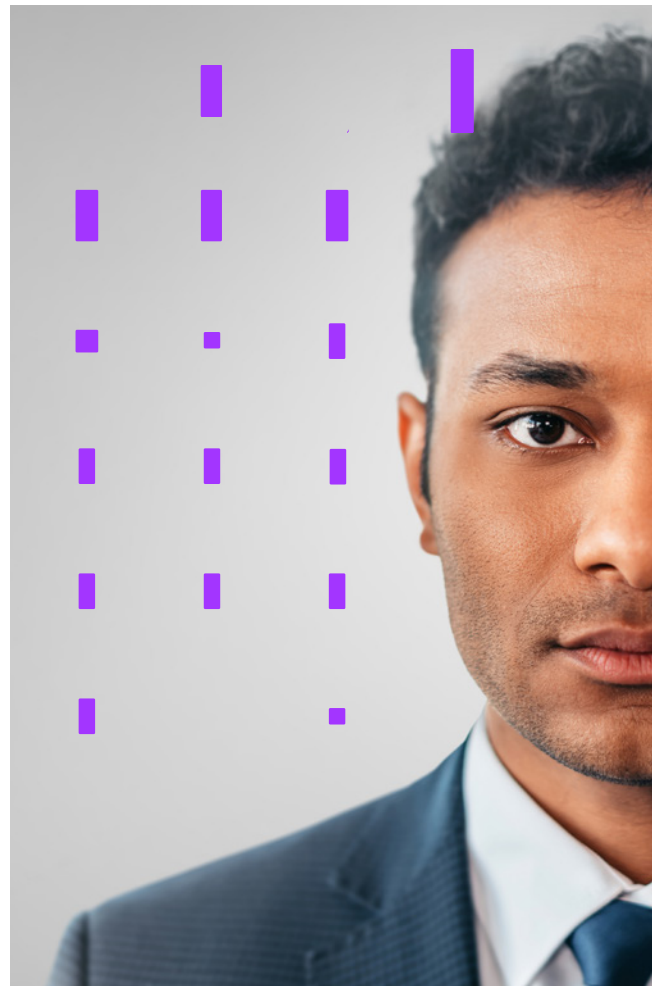
So, it is not surprising that according to Aon's 2021 Global Human Capital Trends Study, **45% of employers** said building an organizational culture that celebrates resilience, growth, and adaptability was the most important action they will take to transform their organization and make it ready to address the challenges of the future.

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Between stimulus and response there is a space. In that space is our power to choose our response. In our response lies our growth and our freedom.

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Viktor E. Frankl



The role of operational resilience in resilient organizations

Whilst no universally accepted model exists, there are common themes that emerge when researching resilient organizations. The characteristics identified are typically operational or top-down strategies that prepare an organization for business continuity and survival, like:

1

Leadership

Strong leadership has been identified as a characteristic of resilient organizations. In situations of crisis, leaders need to be decisive and need to adjust their approach to new conditions quickly and efficiently.

2

Transparency and communication

Communication is transparent, clear and instils a sense of purpose. It is important that employees trust what is being said and that communication keeps them focused on the organization's core objectives.

3

Being prepared

Resilient organizations have the capacity to continue operating in spite of significant organizational shocks and changes. This may include ensuring that the knowledge does not reside in one, or only a small number of individuals, that succession plans are in place and that sufficient financial resources are available to allow the organization time to recover.

4

Diversification

By ensuring variety in its activities, an organization protects itself from localized downturns in areas of its business and consequently spreads its risk. Resilient organizations are those that are not overly vulnerable to unexpected activities in relation to specific products or markets.

5

Ensuring security by design

Security is more than a system, it is a living process, which evolves alongside the business. It prioritizes people and process while allowing for the business to consistently adopt and manage best practice cybersecurity frameworks and standards to ensure that it remains a key strategic component of the business.

6

Maintenance of resources

Resources is a broad term and concerns the need for organizations to ensure that they have secure supply chains, funding and people to maintain continuity. Typically, these organizations have put in place plans to accommodate problems in the provision of these resources.

7

Flexible systems and processes

Processes that are overly bureaucratic may slow down adaptation and may result in missed opportunities. Resilient organizations need systems and processes which allow them to adapt effectively and quickly.

8

Continuous learning

Learning is a critical component of any successful organization. It is important that they are able to learn from the external environment but also from the organization's own decisions and mistakes. This learning focus ensures the organization can adapt successfully to its context.

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Difficulties strengthen the mind, as labor does the body.

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Seneca

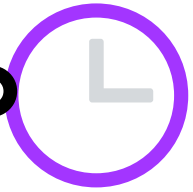
The operational resilience characteristics listed above are all clearly key to an organization's ability to deal with significant change or a crisis. However, it is notable that one thing is missing in many of the models of organizational resilience: **Resilient people.**

Resilient people, the most critical ingredient

As much as market forces and operational systems are critical to an organization's success, fundamentally it is individuals who are truly making the difference. The pandemic has demonstrated that an organization's capacity to survive, adapt, recover or thrive is due to the bravery, creativity and strength of resilient individuals, working together to create resilient organizations. Despite being challenged in ways we had never imagined, people across the world have forged ahead in the face of great risk and hardship to achieve great things.

Researchers have repeatedly shown the benefits of personal resilience to the individual and organizations. These studies highlight that resilient employees are better performers at work,^{IV} typically experience greater work engagement and are more open to learning.^V

In comparison to those with low resilience, our own research has highlighted that highly resilient employees are:

43% 
MORE
PRODUCTIVE

47% 
MORE 
ENGAGED AT WORK

2X ^{as likely} 
TO STAY
AT THEIR
CURRENT
ORGANIZATION

3X ^{to be} 
^{as} experiencing
^{likely} greater
WELLBEING

What do we mean by personal resilience?

Resilience is a term many of us are familiar with. However, like many psychological terms that make its way to the popular consciousness, there is a tendency for it to be misused and for it to be interpreted in many ways. It is also a concept that has been in the psychological literature for many years and has been referred to as hardiness, mental toughness, and a range of other labels.

This has led to a range of definitions and conceptualizations. As with anything, the way it is defined can have a significant impact on what it is and more importantly, what value it provides an individual and organization. We define workplace resilience as:

// An individual's capacity to adapt positively to pressure, setbacks, challenge, and change in order to optimize performance and maintain wellbeing. //

In this model, resilience is presented as both a resource, which can be increased and diminished, but also as a set of psychological strategies that can help an individual both increase and replenish this resource but also help directly address challenge and change.

The concept of it being both a resource and a strategy is important, as it highlights how much you have in the moment can be impacted by your environment, but also how comfortable you are to utilize these psychological strategies. The model is therefore not concerned with labelling people as 'resilient' or 'not resilient', it is concerned with helping individuals and organizations understand how they are resilient, and more importantly how they can enhance it further. For over a decade we have been using this model to help organizations navigate challenge and change effectively.



The eight components of resilience as identified in the research are:



Self-Belief

The extent to which an individual has confidence in their ability to address problems and obstacles that they encounter. This is important for dealing with challenge and change, as if you believe in your capability in tackling challenges, you are more likely to embrace obstacles and persevere until you overcome them.



Optimism

The extent to which an individual believes that they will experience good outcomes in life and the way they explain setbacks that they experience. This strategy is important as it ensures that individuals can maintain their motivation when things are tough and are able to see a positive outcome.



Purposeful Direction

The extent to which an individual has clear goals that they are committed to achieving. This strategy enables an individual to overcome challenges, as they can focus on objectives that are meaningful to them and are able to put setbacks into perspective.



Adaptability

The extent to which an individual is willing to adapt their behavior and approach in response to changing circumstances. This strategy is important for resilience, as individuals can flex their approach to meet the needs of the challenge and they are able to perceive change as positive.



Ingenuity

The extent to which an individual can generate a range of creative solutions to problems that they experience. This strategy is important for dealing with adversities as individuals are able to consider alternate ways of doing things to solve problems.



Challenge Orientation

The extent to which an individual enjoys experiences which challenge them and perceives stretching situations as opportunities to learn and develop. This strategy is important as this ensures an individual will already be comfortable with tackling challenges and see change as a great opportunity to grow.



Emotion Regulation

The extent to which an individual can remain calm and in control of their emotions in stressful situations. This strategy is useful as remaining composed during an adversity ensures an individual can think clearly and make decisions based on evidence.



Support Seeking

The extent to which an individual is willing to ask others for help and support when dealing with difficult situations. This strategy is important when dealing with challenge and change, as it means individuals are able to get task-based support to help solve problems and emotional support to help reduce anxiety.

How do we **develop** our resilience?

Resilience is both a resource and a strategy that can be learned and developed. This highlights two critical aspects of how we develop our resilience.

Resilience is a resource that needs to be replenished. Acknowledging that resilience is a resource is important as it highlights that it is not about us always driving ahead but recognizing that we need to give ourselves time to renew and replenish our psychological state. Dealing with challenge and change can drain our capacity, so we need to be mindful of how much resource we currently have. We can increase the capacity of this resilience resource if we know how to effectively nurture it. Therefore, to develop resilience, you need to actively replenish and grow this more state-like resource.

Resilience is a set of psychological strategies that can be used to effectively navigate challenge and change. Conceptualizing resilience as a strategy helps highlight the mechanisms by which we can develop resilience, replenish our resources, and use them to directly address challenge and change. The use of these resilience strategies will not only assist individuals in coping with pressure, setbacks, challenge and change at work, but highlights that it is something that can be developed. The eight resilience strategies are set of cognitions and behaviors that optimize our ability to survive negative experiences and use them to learn and grow.

With the pandemic, all of us have a recent example of having to deal with a very substantial and sustained challenge. Our experiences will vary significantly and despite all dealing with a global crisis, our challenges have ranged widely in terms of their severity. At times we may have felt that we have failed or the challenge itself was too big. Nevertheless, whatever you have experienced, this is a great time to reflect on what we have been through and identify how these experiences can help us grow, develop and hopefully flourish.

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You have power over your mind – not outside events. Realize this, and you will find strength. //

Marcus Aurelius





1

Renew

Give yourself the right to renew. If you just keep driving ahead, you are not being resilient, you are just surviving. You need to take the time to replenish your resources, so you are more capable of managing challenge and change. Even when you think you do not have the time to do it, make the time, as renewal is essential for growth. You need to give yourself the opportunity to adapt and recover, so you have the resources to thrive.



2

Understand how you are resilient

As detailed earlier, there are a set of eight strategies that an individual can deploy in order to effectively navigate challenge and change. There are a number of techniques and approaches that can be used to enhance your ability to use each of these strategies. These techniques are not a 'one size fits all' – every individual will have differing preferences, strengths, and motivations. Therefore, every individual will need to identify what techniques work for them. Nevertheless, each of the broader strategies can be developed, so if you can understand how you are resilient, you can focus on the techniques and resources that will have the biggest impact on your development.



3

Deploy focused effort

Talent alone does not create success and neither does change happen without focused effort. Therefore, despite resilience being something that can be developed, it is not something that will happen passively, it is something that requires time, effort and personal resources. Even giving yourself renewal time is an active process. Therefore, concerted effort can help enhance our resilience by actively addressing the way we process information. This effort can potentially carve out neural pathways that help us develop and over time become useful habits.



4

Reflect and learn from experiences

A useful model to help understand how we can use reflection to develop and grow, is Kolb's experiential learning cycle. The model outlines the process individuals follow to understand and reflect on their experiences, and consequently modify their behavior. This approach can also be used to help identify what techniques and strategies work best for you.

Connecting personal resilience to organizational resilience

So how do we ensure we connect the individual's journey of enhancing their resilience to the broader goal of a resilient organization?

The first step is for organizations to be aware and appreciate the size of the challenge. Organizations will need the talent, skills and strength of their employees to manage the change and adversity ahead. Therefore, appreciating the size of the issue is needed, as increased burnout and reduced wellbeing will need to be addressed at a strategic level, as well as at a personal level.

The next step is to ensure that organizations are actively doing something to help facilitate the development of resilience. This could be achieved by implementing an effective operational resilience

strategy, looking at employee resilience data to identify solutions, reviewing/deploying a resilience and wellbeing program, or a combination of them all.

Fundamentally organizations need to demonstrate a set of enablers to help promote greater personal resilience. Therefore, there is a need for there to be supportive leadership, who are willing to invest the time and resources needed to help develop personal resilience of its employees. There needs to be a learning culture that helps promote the value of development, and a supportive work environment that enables employees the time and latitude to renew.^{VI}



Summary

The future is very exciting and filled with significant opportunities for both individuals and organizations. The pandemic and Fourth Industrial Revolution have acted as a catalyst for change, and we are going to experience a paradigm shift that will impact how we conceptualize the workplace. However, with all these exciting changes, comes significant levels of uncertainty, eliciting stress, burnout and lower wellbeing of employees.

This means that organizations will need to invest in their employees to help navigate these seismic shifts in society. Organizational resilience will be critical to

help ensure that both organizations and the people within them survive adapt and recover. We believe that personal and organizational resilience are closely related and that, consequently, improving employee resilience will have a significant organizational impact.

We as a human species have been able to overcome many significant challenges. This process has helped us learn, develop and grow. By providing employees with the skills to deploy and enhance their resilience, it will help ensure that organizations can learn from the challenges it has already navigated and thrive in this exciting and uncertain future.

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