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ORGANISATIONAL RESILIENCE AND BUSINESS CONTINUITY: THEORETICAL AND CONCEPTUAL FRAMEWORK

Radović Marković Mirjana

[1] FIMEK, Business Academy University, SERBIA
E-mails: mradovic@gmail.com

ABSTRACT

In this paper is presented a theoretical and conceptual framework of the organizational resilience and business continuity. The framework builds on various sources of literature and on findings from complexity theory that highlights the centrality of unforeseen events and unanticipated consequences. Understanding the way organizations are resilient in the real world is crucial for thinking about developing strategies to enhance their resilience. This paper showed that the study of resilience has become more important in the last several years because people are more aware of the consequences of natural and humanmade disasters.

Keywords: *Small and medium-sized enterprises organizational resilience, building resilience, globalization*

JEL classification*: M10, M19*

INTRODUCTION

The term organizational resilience means the ability of an organisation to rapidly adapt and respond to internal or external changes and continue operations. Also, organizational resilience directly contributes to faster and more successful recovery of the community after the crisis or disaster.

Organizational Resilience can be defined as a sum of essential concepts. These essential concepts include enterprise risk management, governance, quality assurance, information security, business continuity, culture and values supported by adaptive leadership. In other words, it is a contemporary issue in various scientific fields. In this context,one of our key tasks in this research has been the attempt to bring together the variety of approaches in a single framework of application.

The resilience takes different forms at the individual, team and organisational level but, in all cases, the central question is the same:

- What can be done to improve coping resources for the longer term? and
- What can managers and organisations do to build resilience?

These questions we shall discuss in the study because they are not yet answered. Reply on them can assist practitioners and scholars in understanding organisational resilience as well as to identify research gaps in this domain.

RESEARCH METHODOLOGY

According to aim of our research, we conducted a comprehensive search in the literature and presented a systematic review of those research papers. Our study introduced a general review about resilience based on 34 papers published before 2018. In this paper we look at resilience from the organisational point of view.

RESILIENCE AND ORGANIZATIONAL CHANGE

To build resilience, people need to understand organizational change. Pugh's theory [1] of three principles for understanding organizational change:

1. Organization as organisms – Organization is not a machine and change must not happen very frequently.
2. Employees' reaction to changes depends on what is best for the firm, how it affects individuals and groups.
3. Changes occur most effectively where success and tension combine: confidence help successful people to accept changes.

When implementing organizational changes, it is vital to realize that people are the one the most important component of change. Namely, if people can't adapt themselves accordingly, it becomes impossible for those organizations to survive in changing the environment. In recent years, research is looking in new directions. In that manner, it is important to detect whether or not an organization has resilience potential.

ADAPTATION, COPING RANGE AND THE ROLE OF LEARNING IN BUILDING RESILIENCE

In literature can be find a link between adaptation and the coping range – that is, a system's capacity to reactively accommodate variations in climatic conditions and their impacts (a system can range from a particular ecosystem to a society) [2]. In the adaptation literature, Yoho and Tol [3], have used the term to refer to the range of "circumstances within which, by virtue of the underlying resilience of the system, significant consequences are not observed" in response to external stressors. Outside the coping range, communities will "feel significant effects from change and/or variability in their environments". Within its coping range, a community can survive and even thrive with significant natural hazards.

Extensive literature explores both the role of learning in adaptation [4], [5], [6], and strategies for facilitating institutional and social learning in 'complex adaptive systems' [7].Some important strategies include the use of knowledge co-production, wherein scientists, policymakers, and other actors work together to exchange, generate, and apply knowledge [8], and action research, an iterative process in which teams of researchers develop hypotheses about real-world problems and revise management strategies based on the results [9]. Prior work on learning theories, for example, experiential learning [10]and transformative learning [11], emphasize the importance of action-oriented problem-solving, learning by doing, concrete learning cycles, and how these processes result in reflection, reconsideration of meaning, and reinterpretation of value structures.

The risks for the private sector are not limited to single enterprises, sectors or industries, but can have serious consequences on entire economies. Much work has been conducted on the analysis of direct economic losses from particular climate extremes and disasters, and also discuss uncertainty issues related to the assessment of economic impacts, as well as on instruments for risk transfer in order to manage catastrophe risk. Crichton [12], identified that some businesses with previous flood or similar experiences have implemented various strategies specific to their business. However, one number of SMEs face difficulties to apply preventive adaptation strategies due to the lack of financial capacities. In order to support SMEs in adopting adaptation strategies and provide financial access, risk transfer instruments such as insurance can play a valuable role in reducing losses resulting from disasters.

BUILDING A RESILIENT ENTERPRISE

SMEs are vulnerable to catastrophe in four factors: a) capital, b) labor, c) logistics and d) markets/buyers. All these four factors are affected in the event of a disaster. [13] „Physical damage and disruptions in supply and labour can cause temporary business closure while structural repairs to buildings and recovery or replacement of damaged equipment needed to restore operations require large amount of resources. "

[14]. It is estimated that overall, 25% of SMEs do not reopen following a major disaster [15]. Building a resilient enterprise indicate that a company's resilience can be achieved by reduction of vulnerability and increase of flexibility, which indicates the company's ability to get back on "the right path" in case of disturbances. Namely, for a SME, adaptation to flood risk or other catastrophe may come via business continuity [16] and the coping capacity, or capacity to respond [17], is a function of currently available resources that can be used to cope. Furthermore, building of organizational resilience is connected to employees and management [18], [19], [20] who work in the learning organization.

According to human resource management (HRM), an organization is resilient if people can respond to changes with minimum stress promptly and efficiently and these are positive possibilities of adaptation which separate competition. In the context of environmental changes / emergency management, resilient organizations are able to adapt to new conditions within which they become better and better [21], as well as to develop organizational systems which are capable of overcoming turbulent environmental conditions.

The research on the example of Serbia [22] pointed out that small and medium-sized enterprises should build two approaches in promoting resilience - a planned and adaptive approach. It has shown that although development of business continuity plans is important, its absence does not necessarily lead to failure of SMEs and the closure of businesses.

The advantages of becoming a resilient organisation are many. Resilience not only increases awareness of an organisation's business environment, but it also provides an organisation with the ability to act upon challenges [23] and aim for a better future.

Finally, it can be concluded from literature review, building of resilience is based on prompt perception of changes in the work environment and early adaptive responses. "This means that winners will be unbridled firms that are responsive to challenges and adroit in both creating opportunities and capturing them "[24].

CONCLUSION

Our study introduced a general review about resilience published before 2018.It has been noted in many of them that around half of all enterprises experiencing a catastrophe and having no effective recovery plans fail within the next twelve months. To be more successful and resilient, SMEs can be enhanced through three fronts :
  (a) organizational capacity build-up,
  (b) policy and institutional support tackling socioeconomic drivers of risks in pre-disaster stage, and
  (c) prompt and sustained economic restoration and support efforts in the aftermath of disaster.

In addition, future research directions should aim to answer on many opened questions as follow:
  • What is the lowest level of resilience?

- How do the concepts and methods of resilience at the different levels of analysis (individual, organizational, community) differ or converge?
- What methods are useful for examining organizational resilience?

Having that in mind ,we expect that our study will open future dialogue about the concepts, models, strategies, policies and entrepreneurial practices in supporting organizational resilience.

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