

CORPORATE RESILIENCE

Risk, Sustainability and
Future Crises

Edited by Shahla Seifi
and David Crowther

DEVELOPMENTS IN CORPORATE
GOVERNANCE AND RESPONSIBILITY

VOLUME 21

CORPORATE RESILIENCE

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DEVELOPMENTS IN CORPORATE GOVERNANCE AND
RESPONSIBILITY VOLUME 21

CORPORATE RESILIENCE: RISK, SUSTAINABILITY AND FUTURE CRISES

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INVESTOR IN PEOPLE

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PART 1

BUILDING GLOBAL RESILIENCE

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RESILIENCE, DYNAMISM AND SUSTAINABLE DEVELOPMENT: ADAPTIVE ORGANISATIONAL CAPABILITY THROUGH LEARNING IN RECURRENT CRISES

Dianne Bolton, Mohshin Habib and Terry Landells

ABSTRACT

Being resilient is often equated with the capability to return to a state of normalcy after individuals and organisations face unprecedented challenges. This chapter questions the notion of 'normalcy' in complex and ongoing turbulence as experienced variously in diverse cultural and sectoral contexts. In theorising organisational resilience and associated transformation, it draws on insights provided by a microfinance institution (MFI) operating in the Philippines. The chapter details its efforts to transform business in light of experience gained in frequent and overlapping emergency conditions (including COVID-19) to create a new level of resilience in its clients and itself. For clients, the goal is often to self-manage loss associated with socio-economic development and for the organisation, to stabilise and cordon the investment needed to support clients survive and move on from the relatively constant adverse impacts of disasters. Published accounts of such experience and insights provided by board members and the President illustrate the nature of transformational resiliency strategies planned, including changes to the business model around provision of micro-insurance services and strategic adaptation of digital services aligned with the organisation's mission. A model of 'practical resiliency in emergency conditions' details the culture of resiliency adopted, demonstrating how stakeholders gain confidence and opportunity to practice resilient behaviours in emergency contexts. It highlights the significance of cultural consistency across purpose, values and

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capability to create an adequate level of trust and certainty across stakeholders to support transformational resiliency behaviours in shifting and dynamic ecosystems.

Keywords: Transformational resilience; emergency management; Philippine microfinance; business model adaptation; micro-insurance; stakeholder culture

1. REFLECTIONS OF RESILIENCE AND DEVELOPMENT IN TURBULENCE

Traditionally the notion of resilience reflected its Latin root, i.e. ‘resilire’ suggesting the capacity to spring back as in a coil. Essentially this definition suggests a return to a state of normalcy. In relation to development trends and goals, the notion of ‘normalcy’ might be questioned in the context of the complex turbulence that is radically challenging any formulaic representation of economic growth patterns. This is particularly the case concerning ‘normalcy’ underpinning the development trajectory of the Global North, described by [Ziai \(2017\)](#) as ‘... a failed project of universalising the way of life of the “developed” countries on a global scale which has for the overwhelming majority of affected people led to the progressive modernisation of poverty’.

The conceptualisation of resilience in the face of change dynamics has been increasingly critiqued in environments characterised by turbulence and unpredictability and has been perceived and experienced variously in different stages of organisational growth and in diverse cultural and sectoral contexts by individuals and organisations. This chapter theorises organisational resilience and associated transformation in contemporary complex environments experienced in a developing nation and exemplified by a microfinance institution (MFI) operating in the Philippines. It emphasises the impact of dynamic change on the culture, structure and behaviour of an organisation for which ‘normalcy’ constitutes the delivery of microfinance services and continual review of the organisations’ services to align with increased client well-being and sustaining development gains. The focus here is on its efforts to transform its business in light of experience gained in emergency conditions (including unique lessons of COVID-19) to create a new level of resilience in its clients and itself. For clients, the goal is to self-manage development loss and for the organisation, to stabilise and cordon the investment needed to support clients survive and move on from the relatively constant adverse impacts of disasters. It could be argued that for many organisations operating in developing countries, this form of organisational resilience requires transformative capacity particularly in the context of climate change, natural disasters and geo-political turbulence that impact economic and social development. COP27 (the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change) has highlighted such vulnerabilities that require new perspectives on the financing of resilience strategies.

[Jones and d’Errico \(2019, p. 1\)](#) note that ‘... [a]s resilience continues to rise to top of the international policy agenda, development funders and practitioners are

under mounting pressures to ensure that investments in resilience building are effective and targeted at those most in need'. This has implications for definitions and measurement of individual and organisational resilience, yet resiliency characteristics have often been sectoral and disciplinary specific. In social work, the notion of resilience usually refers to the resilience of clients and their capability to continue to lead functional lives whilst withstanding various forms of hardship. The goal appears to be holding out against or coming back from adversity to pre-existing states of coping and well-being. Psychological resilience also has a focus on the ability of individuals to cope mentally or emotionally with a crisis, to stabilise or enhance pre-crisis coping capability as quickly as possible, i.e. restoring equilibrium or regaining a pre-adversity position strengthened by coping with adversity. The importance of coping models is revisited later in the chapter. In healthcare, resilience is often conceptualised as creating adaptive capacity to respond to systemic challenges and changes, managing such tensions whilst maintaining high quality care. In engineering and ecology, the objective appears to '... the ability of a system to return to a normalised state after disturbance or change' (Jones & d'Errico, 2019, p. 2).

Although there has been a tendency to normalise the notion of resilience around that adopted by the disciplines of engineering and ecology, social scientists have emphasised that it is important to acknowledge how societies adapt and transform, particularly to contemporary pressures such as climate change, environmental degradation and pandemics (Pelling, 2010). Organisations comprise complex multifunctional and multidisciplinary entities and as such organisational resilience would reflect all of these characteristics to some extent, i.e. forms of social, structural, systemic and psychological resilience in perceiving challenge and adversity and responding to it holistically. This supports the argument that a subjective understanding of resilience relying on self-evaluation is a critical complement to widely used objectively oriented approaches leveraging external definitions of resilience (Jones & d'Errico, 2019, p. 1).

This tension constitutes a useful lens in critiquing institutional approaches and interventions to assist resiliency-building. From a business perspective, governments have recognised the need for resiliency awareness in increasingly turbulent global environments, and many have attempted to help organisations prepare for such conditions by developing organisational cultures and behaviours that embed support for organisational resiliency. For example, the Australian Government's Department of Home Affairs defines organisational resilience as '... a business's ability to adapt and evolve as the global market is evolving, to respond to short term shocks – be they natural disasters or significant changes in market dynamics – and to shape itself to respond to long term challenges' (Department of Home Affairs, 2020). It advises businesses to reflect on the sustainability of their organisation given that: organisational viability and sustainability is continually threatened under conditions of volatility and constant change; risk cannot be contained by traditional reliance on corporate strategies; and an organisation essentially needs to absorb the impact of unseen events, adapt and develop capability to continually sustain business, including growth and profitability dimensions.

The Australian Government’s organisational resilience website suggests that organisations will tend to approach adverse events in four ways. First, they might accept that current adversity may result in the decline and even cessation of business. Second, resilient behaviour is employed to survive adversity, albeit in a reduced form of activity. Third, the resilience goal is to bounce back and regain a pre-adversity position as quickly as possible. Fourth, the resilience objective is not only to bounce back but to ‘bounce-forward’, i.e. to improve aspects of its functioning so that it not only survives but gains from the adverse situation. This latter approach is essentially adaptive, transformative and reflects a resilience to cope with and build from involvement in unpredictable dynamism characteristic of complex adaptive systems. Later, these manifestations of resilience goals and behaviours are captured in Fig. 1.

Folke et al. (2010) emphasise the importance of resilience thinking in addressing both the dynamics and development of complex social-ecological systems. Their focus on the adaptability and transformability features of resilience is seen as highly relevant to better understanding organisational responses in achieving integrated sustainability-related development goals covering economic, social and environmental domains. A key tenet of their argument is that resilience implies the capacity for organisations ‘... to continually change and adapt yet remain within critical thresholds’. Drawing from complexity theory, they suggest that a perturbation can bring a system over a perceived threshold because the stimulus to which it is responding shifts as a result of dynamism in the ecosystem, an increasingly common contemporary phenomenon. By responding innovatively to new stimuli, an organisation can achieve a new sense of stability

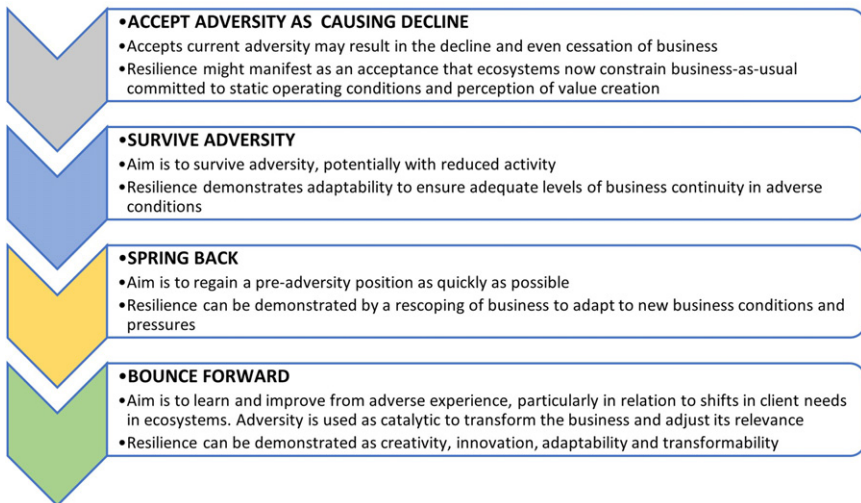


Fig. 1. Manifestations of Organisational Resilience Behaviours in Turbulent Environments (Informed by the Department of Home Affairs’ (2022) Organisational Resilience Website and Resilience Literature Discussed Above).

and thus does not return to a previous state. These critical transitions are part of transformative process that can better align organisations with ecosystems. The case study below explores how an institution attempts to meet client survival needs as part of a more sustainable ecosystem, aligned with sustainable development goals, through transformative process.

Of key significance here is the manner in which adaptability and transformability represent different forms of resilience. Adaptability requires experience and knowledge that allows organisations to ‘... continue developing within the current stability domain’ (Folke et al. citing [Berkes et al., 2003](#)) by maintaining certain approaches, despite changing internal conditions and external pressures. A contrasting form of resilience associated with transformability requires ‘... the capacity to create a fundamentally new system when ecological, economic or social structures make the existing system untenable’ (Folke et al. citing [Walker, Holling, Carpenter, & Kinzig, 2004](#), p. 5).

Thus, from a complexity perspective, [Folke et al. \(2010\)](#) ask how resilience behaviours can provide insights into system renewal, reorganisation and innovation and how these behaviours might be measured and assessed in relation to outcomes. Particularly, they suggest that variables such as organisational identity, core values and world views might constrain adaptability. In the case below, we suggest the organisation’s culture supported broad-based adaptive behaviours rather than constrained them. We discuss the impact of stakeholder perceptions of organisational culture as supporting adaptive, transformative behaviour and suggest these perceptions play a significant role in shaping coping and resilience behaviours. Folke et al. exploring social-ecological resilience to better understand how ecosystems and social systems that use and depend on them are inextricably linked, ask ‘... what are the features of agency, actor groups, social learning, networks, organizations, institutions, governance structures, incentives, political and power relations or ethics that enhance or undermine social-ecological resilience’ (2010, p. 4). They infer the relationship between adaptability and transformation implies recognition of thresholds crossed, which we consider in terms of organisational purpose, goals, strategy and capability.

The notion of organisational ‘adaptability’ appears to align with the definitions of organisational resilience concerned with ‘survival’ and ‘bounce-back’, and that of ‘transformation’ with the notion of ‘bounce-forward’. [Fig. 1](#) above summarises the specific organisational resilience categories discussed here, seen as relevant to analysis of the ASA Philippines case study, but also warranting critique of their capacity to represent the essentially dynamic nature of resilience thinking, potentially challenging a more discrete understanding of resilience behaviours associated with declining, surviving, adapting and transforming organisations in turbulence.

2. THE GLOBAL NORTH AND GLOBAL SOUTH EXPERIENCE OF UNPRECEDENTED EMERGENCIES

The discipline of political economy has traditionally questioned notions of linear thinking as embedded in the politics of modernisation that largely ignore the legacy of colonialism and structural inequality as a significant determinant of a country’s capacity to respond to contemporary unprecedented global crises.

Sachs (2017) describes the concept of development or ‘expansive modernity’ as being in its death throes given that the world is in crisis as manifest in the destruction of the biosphere and the widening gap between the rich and poor.

More recently, the COVID-19 pandemic constituted an emergency situation with unknown parameters, impacts and time frames. It affected all sectors of organisational activity and coincided with heightened tensions in Cold War politics that introduced new dimensions in already ailing economic systems in both the Global North and South. In both regions, new forms of organisational resilience have been demonstrated in response to COVID, some organisations going further than merely handling unanticipated shocks by evolving and reconfiguring their businesses (BCG, 2021). This is not to underplay or ignore the unequal impact that pandemic and geo-political tensions have on organisations in the North and South in maintaining resilient responses to adversity. COP27 has highlighted inequalities in climate finance as one significant example that impacts on resiliency options for the Global South.

A key differentiator emphasised in this chapter is the influence of organisational goals, culture and strategic drivers on a ‘bounce-forward’ approach to resiliency. The Australian Government has highlighted benefits of a ‘bounce-forward’ approach to resilience to the private sector including significant growth potential and profit, despite unprecedented disruption to existing business models. The case study here has a more social-ecological focus on transformation as resilience strategy, highlighting synergies between organisational and client resilience in achieving development gains framed within the Sustainable Development Goals (SDGs). We suggest that this case exemplifies a more Southern mindset highlighting resiliency as an interdependent and core capability amongst and between stakeholders. Our focus on this treatment of resiliency resurfaces Jones and d’Errico’s (2019) argument around the importance of ensuring that subjective insights are included in identifying and evaluating resiliency behaviours, whether defined in the SDGs or in instruments such as RIMA (Resilience Index Measurement Analysis) developed by the UN’s Food and Agriculture Association.

3. SDGS AND RESILIENCY

Sachs (2017) links the development of the SDGs and associated Agenda 2030 with the transformation of the concept of development. On the premise that ‘development as growth’ is leading to a planet that is ‘inhospitable to human growth’ (Rockström et al., 2009), Sachs suggests that SDGs have narrowed down ‘development’ to conditions of survival, characterising the SDGs as embedding goals indicative of human and ecological vulnerability. He further identifies shifts in the discourse away from the classical development narrative towards equating the urgency of development with security interests of and crisis prevention within developed nations. In this context, resiliency of nations, organisations, the community and individuals has been essentially redefined.

Ziai (2017) however warns against ‘throwing out the baby with the bathwater’ by suggesting although SDGs have been accused of fostering Western concepts of