
A First Step Towards Resilient Organisations



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Cultivating resilience in the face of organisational crises hinges on the foundation of a clear strategy, heightened awareness and robust reserves.

The resilience of an organisation cannot be measured in advance. Crises, by definition, emerge not only from unfamiliar, disruptive and unexpected events but also from the fact that the immediate consequences of such events get entangled and intertwined with the complex dynamics of the organisation.

Organisations are intricate systems with various components interacting in diverse ways, making it impossible for any member, including the directors and the CEO, to have a complete picture of the organisation, despite all efforts to collect data and information. Consequently, all members inevitably focus on partial observations of what happens and fill in the gaps of unobserved reality with their own beliefs and assumptions.

This “decoupling” between individuals’ beliefs about the organisation and the realities elicits difficult-to-predict organisational responses that become

an integral part of the crisis. An exacerbated and even more unpredictable situation emerges, and the resilience of the organisation is revealed only as the organisational response unfolds.

Renowned management thinker Peter Drucker identifies one source of such decoupling. He criticises “management by drives”, a form of regular crisis drills, and argues that excessive preparation can diminish the sense of urgency needed during a real crisis, a realisation that only becomes apparent when it’s too late.

Decoupling isn't limited to businesses; it can impact the resilience of regions and even entire countries in the face of disasters. Consider the recent earthquakes in Southern Turkey that **killed more than 50,000 people** and destroyed an **even greater number of buildings**. Before the earthquake, the affected region generated nearly **10 percent of the country’s GDP** and accounted for 8.5 percent of its exports; all expected to be drastically diminished now. Was this destruction all due to the unexpected severity of the earthquake?

My observations and interviews in the region suggest that decoupling was to blame. Just as dormant tectonic fissures lead to earthquakes, the dormant social polarisation 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 failing to coordinate but also actively undoing each other’s efforts to deliver assistance.

What’s most striking is that all government entities and disaster response organisations conducted a drill in 2019 for a 7.6 magnitude earthquake in exactly the same location as the 2023 event. These drills resulted in the development of a disaster response plan identifying all stakeholders and their specific roles and responsibilities. Despite this, the decoupling of the carefully crafted and practiced disaster response plan and the fragmented response due to social fissures, leading to a man-made disaster, is now a devastating lesson of how organisations are susceptible to the same risk of ineffectively responding to crises.

Prevent decoupling through a clear organisation-wide strategy

One pillar of achieving resilience in organisations then lies in preventing and reducing this decoupling phenomenon. A strong, clearly communicated strategy that is consistently implemented throughout the organisation is one approach to prevent the emergence of decoupling. A clear strategy can become an anchor, helping managers distinguish opportunities from threats during crises. The more robust the strategy is during crisis times, the more decisively an organisation can act and respond to the adverse event. Resilience then becomes a manifestation of the strategy, assessed by an organisation's ability to fulfil objectives and maintain its performance. This may involve structural changes, cultural transformations or overhauls of its technological operation. Even business continuity plans should be abandoned if they hinder the organisation's ability to seize opportunities during a crisis.

For instance, the Haier Group Corporation emphasises self-control, proximity to the user and **decentralised self-management** – practices that empower managers and are paramount to enabling quick decision-making and **adaptability**. Numerous microenterprises form ecosystem micro-communities (EMCs), each focused on creating value for the consumer. They are not attached to the product, and they work towards the same goal, with their only “boss” being the user. They see themselves as part of a bigger goal, and act in unison when faced with a crisis, just as they did during the coronavirus pandemic.

However, in such decentralised organisations where managers define their own objectives, tasks and performance metrics, achieving an organisation-wide understanding of the ultimate strategy can be difficult and, at times, fall short in preventing decoupling. Therefore, managers who aspire to lead resilient organisations must instil *awareness* among members.

Raise awareness in individuals and establish support systems

Once again, Drucker offers an example of how to alleviate decoupling by raising awareness: In a “**manager’s letter**”, each manager defines their superior's and their own job objectives and sets down the performance standards they believe are being applied to them. This approach, according to Drucker, highlights how even well-intentioned remarks from a superior can lead to confusion and misdirection.

Certain practices and capabilities can also train managers to be more aware. For example, mastering piloting, which involves using small-stakes

engagements for a better understanding of the world, can help managers develop their awareness and make better decisions in constantly changing environments. By practicing “**organised abandonment**” of failing projects, managers learn to manage themselves, confront their biases and develop a self-awareness that their past efforts and engagements do not define them.

Organisations seeking to enhance resilience shouldn't seek a one-size-fits-all solution but aim to improve awareness among managers of both internal and external dynamics. In crises, it is important to be aware of how people feel and what they know. Awareness of the changing business environment will also enable empowered and autonomous managers to successfully redesign tasks, objectives and performance metrics. Establishing an organisation-wide internal strategy is a promising starting point, supported by practices that help managers raise their awareness.

However, building resilience isn't without challenges. Empowering individuals and relying on them to achieve organisational resilience exposes them to stress. While this can result in higher performance when facing a crisis in the short term, it becomes essential in the long run to provide sufficient resources and time to alleviate the impact of adverse events on organisational members. Managers must recognise that they cannot jeopardise their people for the sake of organisational performance. Their responsibility lies in ensuring the survival of units by providing the necessary resources and allowing them to learn from experiences.

Having a separate budget for resilience, to be used when operations and innovation are disrupted, discontinued or dysfunctional, can be an effective strategy. Nevertheless, recognising the limitations of self-reliance and self-sufficiency as sources of resilience is just as important. Trust-based collaborative partnerships, both within and outside the organisation, can facilitate the reallocation of material and human resources to those in need during disruptions.

Achieving resilience is a gradual process that requires patience. It cannot be rushed, but it can be nurtured through clear strategies, awareness as well as material and social collaboration. Managers must recognise the boundaries between the unpredictable and awareness; self-reliance and dependence; and short-term reactions and long-term improvements. Only then can they effectively achieve resilience.

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