

2016-2017 HCMS Scholarship

Question:

Critically discuss how HR professionals can contribute to building business resilience in the challenging economic environment.

Champion

Ms Sapphira Yip

The University of Hong Kong

Building Business Resilience - A HRM Perspective

Today, firms have to face a new normal: rapid change, economic uncertainty, and ambiguity are all part of the equation in conducting business (White, 2013). Why some organizations remain healthy in times of turbulence, whilst others crumble under the pressure? The answer to this is organizational resilience, and such is a topic that is becoming increasingly important in this complex world, where the unexpected is omnipresent (Sutcliffe & Vogus, 2007).

Resilience Defined

On an individual level, resilience is the development of psychological strength that allows an individual to overcome and grow from challenges. There is no one-hit wonder that creates resilience - it is a virtue that requires long-term commitment (Personnel Today, 2012). Likewise, on an organizational level, resilience is an important virtue that allows for positive adjustment under challenging conditions, such that the firm emerges from those conditions strengthened and more resourceful (Sutcliffe & Vogus, 2007).

Besides the ability to sustain competitive advantage through innovation and adaptation, a resilient organization is also able to attract high-calibre employees, since it accepts change with minimal disruption (Robb, 2000).

Building Resilience: H.U.D.D.L.E.

There are numerous studies that examine and give suggestions as to how organizations can build resilience. To help HR managers better implement these strategies, the acronym H.U.D.D.L.E. can be applied, which stands for Help, Understand, Define, Develop, Lead, and Empower.

In the natural world, animals huddle together at the face of adversity. For example, penguins facing chilling snow storms in the South Pole huddle together to provide warmth in each other. Similarly, team members in American Football huddle together to strategize, motivate or celebrate. Indeed, the action of the huddle is almost sacred - it is displayed by members of a tight-knit community that conveys a high level of trust among members. Most importantly, it is a strategic move that allows every member to weather hardship as a cohesive unit.

Help: The role of HR

Traditionally, the role of the HR professional is to serve as a policing arm of management. However, HR managers need to understand that they are the key personnel that helps organizations build resilience. HR's role is to be an employee advocate in creating a motivated work environment, and also the change champion in constructing organizational development strategies (Heathfield, 2016). As employee advocate, one important role that HR plays is to keep teams engaged. The practical steps of increasing employee engagement can be referenced from a Singaporean firm, Shell Health (Ng, 2016). The firm started to run a "Think Well" Resilience programme in 2010: the one year programme consists of 13 modules regarding resilience, which are ran in-person by a facilitator from the team itself on a rotational basis. Besides the module programme, a department "shout-out board" and "perspective jar" is installed to encourage colleagues to spread positivity and thankfulness with each other. The programme proved to be successful, as employee engagement increased with the number of resilience modules increased (see exhibit 1 overleaf).

As change champion, HR should also embrace cognitive diversity at the recruitment stage. Studies have shown that resilient companies have a high level of cognitive diversity among their employees. Different thinking styles bring unique insights towards to same issue, which is important in building a resilient organization that withstands rapid change (Clark, 2015).

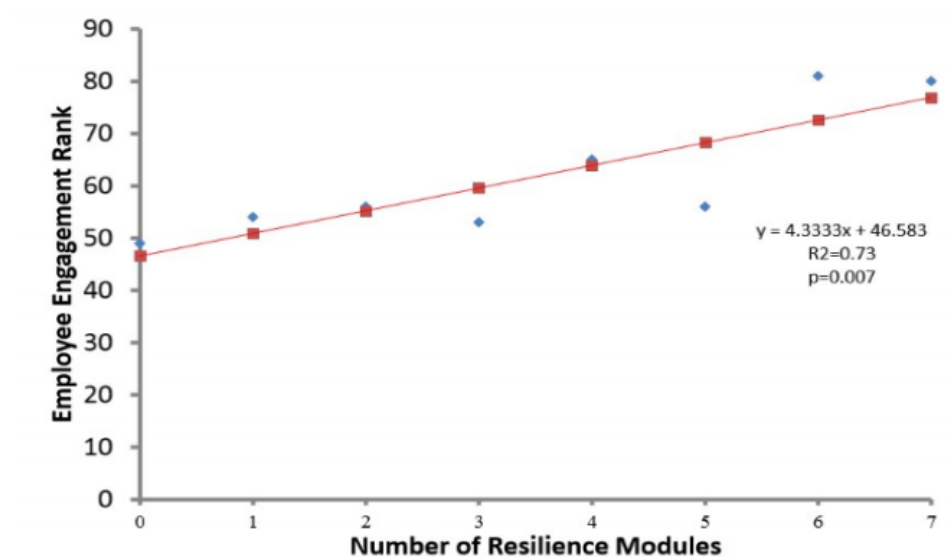


Exhibit 1: Graph showing increase of employee engagement following number of resilience modules (Ng, 2016)

Understand: Be flexible, not rigid

Organizations should aim to be flexible, not rigid, in its HR approach. Brittle organizations see the absence of failure as the indication that hazards are not present. On the contrary, resilient firms are flexible in understanding that their standard model of operation is in need of regular updating, and are constantly aware of the changing environment around them (Sutcliffe & Vogus, 2007).

HR managers need to understand the workload of its employees and encourage a culture where resilient employees are comfortable in questioning excessive workloads. Unmanageable workloads create immense burden for employees which result in stress and decreased productivity and innovation. These factors heavily undermine any resilience efforts that HR aims to promote (Homewood Human Solutions, 2013). Flexibility is the key. HR managers can provide employees with flexibility in where, when, and how their work gets done. By focusing on the results that needs to be achieved rather than on rigid frameworks that may be ineffectual, HR can encourage creative ways of thinking in their organization about how to better achieve results (Homewood Human Solutions, 2013). This flexibility is crucial when it comes to building resilience at the face of challenging business environment.

Define: What it means to be a resilient team

HR needs to clearly define role-clarity in order to foster team cohesion, which is the backbone of a resilient team. Team cohesion can be built through social activities, group trainings, celebrating individual and group achievements, regular informal team get-togethers and creating a culture of mutual trust and respect. HR should reinforce the links between people's work and the objectives of the organization to let employees see meaning and value to their work. Role clarity and purpose allow the team to work as a cohesive unit (Homewood Human Solutions, 2013). In addition, HR should include Trust as an important definition of a resilient team. Research has shown that social systems with strong trust are more resilient as they are less prone to selfish or disruptive mass behaviour (Ilmola, 2016).

Develop: Organizational culture

A study conducted by Towers Watson recommends that HR should work with managers to strive for "sustainable engagement" by fostering a culture that makes it possible for employees take care of their physical, mental, emotional, and spiritual needs, because only then can resilience occur (White, 2013). In addition, HR needs to recognize that self-efficacy is an important value for employees to develop a resilient organizational culture. Self-efficacy refers to the belief in one's agency and the ability to be a catalyst for change. It enables individuals to rebound from adversity (Everly, 2011). Neurosciences studies suggest that training in managing personal stress develop a "psychological body armour" that forms the basis of self-efficacy. On top of this, HR can create support programs because interpersonal support is the most influential factor in human resilience (Everly, 2011).

Furthermore, HR needs to keep the organization at a long-term orientation. Resilient cultures value compliance practices and thoroughly-considered responses towards the external environment, rather than merely considering financial results in a short-term timeframe. This ensures long-term sustainability and healthy stakeholder relationships, which are foundational to organizational resilience (Taylor, 2015).

Lead: Modelling resilience through ethical leadership

It should come as no surprise that leadership is the most critical factor driving organizational culture, since leaders' behaviour are reflected into employees' behaviours. HR needs to ensure that leadership in the organization takes

personal responsibility for oversight, engage employees effectively, and make difficult decisions to protect their teams. Unethical leaders who purposely encourage a lack of transparency - so that they have plausible deniability if problems arise - put their companies in a toxic culture of accountability denial (Taylor, 2015).

In building a resilient organization, HR managers should also pay attention as to their performance-reward system. Resilient cultures consider ethical behaviour a key factor in determining compensation, and also value growth over short term performance. Often, high-performing teams gain power that shields them from scrutiny and accountability issues, which easily allows these groups to have disproportionate - in some instances, negative-influence (Taylor, 2015). Hence, HR managers should take care in instilling a compensation system that cultivates a resilient culture, and have leaders engage with both high and low performing teams and reward good conduct in both (Taylor, 2015).

Empower: Growing resilience in individuals

Individual resilience is modifiable - it can be learned, giving HR the incentive to teach resilience at the individual level (White, 2013). Ilmola (2016) has proposed a “bouncing forward” model for resilience, which highlights the importance of awareness, adaptation, agility, and active learning (see exhibit 2 overleaf), as the combined effect of these factors allows the organization or individual to succeed in an environment that is dominated by uncertainty.

HR managers should empower individuals to develop resilience by increasing employees' abilities to be aware of their stress factors, giving employees resources to adapt to changing environments, allowing employees autonomy in taking their respective ways of coping with change-adaptation, and providing mentoring and support services to assist their learning from changing business environment. Altogether, these HR strategies will build a workforce that is resilient to change.

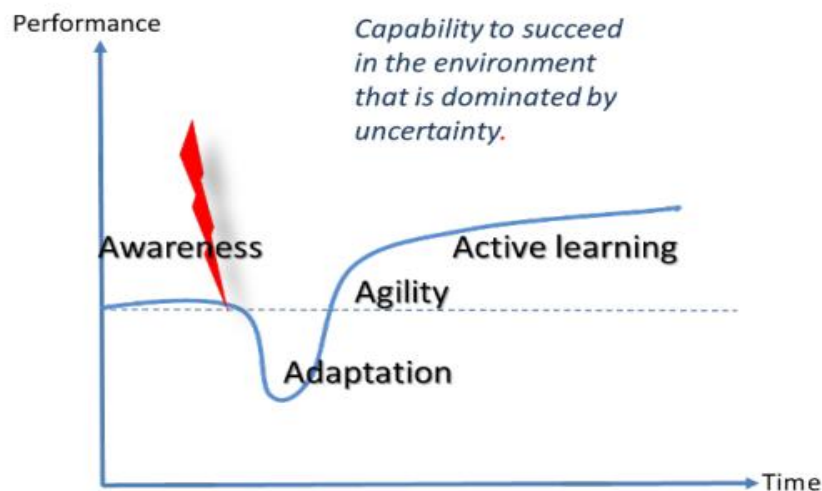


Exhibit 2: Bouncing Forward model (Ilmola, 2016)

HR should also empower and encourage senior leaders to schedule resilience-developing time to rejuvenate themselves and to de-stress. When employees observe the priority that senior leaders place on developing resilience, they will be more likely to embrace it and follow (White, 2013).

In empowering employees, HR managers need to be aware of the fine line between being positive and overly positive. Although being positive is a good stress-reliever and team-building factor, scholars have argued that optimism is dangerous because it creates blind spots. Resilient organizations should be careful not to be arrogant or bull-headed, and instead adopt a “hopeful approach”. Hope is a confidence grounded in a realistic appraisal of the challenges in the environment and one’s capabilities for navigating around them (Sutcliffe & Vogus, 2007).

Beyond Resilience

In conclusion, HR managers who cultivate a resilient organizational culture will see that their organization are better positioned to prosper when others falter. To say we live in challenging times is an understatement, but crisis may also be understood as an unique opportunity for a paradigm shift in HR strategies (Everly, 2011).

Indeed, resilience is an important virtue that is becoming increasingly important in turbulent times of economic downturn. Ilmola’s model in exhibit 2

exemplifies the saying, “what doesn’t kill you makes you stronger”. Hence, HR should empower employees through policies and practices, which are presented in the H.U.D.D.L.E. acronym, as resilient employees are great assets to every company in today’s rapidly changing business environment.

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