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Abstract

As crises challenge organizational strategies and corporate performance, the ability of organizations to respond effectively under pressure critically influences their viability and sustainability. In this paper, Organizational Resilience is revisited as a new strategic direction of crisis management; it is argued that dominating functionalism is currently failing to encapsulate the complex nature of organizational crises and strategic challenges. The paper adopts a strategic view on organizational survival and argues that preparedness, responsiveness, adaptability and learning abilities constitute organizational drivers of resilience. The proposed management model highlights the need for strategic reconfigurations toward the construction of a resilience culture and the development of a supporting social capital in organizations. It also portrays organizational survival and sustainability as dependent on strategic characteristics rather than the managerial ability to handle situations and manage crisis.

1. Introduction

As organizations are increasingly hit by small or large scale crises, traditional crisis management and business continuity models, embedded in manuals, processes and handling strategies, often fail to support the survival of organizations. Practitioners and executives often complain that investment and effort spent in Crisis preparation does not pay off when companies are hit by disruptions and negative exposure.

Traditional principles and guidelines for managing organizational crises are spread in a number of disciplines and corporate processes, including Risk Management, Crisis Management, Crisis Communications, Business Continuity, Emergency Planning and Disaster Recovery, most of the times handled in a siloed and poorly coordinated fashion. These processes, all share a noble purpose: to save a business under threat and minimize their losses. What these processes have in common, is a relatively homogenized instrumental crisis management approach, which involves a sequence of determined steps to follow. These steps start with risk assessment and the threats' determination and then the implementation of necessary preparations for the handling and recovery from incidents. Simply put, it is argued that organizations should undergo a process of mapping an unknown territory by building risk registers, they should quantify the impact of potential crises and design human - technology systems for survival and recovery. Traditional Crisis Management is nurtured in growing optimism and propositions by Regester & Larking (2005) and the field of Issues Management goes one step further; crises may be avoided if minor issues are managed before they escalate into large-scale operational problems.

Such approaches undermine the strategic aspects of crisis handling and corporate recovery. While top executives often complain that crisis plans' provisions are rarely implemented during incidents, there is also little consideration of the actual capacity of the corporation to deal with negative events. All these approaches provide organizations normative directions and conceptual tools to enhance their sustainability and continuity when crises occur. Complementing crisis planning tactics and taking a strategic view, a number of studies have been examining how organizations should face long-term crises and strategic challenges through alliances and inter-organizational capabilities (Gittell, et al., 2006).

However, both theory and practice, with few notable exceptions that are analyzed later in this paper, often fail to understand the dynamics of crisis management and explain why some organizations survive and prosper while others suffer severe damages from crises and never recover. Reports indicate that building effective systems for business continuity and crisis recovery do not ensure resilience and survival. In their seminal study, Gilpin & Murphy (2008) expose the knowledge and operational complexities of crisis "handling". Indeed, while a number of unpredictable and systemic factors affect the evolution and effects of a crisis there is an open question as to which organizations have better chances to escape the worst scenarios, mitigate consequences and minimize overall impact.

In this paper, we argue that the traditional approaches mentioned above, in essence, act as limitations for effective crisis management in the era of complex and interconnected modern societies and economies. We argue that management theory and business executives need to further explore their capacity to absorb and adapt in a changing —rapid or incremental—environment full of strategic challenges, emerging crises, sudden and unexpected accidents and disasters. All these challenges should be viewed as complex phenomena, which require from the organization to develop specific organizational resilience strategic capabilities and inherent crisis management skills. Such organizational competences may be captured under the term of organizational resilience, a term drawn from engineering and ecology in order to describe how fast a system under pressure returns to equilibrium following a perturbation.

We therefore view resilience as the accumulated cultural capacity of an organization to make sense of risks and negative events, to absorb the pressure and ultimately protect the organization's social capital and reputation. We argue that such capacity is founded on four major pillars, namely preparedness, responsiveness, adaptability and learning, and is further supported by the appropriate cultural and social capital foundations, such as trust and strong perceived identity, which constitute the basis of organizational resilience. Such conditions and strategic priorities, we argue, enable individuals and teams to act freely upon situations, detach from pre-crisis realities and be actively engaged in creative and innovative thinking, which is required at the operational resolution level. In other words, this paper is a call for executives and

managers to focus more on the organizational cultural "now", rather than endlessly planning for a possible and yet completely unknown "future".

2. Understanding Organizational Resilience

Organizational resilience is a newer tradition in management theory that incorporates insights from both coping and contingency theories. According to Sutcliffe and Vogus (2003), organizational resilience often has been used to refer to the ability of an organization to absorb strain and preserve (or improve) functioning despite the presence of adversity or to the ability of an organization to recover or bounce back from untoward events. Literature study proves the existence of two discrete approaches on organizational resilience. Some scholars see organizational resilience as simply an ability to rebound from unexpected, stressful, adverse situations and to pick up where they left off, while others see it as the safety cushion between structure and chaos. Brown and Eisenhardt (1998) argue that companies such as Microsoft, Nike and Intel are using a zone of resilience as a balancing factor between organizational anarchy and rigidity. In this paper, we visualize organizational resilience beyond restoration to include the development of new capabilities and the ability to keep pace with crisis related changes and demands and even create new opportunities (Lengnick-Hall et al., 2011; Ponis & Koronis, 2012), as presented in Table 1.

[TABLE 1 HERE]

All the above definitions share a common perspective on organizational resilience which exceeds the recovery boundary and implies a certain level of flexibility, improvisation and ability to adapt to both positive and negative influences of the environment (Ponomarov and Holcomb, 2009). This developmental perspective of resilience, as Sutcliffe and Vogus (2003) argue, implies the presence of latent resources that can be activated, combined, and recombined in new situations as challenges arise. Would an organization have a functional and strong set of ties and relationships in the workplace, it has better chances of finding ad hoc and unplanned ways for surviving a deep crisis incident or disaster.

Sutcliffe and Vogus (2003) also argue that the risk of the term "resilience" to evolve into another overused and misinterpreted concept is obvious, despite the fact that

organizational resilience may be one of the few tools researchers have in hands to understand how organizations survive from crises and disasters and outline the drivers of crisis avoidance, handling and recovery. In this new harsh environment, resilience should be perceived as the capacity to survive in the long term but not just in the sense of coping with hardships but what is more important, to act for short term benefits. Table 2, contrasts this notion of resilience as a crisis capability (Resilience II) to the new proposed notion of resilience that begins by taking timely action before misfortune has a chance to wreak havoc (Resilience I).

[TABLE 2 HERE]

Organizational Resilience can be looked as the ability to absorb or adapt to disturbance, disruption and change but also as the developed capacity to recognize and adapt to unexpected changes which puts into question the model of competence and the demand shift in processes, strategies and coordination. Indeed, success of most companies is dependent on the ability to dynamically reinvent business models and strategies as circumstances change. One can praise for example the ability of British Airways to survive a fierce competition from low budget airlines. In this process, mergers, a new logic for service provision and rapid changes helped BA re-invent a sustainable survival model. On the contrary, airlines that focused on short-term measures and managerial maneuvers failed. Valikangas (2010) defined strategic resilience as "the capability to turn threats into opportunities" while Hamel and Valikangas (2003) suggested that strategic resilience is about continuously anticipating and adjusting to deep secular trends that can permanently impair the earning power of a core business. It is about having the capacity to change before the case for change becomes obvious. Still, building strategic resilience without acknowledging sudden threats and the necessity of incident response undermines the viability of an organization.

In literature, a third dimension of resilience (Resilience III – see Table 2) can be identified, relevant to individual and group behavior. Powley (2009) approached organizational resilience as a human-based construct, analyzing how members of a school community were able to recover from a traumatic event thus projecting a human aspect to resilience. Human resources theory indicated that business continuity plans

and crisis handling strategies tend to neglect the role of individuals who are exposed to active and passive traumas and increased organizational toxicity. In reality, organizational survival depends on people willing to protect the organization's identity and reputation and remain loyal and operational at difficult times. From a strategic resilience point of view, the role of people is highlighted as strategic resilience and the ability of an organization to overcome competition challenges through innovation and change is seen as a human-driven process. Along the same lines of thinking, Lenglick-Hall et al. (2011) propose a strategic human resources management plan, including cognitive, behavioral and contextual propositions, to enhance people resilience at difficult times which matches most of the considerations of Weick and Suttclife (2007).

Based on the above, we combine approaches to amalgamate a strategic view on Resilience. We argue that Organizational Resilience requires increased preparedness for responding to crises, strategic adaptation of an organization to the changes, external threats and stakeholder demands through processes of institutional adjustments as well as the development of organizational characteristics and people traits that enhance its ability to survive sudden, unexpected and harmful events. Such characteristics may be seen as "resilience drivers". These drivers are defined and further discussed in the next section.

3. Drivers of Resilience

The key question, in any discussion of organizational resilience is "which organizations are more resilient than others?". We have argued in this paper that functional awareness and technical preparations are not a panacea and cannot ensure the final outcome by themselves. While organizational survival can be attributed to a number of unpredictable and situational factors, one can identify a number of organizational characteristics that enhance the survival and recovery of organizations, in literature. For example, Gittell et al. (2006) used the example of US airlines to argue for the role of relational capital in the process of facing strategic crises. Weick and Suttcliffe (2007) also explored the dimensions of a resilient culture, which is ready to handle change, disruptions and unexpected events. It is indeed arguable that open-minded organizations have better chances of survival, similar to the concept of "institutional mindfulness" (Weick and Suttcliffe, 2007). In a similar direction, Mitroff (2005) argued that organizations need the right mind, soul, heart, thinking as well as technical and social skills to overcome

difficulties and emerge from crises. We propose here the key drivers of resilience that best capture the complexity of survival processes. While these theoretical and conceptual propositions are in need of empirical testing, they are encapsulating a number of functional and social variables that constitute a proposed framework for organizational resilience.

4.1 Preparedness

Crisis Management literature indicates that, preparatory actions, planning, manuals development and intensive training, increase the organizational chances for survival and sustainability. Preparedness is relevant with the processes of risk evaluation, impact prediction, crisis teams' development and training through drills and regular tests while it is seen as a technical process for the codification of tasks that need to be fulfilled in case of crises or disasters. Crisis preparedness is the state where everyone in the organization knows about the emergency or crisis plan and has preferably rehearsed it. Netflix for example, introduced a rather innovative preparedness and training technique, called "Chaos Monkey". The concept is straight-forward and can be described by quoting the exact words of Cory Bennet, a senior software engineer at Netflix: " we found that the best defense against major unexpected failures is to fail often. By frequently causing failures, we force our services to be built in a way that is more resilient". In essence, Netflix elevated the state of preparedness and personnel hand-on and real life training to the next level, by introducing what they call, 'a routine sabotage', which ensures that both systems and people are ready for future and unavoidable disruptive events.

It is evident that a state of preparedness requires an understanding of risks and future threats as well as an awareness of possible solutions and organizational requirements to handle the challenges. Preparedness involves three levels of activity, including resources (building buffers, alternative resources), functions (crisis planning, setting procedures) and training people and leaders. This variable is closely linked with the traditional crisis management functionalism which is relevant and useful.

Proposition 1: Organizational resilience is improved by the organization's engagement in risk mitigation and crisis preparation processes.

Moreover, as crisis management scholars and practitioners have argued, it is by training and involving people into the resolution of challenges and crises that improves the possibilities of a quicker and more efficient recovery. There is a common understanding in literature that people may act as catalysts in bringing solutions on the table or in amplifying the crisis impact by making mistakes and errors in judgment. Organizing drills, exercises and familiarizing the employees and managers with the context of negative incident or strategic challenges becomes of central importance as it is through training that people are able to respond effectively by working in teams.

Proposition 2: People training is related with better resilience performance

4.2 Responsiveness

However, we have argued that by focusing on preparedness as a crisis management process reduces the complexity of resilience and the need for a social systemic response of an organization. The ability of an organization to respond to an adverse challenge, a crisis or a disaster is fundamental in building its resilient capabilities. Crandal et al. (2010) argued that any preparation or cultural development may prove useless unless the system acquires an ability to respond timely, efficiently and creatively to every challenge. While responsiveness typically includes the utilization of the crisis management processes, it also involves the wider mobilization of networks, relations, ideas and informal communities.

Such approach indicates that there is an inherent different between preparedness and responsiveness, the later consisting of the organizational ability to understand the events and challenges, frame problems, analyze the impact and maintain its social cohesiveness under time and psychological pressure. Cases like the responses of Wal-Mart during the Katrina events indicate how relatively unprepared systems may respond effectively to unplanned problems and unstructured decisions that need to be made.

Proposition 3: The ability of an organization to respond

timely and in a constructive manner to a challenge critically influences its resilience

In this proposition, the element of time and organizational automation is of particular importance as quite often a structured and rational decision is made at later times and when it is too late.

4.3 Adaptability

A widespread notion in the Crisis Management and Resilience theory is that organizations need to recover from critical events by returning to "normal conditions" and by "bouncing back". Such approach assumes that organizational structures, functions and routines need to be re-constructed and restored to the pre-crisis status. However, resilience may also be seen as a dynamic capacity of organizational adaptability that grows and develops over time. It results from processes that help organizations retain resources in a form sufficiently flexible, storable, convertible, and malleable to avert maladaptive tendencies and cope positively with the unexpected (Sutcliffe and Vogus. 2003). In some approaches resilience depends on the ability to trigger positive adjustments and change under challenging conditions (Worline et al. 2002). One could note the example of Toyota and its response to the massive production disruption caused by the great East Japan earthquake in 2011. Although the impact of this unexpected event had initially severe impact in production volumes Toyota managed to quickly mobilize its global supply chain resources and adapt its production capacity in such a way, that the recovery in terms of production normalization and volume numbers was rather quick and full.

It is arguable that organizations that are more perceptive and more adaptive may lead their members towards more creative thinking and "escape routes" which eventually lead to a transformational process. Organizations that face challenges by transformation and core changes have in fact better chances of survival while the ability of a system to adjust to a new ecology is fundamental for organizational renewal and sustainability. When people are trapped within a circle of challenges, misfortunate incidents or negative exposure, it is expected that they attempt to resolve the situation by retrieving past solutions (what social psychology has labelled as enactment) and remembering the past.

But it is through improvisation, change, adaptation and transformation that resilience is supported as an effort to "bounce forward" towards a new environment and a new organizational reality. This adaptation capacity typically involves the processing of crisis and problem recognition, the ability to challenge the existing apparatus, think outside the box and overcome the traditional decision-making processes while creating solutions and new directions.

Even when complex decision making and problem solving are required or crisis response is dependent on resources, flexibility increases resilience particularly when it is resulted by the involvement of highly-skilled, empowered and multi-tasking individuals who can manage relationships and make decisions.

Proposition 4: The ability of an organization to change and adapt to a new "reality" leads to better resilience capabilities

4.4 Learning Processes

While learning has been embedded within crisis management processes and has been embodied within the Business Continuity standards, it is often seen as complimentary. Resilience however, as a responding and adapting organizational trait, requires the development of learning systems that support risk evaluations, problem acknowledgement, impact analyses and possible solutions. Moreover, it is based on the ability of the organization to absorb external knowledge, internalize messages and make the right assumptions acting as an open system. These qualities are directly attributed to the ability of an organization to engineer a reporting culture, recognize skill-based and rule-based mistakes and forward conclusions deriving from previous crises or existing problems. One may observe how Shell recovered from the Brent Spar crisis in the mid-90s by re-exploring its social role and by building a new relationships model with its stakeholders.

The learning aspect of resilience capabilities are linked to the preparedness culture as the later generates risk evaluations and knowledge suitable for the future, what has been addressed as crisis-sensing networks.

Proposition 5: Organizational learning and the ability of an organization to absorb knowledge and learn in and from crises increases the resilience performance of organizations

5. A Proposed Framework for a Strategy for Resilience

So far, we have approached Organizational Resilience conceptually and proposed a set of strategic drivers, drawing on literature and industry case studies, which potentially affect or guide the development of resilient capabilities. These propositions outline and could function as main pillars of our approach leading to the development of survival capabilities; however, they require a culture of resilience that better supports preparedness mentality, responsive capabilities, adaptation skills and learning processes. Moreover, a central argument in this paper is that the role of strategy or a strategic view on resilience are required and inherent in the efforts of organizations to survive crises and evolve within changing conditions. Not only resilience can be seen as a 'practice' of actions and decisions made within a specific context, but it should be organized through a holistic understanding of organizing as a process of adapting.

We therefore bring forward three fundamental aspects that critically influence organizations resilience which relate with the Social Capital. Resilience drivers cannot exist outside a set of social conditions related to the human and social capital of the organization. Furthermore, each driver is strongly influenced by the existence of the appropriate human and social capital, including trust, error-free cultures and sharing. As Mitroff (2005) argues, as the process of reasoning and emotional responding are splitting during crises, the development of an organizational environment that enhances crisis management is of critical importance. The main reason for the need of a culture is that a crisis or a strategic challenge and the crisis management process are enduring situations, happening in stages and implicating the organization as a whole, not as a functional unit. We include a number of factors within a proposition that provides a 'culture of resilience' that better supports the development and activation of the drivers of resilience.

Proposition 6: Organizational trust, employee's engagement and identification as well as the existence of open communication and error free cultures increases organizational resilience

There is no better example that advocates this proposition that the famous Nokia-Ericson crisis case as described in Sheffi (2007). Exposed to the same supply chain crisis, as the result of a small disruption with important effects, Nokia responded timely and with a tendency to understand the problem and solve it. On the other hand, Ericson adopted a more passive and compatible with its culture approach and paid the price in losing a substantial market share.

Our proposed framework, based on a review of extant literature, is presented in Figure 1. It integrates the four drivers of resilience under a common set of social capital and organizational values, including trust, perceived organizational identity and an error-friendly culture. The key notion is that as resilience requires an open-minded and dedicated spirit, traits which according to Sutcliffe and Weick (2007), require the existence of core values.

[FIGURE 1 HERE]

In this respect the framework builds links towards organizational resilience as a social characteristic and an ability, rather than an accumulated skill or functional ability. Sheffi (2007) describes a resilience culture of flexibility based on homogenized networks of people and flexible decision-making that relies heavily on shared trust and a culture of "taking action". He uses the example of Dell to argue for the need of an open-minded, yet clear culture of devotion and responsibility (ibid: 248). Valikangaas (2010: 146-147) also understands the ability of an organization to understand strategic failures and correct mistakes as relying on open cultures, communication processes and the avoidance of voices suppression in the process of management and strategizing. The failure of AT&T to meet strategic challenges is analyzed while Mitroff (2005: 107) uses the example of Benetton-Turkey to suggest that thinking out of the box, reacting emotionally and building a crisis management relying on people perceptions is positive and leads to resilience. Having people identified with the organization, capable of

speaking and ready to take action is the key issue.

It could be argued that a 'culture of resilience' is definitive for organizational survival. . What is essential is the appreciation for the need for strategic adjustments that would enforce the appropriate culture and social capital conditions which would support organizational sustainability. Organizations with the stronger organizational resilience culture are more capable of managing negative events and adjust to new realities. The critical role of cultural integration in times of crises needs to be appreciated and measuring resilience should focus on the existence of values, error-free spirit, innovation and common routines in resilient organizations

6. Limitations and Propositions for further research

While a number of propositions are made in this paper, one needs to be careful about the limitations of our approach while also acknowledging the complexity of the territory. First, the term organizational resilience requires further conceptual clarifications as it maintains links with a number of similar concepts, especially on Organizational Evolution and Survival, while also indicating links with a number of related fields in Organizational Behavior.

Second, the propositions outlined in this paper call for a more in-depth change of mentality in order to incorporate the Resilience framework into business practice. One important aspect that we have not fully embraced is the networking abilities. Our proposed directions have excluded the role of organizational networks in the process of crises' development and the interdependence on external values and systems. Organization theorists and scholars of comparative sociology have indicated that a number of organizational competences (e.g. innovation, business excellence etc.) may be related with the existence of past business alliances, geographical proximity and common shared relationships. The latter point also raises concerns about whether the development of resilient capabilities can be seen as a universal model, which could be implemented similarly in Western and Asian cultures.

However, the idea of organizational resilience requires a more careful consideration of methodologies as well. In this paper, we have outlined the limitations of crisis management's normative functionalism and argued for the need of a more

systemic, organic and organizational approach to organizational survival and sustainability. Drawing on literature, we have identified critical dimensions that could potentially explain organizational resilience and the ability of organizations to prevent or recover from negative incidents and challenging situations. With these limitations and considerations in mind, this study proposes a strategic understanding of Organizational Resilience, by proposing a strategic framework where the development of cultural characteristics of resilience and building the "resilient organization" is seen as the best possible route to minimize crises' losses and survive large-scale negative impact incidents.

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Table 1: Definitions of Organizational Resilience

	Definitions of Organizational Resilience	
Brown & Eisenhardt (1998)	A balancing factor between organizational stiffness and unstructured ambiguity.	
Sutcliffe and Vogus (2003), Vogus and Sutcliffe (2007)	Organizational resilience is the maintenance of positive adjustment under challenging conditions such that the organization emerges from those conditions strengthened and more resourceful.	
Hamel and Valikangas (2003)	Organizational Resilience refers to a capacity for continuous reconstruction. It requires innovation with respect to those organizational values, processes, and behaviors that systematically favor perpetuation over innovation.	
Fiksel (2006)	The capacity of an enterprise to survive, adapt, and grow in the face of turbulent change	
Lengnick-Hall et al. (2011); Ponis & Koronis. (2012)	The firm's ability to effectively absorb, develop situation- specific responses to, and ultimately engage in transformative activities to capitalize on disruptive surprises that potentially threaten organization survival	

Table 2: Approaches of Resilience

Resilience I (Strategic) The capacity to:	Resilience II (Functional) The capacity to:	Resilience III (People)
Change without first experiencing crisis	Recover after experiencing a crisis	Ability of people to absorb crises
Change without suffering a significant accompanying trauma	Persist in the face of threat not to yield; tenacity	Ability of people to remain loyal and operational
Take action before it is a final necessity	Survive trauma	Rebuild the social capital and interrelationships

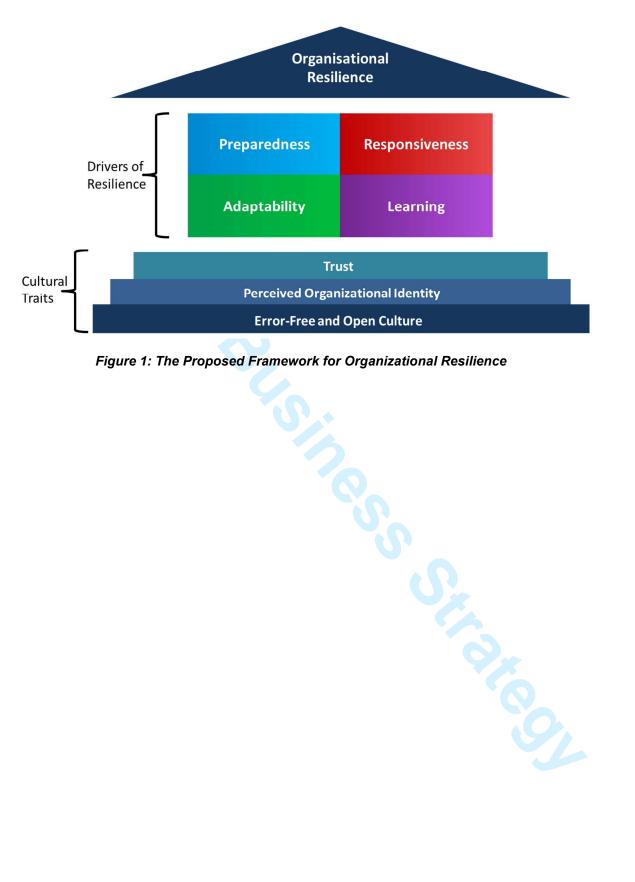


Figure 1: The Proposed Framework for Organizational Resilience