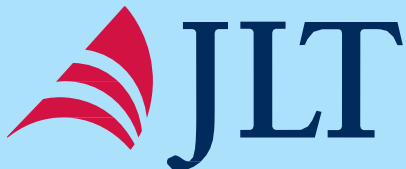




Dr Bridgette Sullivan-Taylor

University of Auckland

Public-Private Partnership: a joined up approach to managing
extreme events and threats





Organisational Resilience:

Developing the Capacity of Business to Cope with Uncertainty

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Black Swan Events

- Events which occur without any or any significant warning or scope of predictability, produce pronounced effects, and which are rationalized *ex post facto* as having been predictable, able to be planned for, and able to be risk-mitigated solely through the perspective of hindsight (Taleb, 2007).
- Managerial and organizational decision makers in the private sector may thus be confronted with purely chaotic, non-routine, and analyzability-limited problems, which may in turn put them under significant pressure and which can overwhelm their adaptive capacities (Boin & Lagadec, 2000).

Organisational Resilience Research: Developing the Capacity of Business to Cope with Uncertainty

Definition: *Building upon the concept of mainstream organisational resilience (Tierney, 2003), this larger study will examine the extent to which agency managers and business leaders can generate a more organisationally proactive, informed and effective stance toward extreme events and threats*

The central research questions:

⇒ *Is the extent to which organisations are prepared for managing the threat or act of extreme events e.g.; flooding, pandemic flu, terrorist activity*

It is argued that preparedness can be assessed by utilising the concept of organisational resilience: the technical, organisation, resource based and decision making aspects of organisational and managerial activities, hence we examine:

⇒ *How managers perceive threats of extreme events*

⇒ *Investigate sectoral effects on the preparedness of organisational systems and processes to cope with the uncertainties posed*

11 Focus Groups (300 organisations):

- High profile locations
- Senior decision makers, BCM & Risk Mgers
- 135 organizations from across the public, private and voluntary sectors
- 161 senior decision makers participated

SOLAR Research Partners

Advantage West Midlands
Birmingham International Airport
Birmingham Resilience Team / City Council
BT (British Telecom)
Canary Wharf Group
Confederation of British Industry
Co-operative Financial Services
Government Office for London / Resilience Team
Government Office for West Midlands
HSBC
Jermyn Consulting
Leeds Resilience Team / City Council
London First
Hsbc, RBS, London Stock Exch, Bank of England
BCI (UK), AIRMIC

Business as Usual

- Business continuity and resilience is crucial to the viability of any economy. Organizational resilience can be defined as an organization's ability to respond to and deal with disruptive events.
- Perceptions:
 - (a) 'muddling through'
 - (b) symbolic engagement
 - c) structural empowerment
 - (d) rejection of structural empowerment

The upshot of such research is that the organizations exhibiting the least overall preparedness for unprecedented events such as natural disasters and subsequently the lowest strength of resilience are those that emphasize basic continuity compliance governed by a sense of '*business as usual*'.

Multiple Definitions of an extreme event...

Sub-theme 1: Not about the event but about the impact upon the organisation

Sub-theme 2: An extreme event is *“not necessarily unknown but unexpected”*

Sub-theme 3: Being resilient is about planning and testing but this depends upon staff

Sub-theme 4: Being resilient is about culture not just processes

Sub-theme 5: Resilience is about understanding your business within your environment

Sub-theme 6: One organisation experiencing an extreme event may impact upon others

Sub-theme 7: An extreme event will not have the same impact upon all organisations

Resilience is about...

- Preparedness
- Being adaptive
- Improvisation
- Delegation of authority and good leadership
- Understanding the contingencies of your organisation, sector and geographic location & community
- Soft skills
- Networks, community and inter-organisational relationships
- Succession planning
- Knowledge sharing across boundaries
- Resilience may require a re-examination of what constitutes organisational best practice

Why should business care about resilience?

- ⇒ Resilience as part of sustainable competitive advantage (SCA)
- ⇒ Systems effect – what are your corporate community doing?
- ⇒ Reputation effect/impact: +/-
- ⇒ Experience of an event/or indirect impact on sector by an event
- ⇒ Insurance/regulatory/ audit requirements
- ⇒ Shareholder pressure
- ⇒ Increasingly uncertainty of the environment e.g.; climate change, unstable economic or political conditions
- ⇒ Cultural affect: UK experienced with extreme events ‘stay calm and carry on’ vs. panic/not panic dilemma

- ⇒ Perceived failure cases creating pressure for organisational/ industry change: e.g.; major water supplier, rail disaster (Hatfield, Paddington) and associated impact upon reputation.
- ⇒ Is a perception that investing in being prepared and becoming resilient does make a difference
- ⇒ Image: need to be seen to invest in resilient activities: e.g.; Companies Act, insurance, shareholder pressure to protect investments long-term, seen as part of CSR/USP/reputation
- ⇒ Awareness re UK complacency and post-hoc rationality: success with previous situations vs. need to invest due to increasingly uncertain times and extremes e.g.; extreme weather, climate change, political instability, terrorist threat, global economic uncertainty.
- ⇒ Evidence to support the hypothesis that resilience does impact upon profit, shareholder satisfaction and recovery (Pretty) and on High Reliability Organisations (HROs) e.g.; airports, indicates an impact upon technical ability, organizational preparedness, resourcefulness and rapidity
- ⇒ Need for evidence that not being resilient leads to losses (next phase of the project)

- ⇒ Yes: False positive - expensive to invest in hypothetical scenarios e.g.; Y2K
- ⇒ Yes: catch 22 - panic/don't panic dilemma
- ⇒ Yes: BCM cuts across organisational structures and normal decision making processes – causing political resistance
- ⇒ Yes: May not get the support internally to prioritise certain issues at certain times as competing with other organisational priorities
- ⇒ Yes: BCM managers often not ultimate decision making authority
- ⇒ Yes: Difficult to demonstrate return on investment: how do you measure if investment paid off or not? Hard to demonstrate year on year 'improvement' and hard to prove benefit of investment in being prepared if situations do not occur
- ⇒ Yes: Being prepared but caught out: e.g.; swine flu and hand gel
- ⇒ Yes: False negative: no awareness or prioritisation of an issue that occurs

A need for cultural change?

- ⇒ Understanding of the level of investment required to become a resilient organisation
- ⇒ Accept BCM cross-cutting: politically unpopular at micro level of the organisation
- ⇒ Inter-organisational relationships: organisations need to recognise their interdependencies (supply chain, community, geographical location, public/private organisations) and need to work together and share information at a local level
- ⇒ Legitimacy: BCM managers need board level representation and input into strategic decision making and a move away from focusing on BCM tools and techniques
- ⇒ Resilience may require a re-examination of what constitutes organizational best practice is interesting. BCM may require organizations to significantly change their practices

A need for cultural change?

- ⇒ BCM as part of prioritised 'business as usual'
- ⇒ Strategic decision making (SDM): ensuring that in the context of an incident, where information is incomplete, BCM managers/plans/skills and capabilities are utilised rather than senior management overriding
- ⇒ Information and relationships to inform SDM: ensure can access information needed at the time of crisis via government, external consultants, in-house specialists to help prioritise actions
- ⇒ Clarity regarding what 'preparedness' means, what 'resilience' means and what 'BCM' means in practice...variation at different levels of the hierarchy, in different sectors and regions...
- ⇒ Overcoming challenges to joined-up approaches e.g.; getting organisations to invest in building long-term resilient capabilities via a common understanding at intra/inter-organisational, sectoral, national/regional and public/private sector priorities

1. Lack of clarity in definitions of resilience which may impact upon resilience practices
2. Under-developed link between resilience and inter-organisational relationships
3. Early evidence of hierarchical, conceptual and sectoral differences in perceptions of risk and resilience

These themes indicate the following areas for policy and practice:

- Concerns regarding what information decision makers are using to inform their strategic decision making
- Lack of inter-organisational 'acting' by the private sector in the area of resilience
- A variation in both the level and perceptions regarding the need for preparedness by both the public and private sector

The SME Research Gap

- Little research has, to date, been conducted into how SME managers deal with uncertainties created by the threat (and sometimes the actuality) of extreme events.
- The threat or actuality of an extreme event presents SME managers with an acute and urgent picture of uncertainty which individuals find difficult to interpret and which renders strategic decision making (the basis of durability, continuity and resilience) problematic
- As Perrow (1987) showed, factors such as the knowledge base of the organisation (how much and what type of information is accessed) as well as its systems (flexible versus bureaucratic) can have an impact on preparedness and resilience

- In the UK it is reported that SME account for 99.9 per cent of all businesses, 59.2 per cent of private sector employment and 51.5 per cent of private sector turnover and that in 2007 this equated to an estimated 22.7 million people employed and £1,440 billion in turnover (BERR, 2008)
- SMEs across a wide range of sectors has the potential to impact upon the normal functioning of day-to-day life whether it be through the disruption of service provision or as a part of complex and delicate supply chain network (De Vries and Shields, 2006: 34)
- SMEs may gain increasing significance under conditions of recession as economic pressures may lead to a growth in small firms through both redundancy based start-ups and opportunities arising from large firms contracting out in a bid to cut costs (Stokes, 2002:17)
- Question the extent to which SME managers can generate a more organisationally proactive, informed and effective stance toward extreme events and how managers from SMEs *perceive* threats of extreme events?

Papers....

- CCA 2004-PPP –more regulation and compliance?
- Creating resilient SMEs: why one size
- might not fit all?
- BCM-Damned if you do and damned if you don't!
- Extreme events, organizations and the politics of strategic decision making (the dominance of calculative rationality)
- The tyranny of distance: the paradox of interconnectedness (Terror in the mall/SkyTower)
- Sendai Framework in the NZ Context
- Is the perception, mitigation and response to risks different in NZ? (earthquakes or terrorism & Why?)

Risk and Resilience in Private Sector Organisations:

Public-Private Partnership and the Sendai Framework in NZ

Dr B. Sullivan-Taylor
Graduate School of Business
University of Auckland

Focus on NZ Private Sector/PPP Resilience

- International comparative study: NZ & UK
- Examination of NZ council LTP's: variation based on sectors, locations, size, type?
- Examination of awareness and implementation of Sendai Framework and OSH (liability changes)....

Recent Conferences (Sept '16)

- National Security Strategy Conference (Massey Albany)
- 6th Int.Conference on Building Resilience (University of Auckland)
- Managing Resilience in the Workplace Symposium (AUT)
- RiskNZ Development Day (Wgtn)

Conference findings: Resilience

- **Infrastructure resilience**-BBB ChCh E'qke
- **Economic resilience** -Auckland affordability
- **Social resilience** -generational/cultural differences & experience
- **Community resilience**: grassroots (not central imposed/Em Planning command and control approach)
- **Psychological/professional resilience**-wellbeing/mindfulness
- **Resilience and failure**: normalised risk
- Organisational resilience: holistic
- **Resilient Cities**- PPP, Sendai

Institutional Integration among Stakeholders

- NZ Symposium on DRR brought together key government leaders, risk reduction strategy experts and scholars, and private sector leaders to examine NZ's commitments to the Sendai Framework (UNISDR, 2015).
- ***Value of cross-sector partnerships,***
- An urgent need to explore the current state of the ***global private sector's existing disaster risk management capabilities*** in order to identify potential gaps in its existing policies, practices and degrees of preparedness
- ***Such events have had significant ramifications for private sector disaster preparedness and resilience and highlight existing shortcomings in private sector risk management capabilities.***
- ***How to engage the private sector?***

- ***The Sendai Framework for Disaster Risk Reduction 2015-2030***
-has made explicit recommendations for an inclusive, ***integrated approach to mitigating the risks and resulting fallout*** from disasters, including the involvement of private sector organizations
- Global private sector organizations and those that lead them need to ***bridge gaps between existing policy and practice and the recommendations of the Sendai Framework.***
- A ***failure*** to do so may result in severe constraints on private sector organizations that operate in an international environment, or those with aspirations toward internationalization.
- A commitment to fulfilling the recommendations of a major disaster mitigation initiative demonstrates ***aspirations of global meaningfulness*** on the part of such organizations.
- http://www.preventionweb.net/files/44983_sendaiframeworksimplifiedchart.pdf

Adherence to the Recommendations of the Sendai Framework: A Demonstration of Global Meaningfulness

- Organizations which commit to shaping their organizational and managerial capabilities in line with effective risk reduction and notions of resilience will:
 - *benefit themselves as aspiring actors on a global stage*
 - *be performing a tangible role in serving the wider global citizenship and working to transform the world for the better.*
- Governments are often *constrained* temporally and through availability of resources and personnel to effectively address issues of international consequence/disasters
- Need for the *integration of institutions*, including cross-sector public/private partnerships, recommended in the Sendai Framework.
- An *ecosystem* continually eroded by, and a civilization consistently compromised by and under threat from, the fallout from catastrophic events will not be a conducive setting for the long-term conducting of harmonious global commerce.
- Business serves as an *“agent of world benefit”*, then it requests private sector organizations throughout the globe to do whatever is reasonably within their capabilities to act in accordance with initiatives set up to mitigate the gravest consequences of the most far-reaching impactful of events.

Focus on NZ Private Sector/PPP Resilience

- INVITATION TO PARTICIPATE.....
 - International comparative study: NZ & UK
 - Examination of NZ council LTP's: variation based on sectors, locations, size, type?
 - Examination of awareness and implementation of Sendai Framework and OSH (liability changes)....

Thankyou.

Focus on Private Sectors

- *How resilient are global organisations and how well linked are they to the Sendai framework goals across the countries they are based in which pose different threats and extreme events...?*
- *Proposition 1: The risk reduction capabilities and resilience of private sector organizations across nations in the context of unprecedented or unplanned disasters must be empirically examined, both as means of informing good practice and policy generally, and to further promote all nations' overall adherence to the Sendai Framework.*
- *Proposition 2: The risk reduction capabilities, and ability to deal with extreme events, of managers of private sector organizations must be empirically examined, both to identify and bridge existing divides between current policy and practice and the recommendations of the Sendai Framework, and to better inform notions of peak performance generally.*

Summary: International comparative study

- Uncertainty and extreme events present organizations and their managers with an acute context of uncertainty which they find difficult to interpret and which renders traditional strategic decision making in the service of risk reduction and ensurance of resilience problematic.
- Sullivan-Taylor and Wilson (2006) found that many British organizations showed evidence of poor resilience along four sub-categories: *technical resilience, organizational resilience, resourcefulness, and rapidity*.
- We would propose exploring the economic contexts of other nations with a similar level of detail....

International comparative research

- Cover several boundaries both in theory and practice.
- Draw upon public sector, organizational studies, inter-organizational learning and risk management in an international business context.
- Theorizing is under-developed –study a few experiential peaks of activity and learning, i.e. when a particular organization or sector has gone through a crisis.
- Understand the current risks global private sector manager's perceive as the key threats or extreme events to prioritize and invest in to mitigate risk
- Review government acts, policies and processes as well as industry networks and inter-organizational relationships, including public-private partnerships, which could theoretically reveal and clarify such understandings....
 - *How resilient are global organisations and how well linked are they to the Sendai framework goals across the countries they are based in which pose different threats and extreme events...?*

- Sullivan-Taylor and Branicki (2011) note, in the context of small and medium enterprises (SMEs) in the private sector, that whilst some organizations have successfully deployed the '*muddle through*' approach in times past, the purported increase in frequency of extreme events (Ingirige, Jones and Proverbs, 2008) necessitates a more proactive attitude governed by greater adaptability and flexibility in resources, technical systems and organizational systems. The same authors further observe that while organizational resilience in the face of unprecedented events may seem ostensibly irrelevant to many organizations, it is nevertheless a factor that should be prioritized on their overall agenda as a matter of both necessity and urgency. In so doing, organizational resilience should be built around the key strengths and capabilities demonstrated by the organization, which would theoretically help them to deal with uncertainty in ways which suit their organizational context and operational constraints while progressively modifying their approach in light of new exhortations toward overall risk reduction and resilience strengthening (as is the case with the Sendai Framework), in order to overcome the aforementioned culture of complacency.
- Given this emphasis on the specificities of organizational context, the degree to which inferences can be made about private sector organizations in other national and regional contexts from a sparse number of empirical studies focused primarily on foreign contexts must necessarily be limited. As such, we propose that appropriate research measures that are contingent on the specificities of the private sector in question must be undertaken to enable businesses to be more informed in the face of uncertainty, and ultimately to assist organizations in the development of adaptive capabilities in the face of extreme threats and events. This includes identifying the capabilities within industries which will enable organizations to withstand the challenges (and capitalize upon the opportunities) created by an environment characterized by Black Swan-type uncertainties

- ***Research Collaboration with RSIS in Singapore***, 22nd of November 2008
- ***Flood Fighters Conference***, 3-4th of November 2008, University of Gloucestershire
- ***RDF Event: Organisational perspectives on risk, regulation, security, intelligence and uncertainty***, 11th of November 2008, Warwick Business School
 - ***Strategic Planning for BCM Leaders***, 18th of June 2009, London
- ***Convened sub-theme 36: Organization operating at the extreme, 25th EGOS Colloquium 2009***, 2nd – 4th July 2009, ESADE Business School, Barcelona, Spain
- ***Managing Change in Extreme Contexts***, 7th August 2009, AOM Conference, Chicago
 - ***ESRC and Warwick Business School Event: Seminar 5: The Body, Emotion, Fieldwork: Physicality and Fears***, 26th of August 2009, University of Warwick's Venice base, The Palazzo Pesaro-Papafava
- ***EPSRC Next Generation Resilience Sandpit***, 16th-20th November 2009, London
 - ***Warwick International Security Initiative Events***, Autumn 2009, TBC

Journal articles:

- B Sullivan-Taylor and L Branicki, When one size doesn't fit all: Emerging evidence of the contingent nature of the resilience concept for the SME community (invited), *IJPR, Special Issue Creating Resilient SMEs*
- Wilson, D., Branicki, L., Sullivan-Taylor, B. and Wilson, A. (Forthcoming, 2010) Extreme Events, Organizations and the Politics of Strategic Decision Making, *Accounting, Auditing & Accountability Journal*

Conferences:

- B Sullivan-Taylor and L Branicki: Organisational Risk and Resilience and Coping with Uncertainty at EGOS, Barcelona (2009)
- B Sullivan-Taylor and L Branicki: Strategic Planning for BCM Leaders, Business Continuity Institute, London (2009)
- B Sullivan-Taylor and L Branicki: Organisational Resilience, Flood Fighters Conference, University of Gloucestershire (2008)
- B Sullivan-Taylor and L Branicki: Organisational perspectives on risk, regulation, security, intelligence and uncertainty, *WISI Event, Warwick Business School (2008)*

WBS working or research papers:

- B Sullivan-Taylor and L Branicki: Organisational Resilience: Emergent or Planned? (targeting) *Journal of Management Studies*
- B Sullivan-Taylor and L Branicki: Joined-up Security: The Role of Public Private Partnership in Creating UK Resilience (targeting) *Public Administration*

Press releases:

- B Sullivan-Taylor and L Branicki: Organisational resilience: Planning for Uncertainty, *WBS press release, June 18th 2008*

*The **Warwick International Security Initiative (WISI)** is funded by the University and brings together existing activity and expertise from across all faculties of the university in the area of securities studies:*

- [Food Security](#)
- [Energy Security and International Relations](#)
- [Climate Change and Security](#)
- [Organisational Resilience](#)
- [Digital Media and Security](#)
- [Resilience and Robustness of Complex Adaptive Systems](#)

Developing the Field of Organisational Resilience: How Organisations Respond to the Threat and Actuality of Extreme Events:

This research theme builds upon a pilot study (Sullivan-Taylor and Wilson, 2006) and current research which examines '*the extent to which organisations are prepared for managing the threat or actuality of extreme events*'. SOLAR plan to develop networks through an online forum and programme of high profile Warwick based events which would further extend the position of SOLAR as the academic 'leader' in the area of organisational resilience.

SOLAR

SOLAR is the Strategy, Organisational Learning and Resilience Research Unit

Based in the Marketing and Strategic Management Group of Warwick Business School

SOLAR works in an area which is a key part of the strategic research agenda for the University of Warwick (Vision 2015)

Current Work Themes

ESRC Seminar Series:
Emotions & Embodiment

Inter-Organisational
Learning

Organisational Resilience
Strategy

Warwick International
Security Initiative

Organisational Resilience

Examines the strategic challenges organisations face in relation to the threat or actuality of extreme events

Explores corporate decision making under conditions of extreme uncertainty and the resources and capabilities required for resilience

Collaborates with industry and government in order to inform policy and strategic practices

Support for SOLAR

ESRC

Private and public sector sponsors and hosts

The Cabinet Office

University of Warwick
Research Development
Fund

Warwick Business School
Research Development
Fund

Warwick International
Security Initiative

- The research instruments and analytic tools proposed have already been piloted in the context of organisational resilience and would require only adaptation to an SME sampling framework. This means that the SOLAR research team would be in a position to start the work whilst demand for this information is still timely
- The research technique is able to collect qualitative and quantitative data concurrently and this will enable the production of descriptive statistics around key questions such as prioritisation of risks, awareness of the CCA etc.)
- Regional sampling will produce geographic comparative data (addressing situational effects) and the information collected would be able to form part of the wider comparative data set from the overall organisational resilience research programme