

## KEYNOTE SPEECH OF PROFESSOR NICK ASHILL



I am delighted to deliver this keynote address at the 8th Interdisciplinary Conference of Management Researchers (ICMR) at the Sabaragamuwa University of Sri Lanka. In our world today, we stand on the precipice of unpredictable economic landscapes. The uncontrived economy challenges our traditional notions of stability and demands a new approach—one rooted in resilience. Today, I invite you on a journey to explore the essence of resilience and the indispensable role it plays in navigating the uncertainties of our times. The title of my keynote is “Absorb, Adapt and Transform: Developing Resilience Capabilities in an Uncontrived Economy”.

Imagine a world where change is the only constant, where economic shifts are swift and unforeseeable. This is the world we find ourselves in—an uncontrived economy that demands adaptability and fortitude. Yet, within this turmoil lies an opportunity to thrive, not just survive. Since the millennium, economies have faced disruptions and crises of increasing frequency and severity. Russia’s invasion of Ukraine and the conflict between Israel and Hamas have precipitated a humanitarian catastrophe with far-reaching social and economic consequences. The economic repercussions of rising costs of energy and food are also intensifying across the globe, with many economies still recovering from the COVID-19 pandemic. At the same time, we are witnessing profound technological disruption driven by artificial intelligence and machine learning. All these disruptions are taking place against the backdrop of an ever-present climate crisis, whose effective mitigation will require a global transition to a low-carbon economy. The recent decisions taken at the COP28 summit in Dubai suggest the human displacement and economic costs associated with climate change will become disruptors of historic proportions in their own right.

The impact of each of these disruptions cannot be studied in isolation. We live in an era which is increasingly defined by the interplay of many disruptions with their origins and consequences. So, how should organizations and institutions react and respond to these disruptions? Resilience describes an ability to deal with adversity, withstand shocks, and continuously adapt and accelerate as disruptions and crises arise over time (Raetz et al., 2022). Continuously adapting and accelerating as disruptions occur is very important and highlights that recovery alone is not an adequate goal. Truly resilient organizations not only bounce back but also thrive.

McKinsey research shows that organizations evaluated as more resilient generated greater shareholder value than less resilient peers across the entire life cycle of the major economic shocks of the past two decades (Brende and Sternfels, 2022). Their study of the performance of 1500 global companies during the financial crisis of 2008-2010 revealed that approximately 20 percent of organizations across numerous industry sectors emerged from the downturn ahead of the rest. But more importantly, these organizations converted this small advantage into clearly superior market and financial performance against their peers for the next 10 years. Research evidence does not support the argument that superior performance resulted from long entrenched advantages. The McKinsey research showed that the resilient organizations had not been market leaders before the disruption, and most did not have preexisting businesses that the disruption advantaged. What the 20 percent did have was an ability to react rapidly, early, and decisively to the disruption (Brende and Sternfels, 2022). Through the disruption of the COVID-19 pandemic, resilient organizations also performed better than non-resilient organizations. Another McKinsey study reported by Brende and Sternfels (2022) found that resilient organizations generated a 10 percent higher shareholder return during the economic downturn of Q4 2019 to Q2 2020 and during the period of economic recovery (Q2 2020–Q3 2021), the differential accelerated to a staggering 50 percent. These findings suggest that resilient organizations could adapt more flexibly in the economic slump and could pivot more rapidly to meet the resurgence in demand post pandemic.

Resilience can be studied at different levels of analysis (Galy et al., 2023). In the management and psychology literature, the concept of resilience at the organizational level has been studied in a wide variety of fields, including organizational psychology (Powley, 2009), supply chain management (Sheffi and Rice, 2005), strategic management (Annarelli and Nonino, 2016), and services marketing (Bolton, 2020; Sok et al., 2021). In all these fields, resilience is related to the capability and ability of an organization and the individual to return to a stable state (which may be a new state of normality) after a disruption. According to dynamic capability theory, organizations need to respond quickly to turbulence and discontinuities to sustain sources of competitive advantage (Teece et al., 1997). The reconfiguration and/or transformation of competencies is a critical capability for organizational adaptation during environmental change.

At the individual level, resilience refers to an individual's ability to adapt effectively and restore equilibrium in the face of severe adversity (Cooke et al., 2019; Galy et al., 2023; Raetze et al., 2021). For example, it is widely acknowledged that frontline employees (FLEs) or service workers play a critical

role in delivering exceptional service and customer retention (Jha et al., 2017). However, they experience external and internal pressures daily, including discerning customers' service excellence demands such as customer incivility (Al-Hawari et al., 2020) and pressures from management, including performance requirements and uncivil supervision (Han, Bonn and Cho, 2016). Not surprisingly, FLEs often suffer from work-related stress. According to the conservation of resources (COR) theory (Hobfoll, 1989), resilience represents a fundamental psychological resource that can facilitate an individual's ability to overcome work related challenges and perform at a higher level (Good et al., 2023). The resources, individual, relational and organizational, available to FLEs represent the primary building blocks of resilience.

How can organizations arrive at a resilient stance to better anticipate change, withstand disruptions, and accelerate into the next reality? Shepherd and Williams (2023) suggest that organizational resilience is grounded in three key actions: prepare, perceive, and propel. Preparing is about investing ahead of disruptions to reduce the magnitude and speed of the impact. This means designing flexibility in products and processes, investing in digital transformation, building buffers, and strengthening supply chain networks. Perceiving is about detecting a disruption quickly and working out an appropriate response. Propelling characterizes the ability to move quickly, ensuring an effective response early in the disruption and pivoting to accelerate out of the disruption faster than other peer organizations. To summarize, organizational resilience is essential for long-term success in an uncontrived economy. Those organizations that can adapt and transform rapidly in the face of uncertainty and change will become market leaders. It is imperative that organizations support agile concepts, empower their teams, encourage adaptive leaders, and invest in talent and corporate culture to build resilience capabilities.

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