Organizational Design Change and Transformation
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Module - 10
Lecture - 48
Organizational Inertia and Resilience

Welcome back to the lecture sessions on Organizational Design Change and transformation. We are on module 10, we are discussing about the different stages of organizational life cycle. We have discussed till here the organizational birth stage, organizational growth stage, we have also discussed in the last session on organizational decline and organizational death.

In this session we are going to explore more about why this decline and death happens, because we have discussed in literature and in other discussions more of the focuses on more and growth stages. But generally, we will find there is less of discussion on organizational decline and death. But here in our lecture sessions we are trying to focus more on the decline and death stages, because if you are knowing like why we are moving into the decline and death stages, the reasons for it.

Then we will be able to learn from those reasons and prepare ourselves for organizational like bouncing back when we are talking of organizational resilience and that is where maybe from where organizational turn around and transformation is going to start.

So, welcome you all to the journey of understanding like before we talk of organizational resilience like why organizational go for a declining stage and you know like the death stage. So, here in this session we are going to discuss first on organizational inertia and then on organizational resilience. So, be there with us, so let us see what is there in the content over the concepts covered.
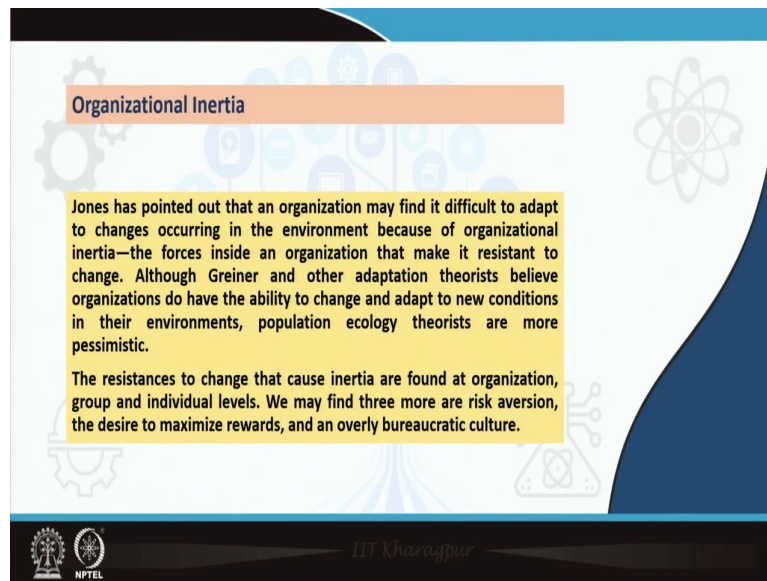
So, organizational inertia here in this first we are going to discuss here about organizational inertia. We are going to define resilience the five pillars of resilience, organizational resilience, characteristic features of organizational resilience, how to build a resilient organization, organizational resilience framework and the four principles of resilience. So, let us begin.
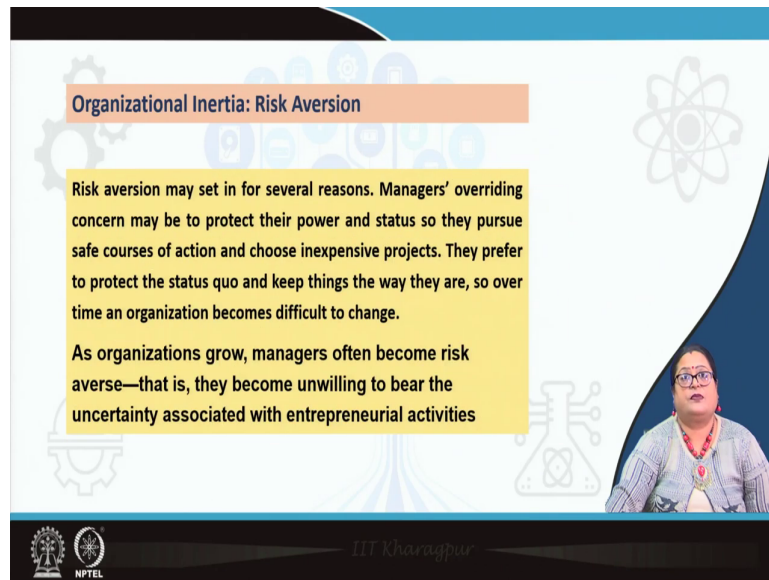
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Organizational inertia. So, Jones has pointed out that an organization may find it difficult to adapt to changes occurring in the environment because of organizational inertia. The forces which are there inside an organization which makes it resistant to change. Although Greiner and other adaptation theorists believe that organizations do have the ability to change and adapt to new conditions in their environments.

Population ecology theories are more pessimistic in and they think or they are like they tell like because there are inertia. So, they are less like comfortable with adapting to changes which like treats the path for decline and death. The resistances to change that cause inertia are found at organizations group and individual level.

So, you will find it as a trickling down effect it is not only which is there at the organizational level, but at the group level and also at the individual level at each of these levels will find

like inertia to change. So, we may find three more risk aversions the desire to maximize rewards and the overly bureaucratic culture.
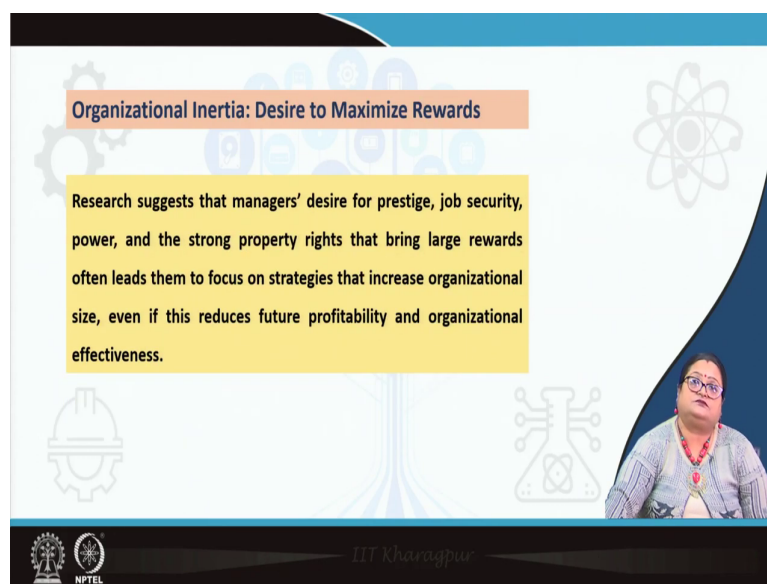
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So, we will discuss first is the first inertia which is about risk aversion. Risk aversion may set in for several reasons. Managers overriding concern may be to protect their power and status, so they pursue safe courses of action and choose inexpensive projects. They prefer to protect the status quo and keep things the way they are. So, over the time an organization becomes difficult to change.

As organizations grow managers often become risk averse that is they become unwilling to bear the uncertainty associated with entrepreneurial activities. So, as it can relate as we are telling like the organization increasing in size may not be always the indicator that it is growing.

If you are taking growth in the perspective of becoming more competent, becoming more and more strong from within to face the challenges of the environment, then able to like meet the demands of the consumers become more flexible to like adjust to the changing demands and come up with your own products and all.

So, it is it may not be like the equivalent of growth like bigger in size means you are growing. Because somewhere it may because you have to manage such a huge show, manage the leaders, the managers may often become risk-averse and they may try to avoid the uncertainty which is there with related to the entrepreneurial activities.
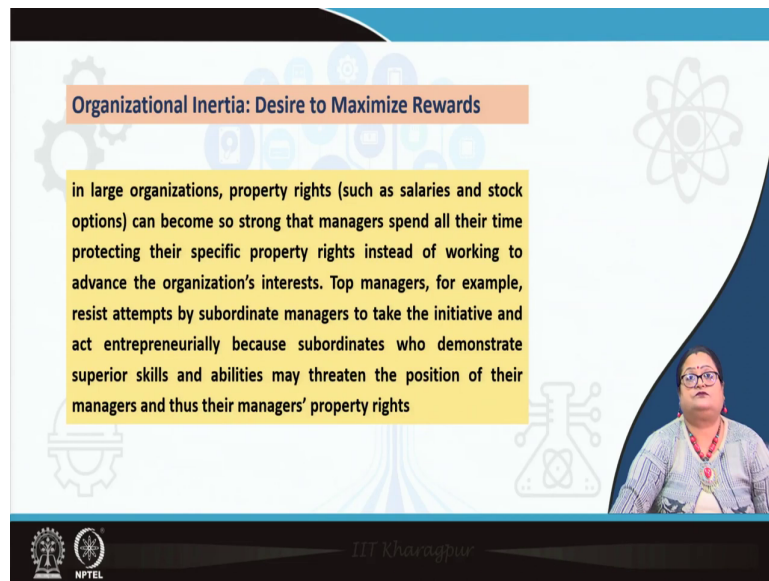
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Organizational inertia which is point 2 is about the desire to maximize the rewards. Research suggests that the managers desire for prestige, job security, power and the strong property

rights that bring large rewards often leads them to focus on strategies that increase organizational size, even if this reduces future profitability and organizational effectiveness.

So, like the more you are more people you are leading, the more people you are controlling is determining your power. So, why not increase the size because that gives me a feeling that I am more powerful, so that may be detrimental in the long run. Because at the end if something is beyond my capacity to like take care, I may not give individual attendance, individual feedback to people.

So, that bonding is going to like reduce and you know like the personal touch is going to reduce and we will not be able to communicate properly, take feed give feedback properly and ultimately it is going to affect the organizational effectiveness not only at the organizational level you can tell individual effectiveness is going to be affected, group effectiveness and ultimately this will reflect on the organizational effectiveness also.

In large organizations the property rights such as salaries and stock options can become so strong that managers spend all their times in specific in protecting their specific property rights instead of working to advance the organization's interests. Top managers for example, resist attempts by subordinate managers to take the initiative and act entrepreneurially because subordinates who demonstrate superior skills and abilities may threaten the position of their managers and thus the managers property rights.

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So, if this has been the; this have been the you know like the causes of inertia. So, now let us look into resilience. So, whenever we are talking of inertia, we are talking of the internal forces of resistance like the organization may be having from the internal environment. But we do have a threat from the external environment also as we have discussed in the earlier slides in the earlier discussion session.

If you remember we talked of external causes of decline, we talked about internal causes of decline. So, whenever we are talking of organizational inertia, it is the resistance to change, it is your desire to maintain a status quo which is from the internal perspective internal environment perspective.
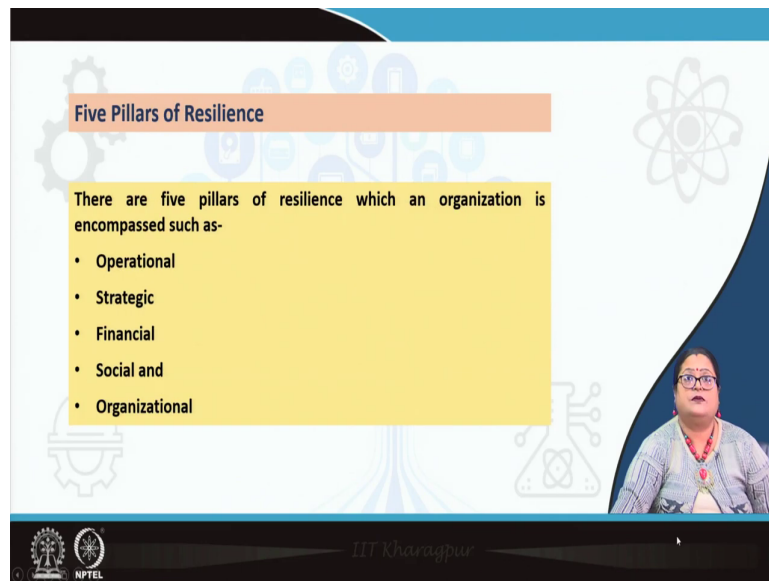
But there is also a threat from outside the external environment. So, whenever we are talking of the external environment and the threats from it and the succumbing under pressure from

the external environment. So, that is going to again lead to your further death and ultimate decline because you are not able to answer to the demands of your like external stakeholders which is there.

So, in order to slow down this process of decline and death, what we need to develop is the resilience where how to overcome the external shocks, pressures and develop new opportunities. So, that is where resilience is important and now we are going to discuss on what is resilience starting with defining, what is resilience moving on to the different steps of it. Resilience is the ability of an organization to overcome external shocks and grasp new opportunities in their way.

The American Psychological Association defines resilience as the process of adapting well in the face of adversity, trauma, tragedy, threats or even significant sources of stress. Now, what are the five pillars?

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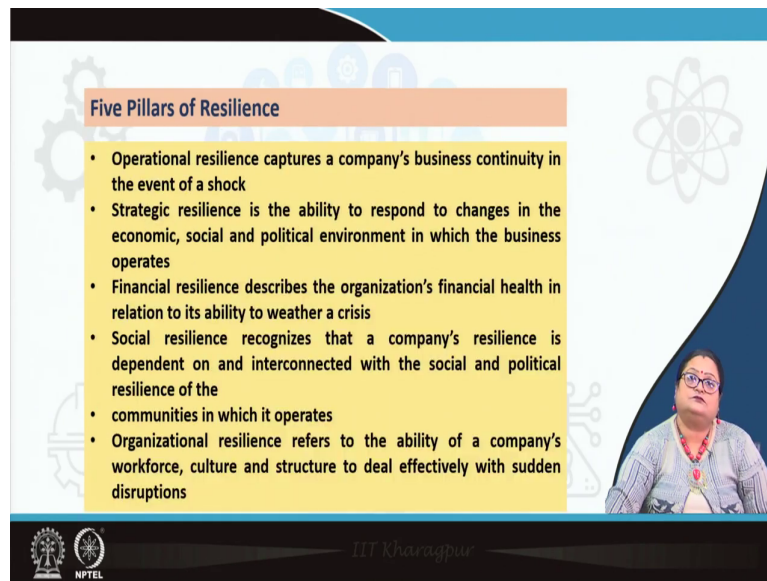
Now, what are the five pillars of resilience? There are five pillars of resilience which an organization is encompassed such as the operational pillar, strategic pillar, financial pillar, social pillar and the organizational pillar.
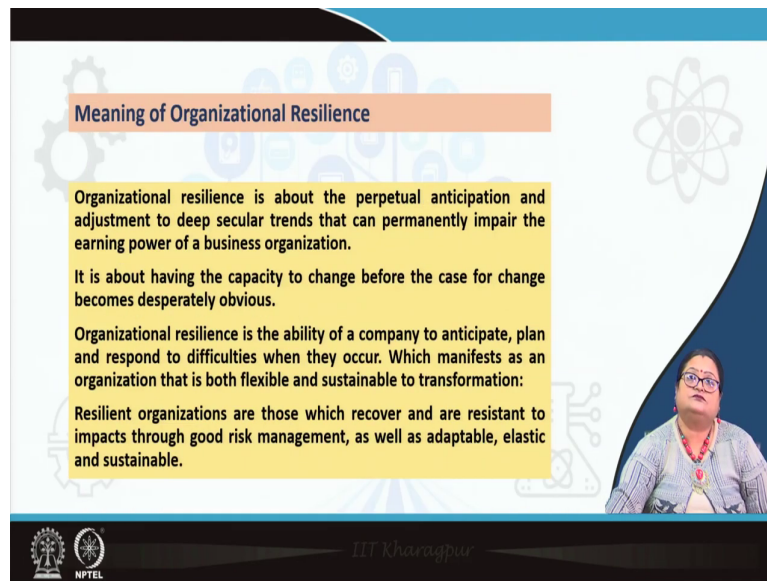
Operational resilience captures a company's business continuity in the event of a shock. Strategic resilience is the ability to respond to changes in the economic, social and political environment in which the business operates. Financial resilience describes the organization's financial health in relation to its ability to weather a crisis.

Social resilience recognizes that a company's resilience is dependent on and interconnected with the social and political resilience of the communities in which it operates. Organizational resilience refers to the ability of a company's workforce, culture and structures to deal effectively with the sudden disruptions.

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Now, we have discussed about resilience initially. Now, we will discuss more about the organizational resilience. Organizational resilience is about the perpetual anticipation and adjustment to deep secular trends that an permanently that can permanently impair the earning power of a business organization. It is about having the capacity to change before the case for change becomes desperately obvious, so it is a part of your being proactive in nature.

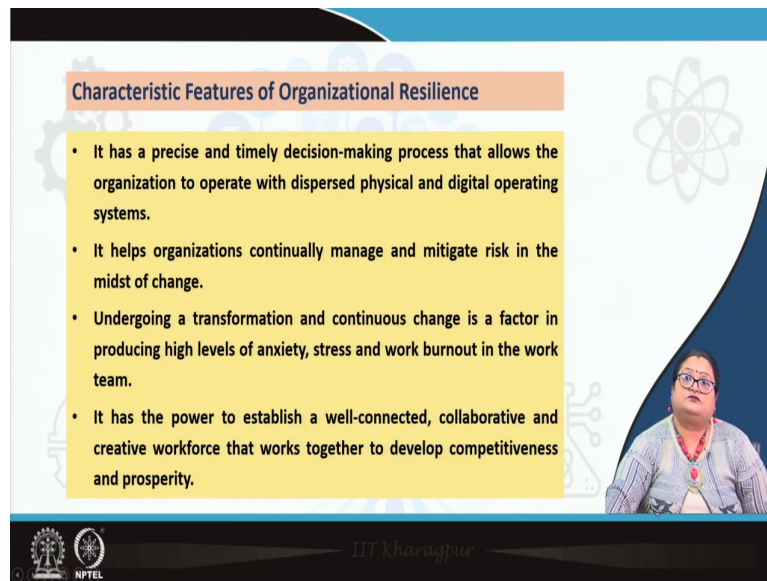It is like keeping yourself or constantly aware of the environmental changes, matching your competencies with the environmental change demands to understand whether you are capable enough to face those changes and to anticipate what kind of changes will be required and be proactive in answering to those changes. So, it is about having the capacity to change before the case for change become desperately obvious.

Organizational resilience is the ability of a company to anticipate, plan and respond to difficulties when they occur. Which manifests as an organization that is both flexible and sustainable to transformation. Resilient organizations are those which recover and are resistant to impacts through good risk management as well as adaptable elastic and sustainable in nature.

So, they are having good risk management capacities, they are adaptable, they can stretch once as they are elastic in nature and you know like they are sustainable. So, we talk of resilience as a capacity to bounce back from the adversity. So, whenever you are facing any challenges, whenever you are facing any negativity, its not that you are succumbing to it and the organization is succumbing to it.

Rather the organization is learning from it and emerging as more powerful by creating and like identity for itself and you know maybe new environment doing things, looking at things from a different perspective and maybe starting afresh.

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Now, what are the characteristics features of organizational resilience? It has a precise and timely decision making process that allows the organization to operate with dispersed physical and digital operating system. It helps organization continuously manage and mitigate risk in the midst of change.

Undergoing a transformation is this is a very very important word to be remembered, undergoing a transformation and continuous change is a factor in producing high levels of anxiety, stress and work burnout in the work team. And for that you need to know how to like answer, make yourself stronger in this kind of situation which is where you learn how to become resilient and to look at things from a like positive perspective, optimistic perspective, trying to think of things rather as opportunities, a learning opportunity rather than as a threat.

It is a power to establish a well connected collaborative and creative workforce that works together to develop competitiveness and prosperity. So, you may find like we are collaborating, you may find this words very strange like we are collaborating and creative workforce and we are working together for competitiveness.

Competitiveness is always good if it is a healthy competition because it helps you to evolve in a better way when you see others what they are doing. You also try to develop things in a better way, you learn from them and you try to develop yourself. So, healthy competition is always good for one's development, it makes yourself very strong.

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Now, how to build a resilient organization is where the focus of the discussion is because when an organization has to become resilient then what are the essential steps required for it.

So, the first essential point that we are going to discuss over here is about effective leadership.

One of the most important factors driving organizational culture is strong leadership. Resilient cultures start with committed leaders who understand and support employees. Second is transparency and communication. After gaining the support of leaders the organizations must make sure to promote transparency and of course, apply it to all. So, integrity, transparency, authenticity these are very very important trust, these are very very important qualities which are required for resilience.

Safe and secure work communities: employees are constantly connecting and collaborating. So, it is to be make sure that a place needs to be given to them where they can share the interest and create social connection with their colleagues. So, a safe and secure work community is also what is required for developing a resilient organization because they will be experimenting with methods, they will be connecting with each other to understand how to prepare for challenges, upcoming challenges, they need to do a lot of brainstorming.

And in that the process of brainstorming sometimes the critical evaluation of the company's present way of looking at things doing things may need to be done. For that a safe and secure work environment which is going to facilitate this process is very very important.

Innovation in knowledge management. Organizational resilience is driven by performance and adoption, but how can we achieve high performance rates when we do not adapt to innovations is what we need to think about. So, innovation in knowledge management is very important while we are talking of resilience.

Complexity and responsibility. To function effectively at this level of organizational complexity it is necessary to increase the cooperation and information sharing. So, cooperation information sharing as well as telling you trust, integrity, perseverance these are the defining characteristics of a resilient organization or the resilient work culture. Resilient cultures understand the benefits of shared responsibility and empowered teams.

So, respect for oneself, respect for your team members, recognizing the others come, contribution, gratitude. So, these are also associated qualities. This can prepare employees for the crisis situation.

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Now, we will look into a framework of organizational resilience. This framework is a holistic and non-leadership centric approach to organizational success and survival which brings several knowledge areas together into a useful analytical framework. It combines five different levels of resilience like traits of resilience, processes of resilience, capabilities for resilience, resources for resilience and prime sources for resilience. Let us look into this.

Now, the traits of resilience. This means resilient people are at peace with their humanity. They are authentic, flexible thinkers, they are optimistic, they reach out and they use their strengths. Level of the framework traits can be summarized with the concepts of risk-awareness, preference for cooperation, agility, improvisation skills and knowledge integration.

So, these are the traits which need to be present in the personality of the individual, define the personality of the group and the organization if you like have to develop the power of resilience within yourself. Now, what are the processes of resilience? So, resilience is needs to develop over time. It is a capacity that can develop over time in the context of person environment interaction. The process can be understood through anticipate, monitor, respond and learn.
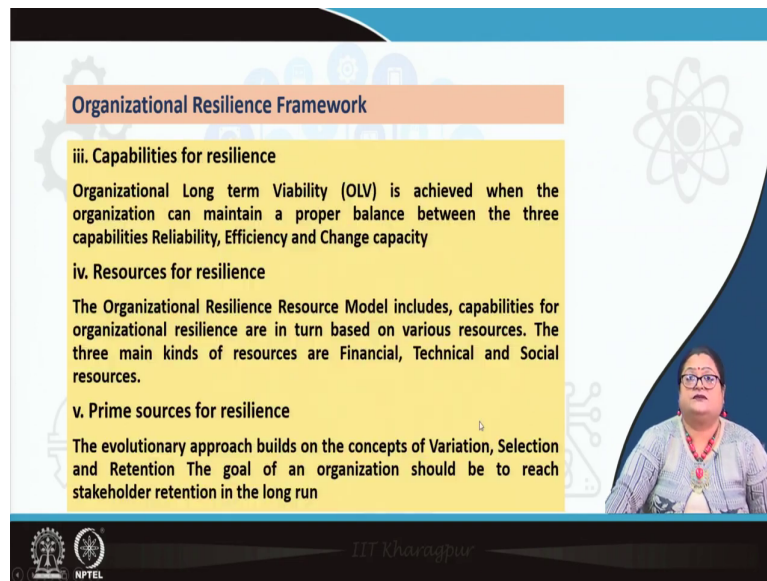
So, you anticipate what is going to come. You monitor the environment for any signals that is going to tell you like, yes, the next challenge is coming. How do you respond to it in a proactive way and what you learn from situations and apply to your next step ahead to make yourself more strong for future interactions is where you talk of the process of resilience.

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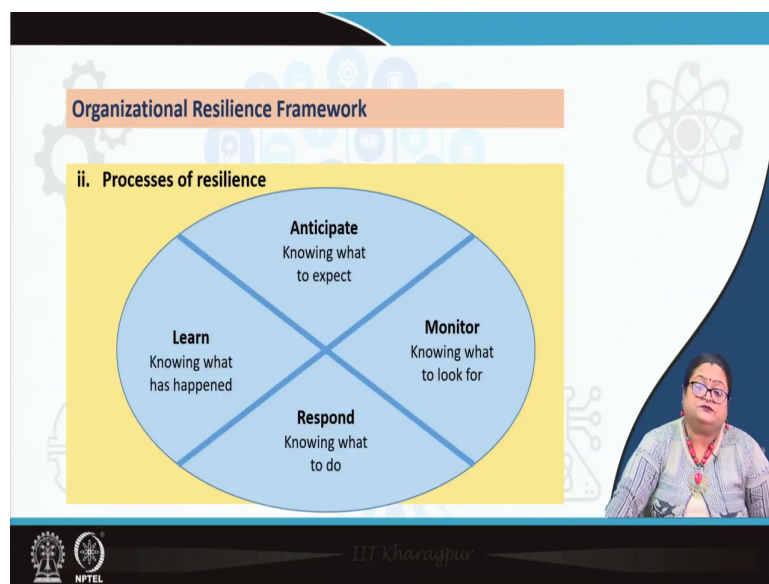
So, you can see in this organizational resilience framework is anticipate is knowing what to expect, monitor is knowing what to look for, respond knowing what to do and learn is knowing what has happened.

Now, the capabilities for resilience. Organizations long term viability is achieved when the organization can maintain a proper balance between the three capabilities which are reliability, efficiency and change capacity. What are the resources for resilience? The organizational resilience resource model includes capabilities for organizational resilience are in turn based on various resources.

The three main kind of resources are financial, technical and the social resources. What are the prime sources of resilience? The evolutionary approach builds on the concepts of variation, selection and retention. The goal of an organization is to like should be to reach the stakeholder retention in the long run. It should be like the in order to be sustainable in order to survive. How we can reach the for stakeholder retention should be our focus like what needs to be done, so that the stakeholder remains with us.

The four principles of organizational resilience framework are the principle of resolve that is the purpose and commitment are the key to resolution of organizational problems. Principle of communication for effective planning and operational procedures.

Principle of empowerment to promote ownership of resources and collaboration of agencies and stakeholders and principle of agility for execution of the task and performances and adaptation of the change. So, we can see that resilience is based on like the clear idea of why you exist your understanding of your goal and that goal is to like to move with all the stakeholders, keep all the stakeholders with yourself, think about them, care about them and commitment to your purpose.

Then effective communication about the planning and the operational processes, effective feedback given then the empowerment to people, the employees within like to transform your

dreams into reality to promote the ownership of resources and it is the collaboration of the agencies and the stakeholders and also the agility to like respond to the changing demands of the environment in a proactive way and anticipating and preparing yourself for it.

So, whenever the demands are there you can immediately respond to it is are some of the defining principles of organizational resilience framework. And if we like train if the organization trains itself to develop resilience and understand also how to overcome the inertia.

So, a balanced approach of overcoming the inertia and developing the resilience will make you strong both from inside and respond in a better way to effective way towards the environment which will lead to the it will make you so strong that you can face the decline and the death stage.

And you can move ahead towards organizational turnaround and transformation and you can emerge with a new ways of looking at things, new ways of doing things, new structure, new design, redefined identity which is organizational transformation which we are going to discuss in the upcoming sessions.

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So, these are the references that have been used for this session.

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So, in conclusion we can tell like this lecture session includes the definition of resilience, five pillars of resilience, organizational resilience, characteristic features and how to build a resilient organization, organizational resilience framework four principles of organizational resilience and we have also discussed about organizational inertia.

Hope the learners will enjoy this learning about all these. Stay tuned with us for our more interesting upcoming discussions or organizational transformation and organizational development techniques or the techniques of how we can bring in discuss and more intervention techniques to develop on organizational resilience to answer to the organizational inertia, lead to the transformational changes, be there with us for the upcoming sessions.

Thank you.