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Dialogue, Debate, and Discussion

The Lingering New Normal

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How do societies manifest resilience in a crisis, and why are some societies more resilient than others? This Resilience Forum was incubated by the COVID-19 pandemic and given voice by the Letter from the Editor (MOR 16.2 with Peter Ping Li and Liisa Välikangas https://www.cambridge.org/core/journals/management-and-organization-review/article/letter-from-the-editor/8FFE74B39CCB3A7A788BC22CBCAFCDE7).

The Forum is privileged to feature perspectives by Xueguang Zhou (Stanford University); Anna Grandori (Bocconi University); Gordon Redding (Hong Kong University); and Peter Ping Li (University of Nottingham Ningbo and Copenhagen Business School). The four perspectives are anchored in the experience of several countries (China, Finland, Italy, Japan, and the US), exploring the ways in which the different societies, and their governments, responded to the COVID-19 pandemic during the crucial early six months. The authors draw implications for country resilience – including admonition not to learn the wrong lesson from early ostensibly successful handling of a crisis (Zhou, 2020); advantage of 'knowledgeable decentralization' (Grandori, 2020); 'communal sense' in Japan coupled with 'dispersed authority, and unique way of absorbing change without losing itself' (Redding, 2020); and the benefits of rethinking loose coupling and flexible interdependence of systems and platforms (Li, 2020).

This introduction explores the appropriability logics (Winter, 2006) of resilience in three stages in the context of the current pandemic. This approach builds on the call by Williams, Gruber, Sutcliffe, Shepherd, and Zhao (2017) and van der Vegt, Essens, Wahlström, and George (2015) to consider research on risk management and resilience in a more integrated way and move toward a process view of resilience. Williams et al. (2017) write of stages of a crisis. Accordingly, in this introduction resilience is explored at three stages – prior to a crisis, during the crisis, and beyond, in a context where a crisis may not have ended but rather constitutes a

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lingering new normal. Each stage fashions its own resilience logic as discussed below.

PRE-CRISIS OR NON-CRISIS STAGE

In a pre-crisis or non-crisis stage, distributed adaptation and/or harvesting of local experimentation is an essential condition. This *resilience logic* reinforces many calls for improvisation, flexibility, diversity in organizational and societal resilience at its core (see Williams et al., 2017 for a review) together with loose organizational coupling (Weick, 1976). Of particular interest is requisite variety – a central element of loose coupling defined as: 'A system has requisite variety to the extent that its elements serve as a medium that can register inputs with accuracy' (Orton & Weick, 1990: 210). As noted by Zhou (2020), accurate knowledge is important but so is the political will to acknowledge existence of a problem and not 'make the problem disappear at all cost'. Redding (2020) writes about the importance of dispersed and delegated initiative that fuelled China's superlinear growth. Li (2020) emphasizes getting the balance right between tight and loose coupling.

Many societies practice trial and error experimentation as a basis for resilience and renewal: This was true for China until 2012 when the number of provincial-level experiments has started to decline (*The Economist*, Aug 18, 2020). Heilman (2008) credits decentralized trial and error experiments as integral to China's transformation into a major economic power. The local experiments were directed and encouraged by central policy-makers (e.g., as framed in Five Year Plans), so that lessons learned could inform national policy formulation. Resilience was gained while renewal was accomplished.

Local experimentation has broad appeal. In a different, much smaller Nordic country Finland, where the first author is currently working virtually, the 'culture of trial and error experimentation' has become official government policy. The former prime minister made it central to the government's renewal of the society and in particular its public policies and institutions (Antikainen et al., 2019). Preparations for legislature supporting experimentation were began. The public administration was encouraged to find ways to explore various new ways of working, including digital technologies, and failures became celebrated as sources of learning. A consultant became popular for delivering 'license to fail' buttons, and National Failure Day (October 13th) was established. The intent was to learn from courageous experimentation and doing things differently, and hence, practice requisite variety.

DURING THE CRISIS

In a severe crisis situation, the focus of resilience moves to entrepreneurially controlling the situation by the central leadership. This is akin to *effectual logic*, following

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research on entrepreneurship (Read, Song, & Smit, 2009; Sarasvathy, 2008; Sarasvathy & Kotha, 2001). Sarasvathy and Kotha (2001: 39) describe the logic:

> Effectuation… focuses on the controllable aspects of an unpredictable future. The logic for using such processes is: *To the extent that we can control the future, we do not need to predict it.*

Public policy changed radically with the COVID-19 becoming a pandemic. Predicting what might happen was problematic and unfathomable. Not surprisingly, the attention of governments in China and Finland switched to epidemic containment. The responses, though founded on different government systems, were surprisingly similar even if justified on different grounds. The central government isolated and locked down Wuhan. Similarly, the larger Helsinki area was isolated with no travel allowed across the provincial borders. Public gatherings were forbidden; all but pandemic-critical businesses were closed; and social distancing was to be strictly practiced. In Finland the government relied on and applied a constitutional emergency law that allowed extraordinary measures in a severe crisis situation; in China, the government simply issued its orders to be followed. It is as if policy makers in China and Finland were repurposing lock down actions that communities and governments practiced during the Black Death (1348) and Bubonic (1018) plagues as described by Simon Schama (2020). It is, however, noteworthy that another Nordic country, Sweden, lacking similar emergency powers, has taken a less constrained, more voluntary path to epidemic containment.

Disease-X was a risk that was considered relatively certain to happen sooner or later (WHO, 2016). Bill Gates, a philanthropist whose foundation has supported the Norway-based CEPI and Switzerland-based GAVI in their vaccine development-related missions, argues that 'not enough was done' in preparation (an interview with *Financial Times*, April 8, 2020). The response by governments such as discussed above is interesting from the perspective of strategic resilience. To treat the potential pandemic as a risk management issue, would mean either accepting the eventuality by strategic decision or by inertial default of 'not preparing enough' (Efforts to accelerate vaccine development are presently ongoing.)

Having failed (or neglected) to manage the risk of an eventual pandemic, government efforts have focused on controlling and eliminating uncertainty by enforcing a physical isolation of people. Here China and Finland behaved as true Knightians (Knight, 1921). What Knight called '*true* uncertainty…consists of a future whose *stochastic* distribution is not only unknown, but *unknowable*' (Sarasvathy & Kotha, 2001), as if the epidemic-related risks were not identifiable nor their distribution knowable, but rather to be eliminated with the 'Great Lock-down' as coined by the World Bank. Of course, many questions related to the spreading of the disease were unknown, beginning with the genome of the virus (later sequenced), its deadliness and rate of spreading (much has been already learned), the human cost of developing an immunity in a society (still an open question).

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The lock-down policy is thus reminiscent of the effectual logic in entrepreneurship and the sought-after entrepreneurial powers to shape futures. As Knightian entrepreneurs, the two governments sought to 'control the future', to the extent possible at all. Despite consulting epidemiologists and the ministries that had the expertise (at least in Finland), epidemiological models were at best very rough estimates of the key parameters which were unknown to the point that this information was not even released until much later. The government responded by 'eschew[ing] prediction' and 'transform[ing] the unpredictable into near-certainty by "creating" the distribution' (Sarasvathy & Kotha, 2001: 40). This is what the lockdown achieved: the contagion stopped because people were not infecting each other (beyond tragic circumstances of care homes, carelessness or unfortunate serendipities). Policy decisions were justified as 'health first' (in Finland) in order to preserve the official objective of ensuring capacity in emergency wards to treat those fallen critically ill.

The government actions have been (so far) effective – to create, or perhaps force, the future by lock-down rather than make more fine-tuned, analytically informed, policy decisions that require risk management and prediction. The spreading has evidently stopped or at least slowed down (to the point where there are concerns of the return of the virus, immunity lacking, as lock-down is beginning to ease). The effectual responses may have economic and social costs that is only now becoming visible or measurable. Such a policy approach may not have the characteristics of strategic resilience (Hamel & Välikangas, 2003) as costs are such that should the epidemic return, it may not be financially or societally sustainable to mount a similar defense again.

FROM POST-CRISIS TO LINGERING CRISIS

After a severe crisis, a return to a prior status quo a may not be possible but resilience requires a new conceptualization of risks and uncertainty. It may also be that the crisis and its causes (such as a virus) are such that the crisis does not have a clear end point, but lingers on in the society. This stage calls for resilience that follows *a science logic* – producing and benefitting from evolving research-based knowledge and learning collectively across public and private spheres. Grandori (2020) similarly writes of the importance of societal leaders 'reasoning like a scientist'.

Research on resilience often assumes that there is a possible return to a former alignment or equilibrium (Williams et al., 2017). Indeed such a bounce back is considered a characteristic of individual, organizational, and biological resilience and absent such a rebalancing, the system is deemed to lack resilience (Holling, 1973). However, a very severe crisis may be such that the crisis does not ever come to an end – the elements may remain – or the crisis has transformed the conditions such that the prior status quo no longer exists. There is only the 'new normal'. This may be the case in societies undergoing events such as wars, pandemics, or natural disasters. Then a new conception of resilience is called for, a conception that is able to

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sustain uncertainty of the present and of the future with a continuous probing of the new. The characteristic of such a logic is the maintaining of hypotheses until they are rejected, or reformulated, and the acceptance of a degree of uncertainty as to what can be known. Once uncertainty is understood and accepted as a necessary part of a resilience logic, accumulating knowledge might help societies in 'mount[ing] collective responses to challenges' (Hall & Lamont, 2013: 33).

In a highly educated, trust-based society such as Finland, the government worked in close collaboration with the medical establishment and was credited for its communication with citizens. Yet, it should be explicitly acknowledged – much more so than perhaps is done today – that science and research has been depreciating as investment (e.g. Ezekiel, Gadsden, & Moore, 2019) – that for a society to be resilient in situations, where many elements of a crisis remain present, a resilient way forward is to invest in understanding the nature of science as the art of the uncertain. Grandori (2020) writes: 'It is quite dangerous that, after having celebrated the rehabilitated importance of competence and science, opinion leaders seem to be ready to renege it again, just because scientists do not agree on everything'. The role of government is not to falsely seek to eliminate uncertainty but to manage risks amidst it. Journalism too, may also play an important role here in communicating the ongoing experiments and debates to the general public stakeholders in a clear, transparent and inviting way.

THE WAY FORWARD: RESILIENCE, RESILIENCE, RESILIENCE

Resilience seems to manifest in different ways absent or before a crisis, during a crisis, and post the peak of a crisis. Experimentation, effectuation, and the necessary envisioning of the new and emergent uncertainties may characterize the logics of resilience. The perspectives in this Resilience Forum critically advance the explorations of the foundations of resilience in different countries and societies in the context of the current pandemic, painting a view of the world that struggles to cope with a catastrophic crisis. Even if some strategies seem to have worked in terms of stopping the spreading of the diseases, for the present at least, they may not be strategies scholars, or citizens, would deem ultimately resilient.

In conclusion, a severe, lingering crisis such as COVID-19 may prevent a return to any former status quo. Improvisation – the old resilience workhorse, kicked in governments such as the US where 'information on covid-19 was downplayed and ignored by the White House and CDC officials' (Zhou, 2020) – may be tiring under the weight of the pandemic. A competent policy capacity to make informed decisions under uncertainty is needed. Such a capacity will require that societies (again) appreciate and invest in science-based knowledge in their public decision making and citizen action. The prerequisite for societal resilience is the realization that uncertainty can be an opportunity for creating valuable new rather than threat to be eliminated at all cost. 'Better to seek certain misery than uncertain happiness' may be stubbornly resilient but not enlightened.

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