

DOI : <https://doi.org/10.24123/jbt.v8i1.6003>

ENHANCING ORGANIZATIONAL READINESS IN FACING THE ERA OF DISRUPTION WITH RESILIENCE – BASED STRATEGY

Aisyah Pia Asrunputri¹, Ubaydah Asidiki², Tiara Sandika Dewi³

^{1,2,3}Universitas Islam As-Syafi'iyah; Bekasi, Indonesia

Email: aisyah.feb@uia.ac.id

In October 21, 2023, Publish June 27, 2024

Abstract

This research is intended to identify how the organizational readiness in facing the era of disruption can be enhanced, using certain strategies such as resilience-based strategies. Today's organizations are required to be resilient in facing disruption. This disruption gives birth to various risks that must be faced by businesses. Organizations are expanding their perspectives that were once only around operations and finance, now involving human resources. Therefore, it is important for organizations to understand the disruption that affects the organization and their readiness to face these risks. This research uses instruments developed by Deloitte (2023) focusing on measuring the readiness gap trends; ranging from readiness gap in a skill-based approach to readiness gap in leadership in a disrupted world. The sample of this research involves business owners and managers in Indonesia. The results show that the majority of respondents have a significant level of readiness in facing the era of disruption especially in terms of anticipating societal and environmental risk in daily business operation.

Keywords: Disruption, Deloitte, Readiness Gap, Risks, Resilience.

Introduction

The pandemic period brought significant effects on organizations around the world. One effect is structural changes in employment. Organizations are faced with a variety of risks and opportunities that cannot be foreseen. Workers now have no qualms in voicing their opinions and taking action. The phenomenon of quiet quitting and voluntary layoffs in the United States are two of the many proofs of this phenomenon (Mercer, 2022).

Mercer in its report titled 2023 Executive Outlook Study also confirms that 99% of organizations face various talent challenges in employment. Some of these challenges include aspects of the importance of organizations to focus on ensuring diversity and equity in providing wages, increasing remote working, the phenomenon of quiet quitting, and redesigning work-related using Artificial Intelligence/automation to reduce dependence on human labour (Deloitte, 2023).

From the survey, it is also proven that the main factors that make them feel successful in their work are feeling valued for their contributions and doing work that has significance. However, there are differences between the responses of Generation X and Baby Boomers and Millennials. Where Gen X and Baby Boomers say a sense of ownership is the most important factor, Millennials focus their value on opportunities to develop new skills.

Mercer in a report by HRM Asia (Tan, 2023) also mentioned how companies in Indonesia handle the workplace. Based on the report, companies in Indonesia have better policies compared to their neighbours such as introducing no-meeting days. However, these companies won in terms of destigmatizing mental health and supporting self-care, as well as providing access to virtual mental healthcare.

The report explains how emerging concerns in Indonesia are focusing on flexible work, with only 31% of Indonesian companies offering such options to their employees, which is lower than the global average (56%). In the long term, 43% of companies in Indonesia do not plan to offer work flexibility to their employees in the future, although 70% of employees in Asia cite the ability to engage in remote or hybrid work as an essential factor in determining whether they stay or leave the company.

Effective HR practices based on modern business systems can be an effective strategy to mitigate risks from disruption (Singh et al., 2020). Disruption in HR management itself is defined into two parts, namely proactive HR disruption and reactive HR disruption management. The term disruption in HR emerged to meet global challenges in this era of disruption, especially after COVID-19 changed the global workforce order. Disrupted HR listens and recognizes the need for the job market, talent pool and organizational goals to think out-of-the-box and create added value for themselves and the organization. In the 21st century, when almost all organizational activities are digital-based, disruption in business cannot be faced without adapting technological breakthroughs. Technological disruption in HR can lead to the use of robot services for customers, for example in the hotel industry that uses room booking services using websites or application-based. Thus, major adjustments and transformations are needed that need to be carried out by organizations to face the era of disruption.

HR strategy, especially at the talent level, not only focuses on employees, but also from an employer's perspective. HR is progressive, reinventing talent management and making a difference in the lives of employees and employers. This requires changes to the HR architecture. This paradigm shift does not merely require the elimination of old ways of doing business, but still maintains best business practices that can still bring added value to the organization. Similarly, design thinking is a process to achieve creative problem solving. Organizations need an approach that balances their analytics and intuition capabilities to stay dynamic in innovating. In addition, HR analytics are also needed that can help organizations support HR management in making effective, data-driven and impactful decisions (Claus, 2019).

Organizational readiness is rooted in change management and refers to the company's ability to accept certain changes and act as a major factor in promoting innovation in the organization. In an era that requires companies to be adaptive in responding to the surrounding environment, organizational readiness is needed in facilitating the changes they want to make. Companies are required to have the latest technology in accordance with human resources, infrastructure and existing technology to be able to achieve the desired level of readiness. The readiness of the organization is divided into two, namely: 1) structural readiness as the internal ability of the organization

to accept change and provide qualified resources to adopt the latest technology. Competencies, knowledge, resources, and infrastructure and the use of new technologies support structural readiness for the organization. While psychological readiness is the values of togetherness in the organization towards the use of the latest technology to achieve the targets desired by the organization. Creativity is essential to support a climate of change that maximizes and promotes desired change (Jun et al., 2022).

According to Vaishnavi et al. (2019), a successful change process is influenced by organizational factors such as support from management, use of resources, good planning, tracking all progress for the desired change. Success in such change depends on employee acceptance and willingness to change. Organizational change is an ongoing process both in terms of workflow, staffing, decision making, communication, to the employee reward system. For the execution of a change, the organization must also focus on psychological and structural factors. Psychological factors include an individual's belief in change, knowing the problem to be solved, the level of readiness of individuals and organizations to make changes. Structural factors such as the conditions under which change occurs and the degree to which it will accelerate or slow down the process of change. These factors can help organizations understand the level of readiness in the change process.

Organizational resilience can be defined as the ability of the organization to deal with unexpected changes and adapt to threats in the business environment. Study-based organizational resilience uses a resource-based approach, which includes fundamental resources such as finance, human capital, networks and core values. Companies rely heavily on cost reduction and innovation where three strategies namely survival, adaptation, and innovation exist side by side (Su et al., 2021).

According to Robertson et al. (2022), Organizational resilience is a complex and collective capability that enables organizations to successfully respond to and learn from previously unexpected events. This adaptability helps organizations gain experience and strengthen organizational resources. Organizational resilience can also be viewed based on two main elements: 1) planned or first-order capacity, involving planning, engineering resilience into systems and resources to respond to disruption; and 2) capacity for adaptability or second-order resilience, which helps organizations respond more dynamically to situations. These organizational capabilities are important to have and develop, especially to prepare for where events are unimaginable or unpredictable.

While based on Khajehpour et al. (2022), Organizational resilience is a new and emerging concept in management literature and research that means the ability of a system to recover and return to its original state or move to a more desirable state after a disruption. A resilient system not only demonstrates the ability to survive a crisis but also can return to its original state in a short time which requires high flexibility.

This study aims to explore the readiness of business owners and managers in various organizations and companies in Indonesia, especially in the Jabodetabek area in facing a disruptive labor market, what factors they focus on regarding their readiness to face change, as well as human resource management strategies and practices that are in accordance with the increasingly complex and non-traditional world of work. Thus, it can not only prepare them and the organization to face these trends but also help them create resilience in the organization. This resilience will encourage organizations and workers to develop skills, experience to accelerate growth, innovation and agility so that organizations can create sustainable competitive advantages.

Research Method

This research used exploratory approach that aims to measure the readiness of leaders in facing the era of disruption using their ability to manage resiliency in the organization. The background of all participants are business owners and business managers across industries in Jakarta, Indonesia.

This research captured the priorities that business owners and business managers implement in their daily business operations and the way they manage risk. In that sense, the skills and values that are related to building resilient strategy can also be depicted in this research. Data is collected through distribution of the survey. The instruments of the research were developed by Deloitte (2023).

The measurements focused on measuring the readiness gap trends, including the readiness gap for: a skill-based approach, harnessing technology for the future of workplace, negotiating worker data workforce ecosystem, Diversity, Equity, and Inclusion (DEI), human risk and leading in a disrupted world. This research is self-administered survey-based that scaled at five-point Likert scale ranges from “strongly agree“ to “strongly disagree“. The technique used for data analysis is descriptive analysis.

Result and Discussions

This research involved 54 respondents consisting of business owners (63%), business managers (16.7) and both (20.4%) who came from the Jabodetabek area. The majority of respondents aged 21-30 years (59.3%) were followed by respondents aged 41-50 years (18.5%), 31-40 years (16.7%) and respondents aged >50 years (5.6%). 51.9% of the respondents were male and 48.1% of them were female.

Most of the respondents were S1 graduates (33.3%) with the majority of tenure of 1-5 years (72.2%). The business sector where the majority of respondents came from the culinary sector (44.4%) was followed by fashion (11.1%), automotive (5.6%). In the majority, the length of business of respondents runs for 1-5 years (59.3%). With mixed business systems (51.9%), offline (29.6%), and online (18.5%). The majority of respondent companies provide training (63%) followed by respondents whose companies do not provide training by 37%.

The majority of companies in the place where respondents are sheltered have readiness in terms of developing employee skills in the form of facilitating changes related to job descriptions in accordance with job market needs. This is supported by the large number of respondents who come from companies that implement digital business systems. Not only that, many respondent companies also provide their employees with disruption-based training to improve their skills. (Sousa, M. J. and Rocha, 2019) mentioned the importance of related skills needed to deal with the era of disruption such as innovation skills, leadership skills, and management skills. These skills are very important for the competitiveness of the company and serve as strategic management tools to deal with changes in the business environment.

The findings of this study also explain the openness and flexibility in management thinking in providing opportunities for employees who have the skills and potential to have a higher career path, apart from considerations related to the level of education and previous employee positions. A research by (Chan et al., 2019) mentions the essence of flexibility and open-mindedness of the organization to achieve high organizational adaptability. Companies must be able to strive to minimize organizational rigidity to develop their innovation capabilities.

Optimal resources are also one of the keys to an organization's success in facing disruption in the industry. Therefore, it is important for organizations to facilitate their members with technology that can improve the quality of work and team performance. The majority of respondents agree with technology as essential to organizational success. Technology can facilitate business with all its features and functions. These features also provide convenience for companies and customers in the market. Especially the culinary and fashion sector, which represents the majority of respondents' origins, requires the role of technology to provide services and utilize the creativity of employees to implement technology in accordance with current market trends. In Indonesia, the culinary (41.69%) and fashion (18.15%) sectors are the largest contributors to the creative economy. However, one of the obstacles from this sector includes the business ecosystem, unsupported infrastructure, and the lack of availability of technology. This is certainly a big challenge to face (Kominfo, 2017).

Although the majority of respondents have readiness to develop a digital workplace. However, there are some respondents who disagree with the existence of a digital workplace. While digital workplaces have great potential for increased innovation, customer experience, increased productivity and revenue, there are several factors that companies can consider in implementing a digital workplace. These are the psychological needs of employees such as autonomy, competence and harmony. These things can affect the motivation for employees to accept the digital workplace. This idea is in line with the theory of self-determination which explains employee performance and well-being are influenced by the type of motivation they have for their work activities (Selimovic and Krndzija, 2021).

Based on research findings, there is a positive trend related to the use of employee data by companies which can be beneficial not only for the company but also the employees themselves. However, there are still respondents who say companies are not ready to use employee data that focuses on shared benefits. This is unfortunate because it requires a holistic approach to data in the company; Where companies and employees understand the benefits of employee data. For example, employee data related to employee skills, behavior, performance. These things can be strategic assets for companies in making decisions related to talent development and career development of employees in the company. With existing technology, the opportunities provided by companies in motivating employees to deliver their aspirations, skills and capabilities can help create more effective workforce planning (Human & Trends, 2023).

Diversity, Equity, Inclusion (DEI) The workplace can be seen as a strategic priority in a dynamic, complex, and competitive organizational environment. DEI is a means for employees from all kinds of backgrounds to fully be themselves and to function as respected members of an organization (Jiang et al., 2022). A study by Davenport et al. (2022) that is taken place at the Council of Residency Directors in Emergency Medicine mentioned how institutional-level decision are influenced by the implementation of DEI especially for the effort to improve the recruitment, retention, and leadership advancement. It is said that diversity in leadership provides many positive outcomes including the ability to reduce implicit bias in patient care. In the research findings, it is stated that the majority of respondent companies support and are ready to prioritize DEI in organizations. However, there are companies that do not prioritize DEI in the daily life of the organization. It takes commitment from various stakeholders in the organization to be able to achieve these goals. Of the many challenges and reasons why, these goals are difficult to achieve is because there is too much emphasis on DEI-related activities, rather than on the outcomes of the DEI agenda. Other hurdles include too much focus on individual cases, insufficient focus on institutional change, incomplete data on

identity group representation and misalignment between DEI objectives and business objectives (Deloitte, 2023).

In addition to DEI-related priorities, consideration of social and environmental risks is also needed to create resilient organizations. To be resilient, organizations must also be sustainable; Consider the negative impact of business on society and the environment so that later the organization can create environmental integrity and social equity (Yong et al., 2020). According to the research findings, all respondents stated the readiness and implementation of their companies related to the importance for companies to anticipate negative business impacts on the community and the surrounding environment. However, to maintain the success of the organization in minimizing these negative impacts, experts and a strong understanding of company leaders related to workforce-related risks are needed. Cooperation between departments is also needed to create a holistic and interactive approach to workplace risks (Deloitte, 2023).

Leaders play a significant role in creating resilient workforces. A leader who has a positive attitude can create a positive attitude among employees. This is also called emotional contagion which means a process by which a person or a group influences the emotions or behavior of other people or groups whether it is done consciously or unconsciously. In addition to the contagion effect, a leader can also increase the resilience of his followers by giving hope to his followers (in this case employees). Such hope is important, for example when there is a crisis or trauma. If there is a leader who can give hope to his employees, the resilience in them will also increase so as to increase the ability of the employee to respond to a crisis (Eliot, 2020).

Based on the research findings, although the majority of respondents stated that their companies have leaders who are ready to lead the organization in the era of disruption, there are still companies that do not have the readiness or have not invested their time, energy, and thoughts into the organization's agenda. Based on the lack of organizational preparation, it may be caused by the organization's or leader's incomprehension in understanding the implications and opportunities that exist related to the current era of disruption. Thus, organizational priorities that can generate resilience such as the use of technology that is in accordance with market needs, the use of data workers, considerations related to DEI and understanding the negative impact of business on society and the environment will be difficult to achieve.

Conclusion and Recommendation

Based on research findings, the majority of companies that are the object of this study are ready to face the era of disruption; Both in terms of the use of technology to the readiness of leaders in leading in this era of disruption. However, there are still challenges in this country that not only involve companies to achieve the goals of a resilient organization, but also require the role of related stakeholders as explained in research by Penta Helix (academia, business, government and community) (Rosyadi et al., 2020). This is especially important related to the availability of technology-related infrastructure and the role and involvement of the community to be involved in creating a prosperous and resilient Indonesian society.

Not only that, organization also should create a resilience-based strategy where it is needed not only to survive in the industry, but the company must also excel and move the industry. The steps that must be taken are 1) re-creating the workplace ecosystem that involves employees to jointly create customized work experiences, 2) embedding goals into technology utilization strategies by selecting technology that functionally and

capabilities can help achieve organizational goals, 3) reviewing ESG, human risk with workplace design, 4) increasing security in employee data and fostering employee trust regarding data utilization, 5) increase employee representation in decision making, especially related to ESG and DEI issues, and 6) increase leader capabilities and mindset to develop workforce ecosystem more optimally (Deloitte, 2023).

References

- Chan, C. M. L., Teoh, S. Y., Yeow, A., & Pan, G. (2019). Agility in responding to disruptive digital innovation: Case study of an SME. *Information Systems Journal*, 29(2), 436–455. <https://doi.org/10.1111/isj.12215>
- Claus, L. (2019). HR disruption—Time already to reinvent talent management. *BRQ Business Research Quarterly*, 22(3), 207–215. <https://doi.org/10.1016/j.brq.2019.04.002>
- Davenport, D., Alvarez, A., Natesan, S., Caldwell, M. T., Gallegos, M., Landry, A., Parsons, M., & Gottlieb, M. (2022). Faculty Recruitment, Retention, and Representation in Leadership: An Evidence-Based Guide to Best Practices for Diversity, Equity, and Inclusion from the Council of Residency Directors in Emergency Medicine. *Western Journal of Emergency Medicine*, 23(1), 62–71. <https://doi.org/10.5811/westjem.2021.8.53754>
- Eliot, J. L. (2020). Resilient Leadership: The Impact of a Servant Leader on the Resilience of their Followers. *Advances in Developing Human Resources*, 22(4), 404–418. <https://doi.org/10.1177/1523422320945237>
- Deloitte (2023). New fundamentals for a boundaryless world | Deloitte Insights. https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2023/future-of-workforce-management.html?id=us:2sm:3li:4di_gl:5eng:6di
- Jiang, J., Ding, W., Wang, R., & Li, S. (2022). Inclusive leadership and employees' voice behavior: A moderated mediation model. *Current Psychology*, 41(9), 6395–6405. <https://doi.org/10.1007/s12144-020-01139-8>
- Joshi, B. P. (2018). Disruptive Innovation in Hospitality Human Resource. *Journal of Tourism and Hospitality Education*, 8, 48–61. <https://doi.org/10.3126/jthe.v8i0.20010>
- Jun, W., Nasir, M. H., Yousaf, Z., Khattak, A., Yasir, M., Javed, A., & Shirazi, S. H. (2022). Innovation performance in digital economy: does digital platform capability, improvisation capability and organizational readiness really matter? *European Journal of Innovation Management*, 25(5), 1309–1327. <https://doi.org/10.1108/EJIM-10-2020-0422>
- Khajehpour, M., Sedaghatparast, E., & Rabieh, M. (2022). Designing a comprehensive model of organizational resilience in the banking industry of Iran. *Asian Journal of Economics and Banking*, 6(1), 69–87. <https://doi.org/10.1108/ajeb-01-2021-0011>

- Kominfo. (2017). Culinary, Crafts, and Fashion, Biggest Contributor to Creative Economy. In Kominfo. https://www.kominfo.go.id/content/detail/11034/kuliner-kriya-dan-fashion-penyumbang-terbesar-ekonomi-kreatif/0/berita_satker
- Mercer. (2022). Global Talent Trends 2022-2023. In Mercer Global Talent Trend. <https://www.mercer.com/insights/people-strategy/future-of-work/global-talent-trends/>
- Ngoc Su, D., Luc Tra, D., Thi Huynh, H. M., Nguyen, H. H. T., & O'Mahony, B. (2021). Enhancing resilience in the Covid-19 crisis: lessons from human resource management practices in Vietnam. *Current Issues in Tourism*, 24(22), 3189–3205. <https://doi.org/10.1080/13683500.2020.1863930>
- Robertson, J., Botha, E., Walker, B., Wordsworth, R., & Balzarova, M. (2022). Fortune favours the digitally mature: the impact of digital maturity on the organisational resilience of SME retailers during COVID-19. *International Journal of Retail and Distribution Management*, 50(8–9), 1182–1204. <https://doi.org/10.1108/IJRDM-10-2021-0514>
- Rosyadi, S., Kusuma, A. S., Fitrah, E., Haryanto, A., & Adawiyah, W. (2020). The Multi-Stakeholder's Role in an Integrated Mentoring Model for SMEs in the Creative Economy Sector. *SAGE Open*, 10(4). <https://doi.org/10.1177/2158244020963604>
- Selimovic, J., Pilav-Velic, A., and Krndzija, L. (2021). Digital workplace transformation in the financial service sector: Investigating the relationship between employees' expectations and intentions. *Technology in Society*. <https://doi.org/10.1016/j.techsoc.2021.101640>
- Singh, J. P., Chand, P. K., Mittal, A., & Aggarwal, A. (2020). High-performance work system and organizational citizenship behaviour at the shop floor. *Benchmarking*, 27(4), 1369–1398. <https://doi.org/10.1108/BIJ-07-2019-0339>
- Sousa, M. J. and Rocha, A. (2019). Skills for disruptive digital business. *Journal of Business Research*. <https://doi.org/10.1016/j.jbusres.2017.12.051>
- Tan, J. (2023). HR leaders in Indonesia prioritising talent and wellbeing. *HRM Asia*. <https://hrmasia.com/hr-leaders-in-indonesia-prioritising-talent-and-wellbeing/>
- Vaishnavi, V., Suresh, M., & Dutta, P. (2019). A study on the influence of factors associated with organizational readiness for change in healthcare organizations using TISM. *Benchmarking*, 26(4), 1290–1313. <https://doi.org/10.1108/BIJ-06-2018-0161>
- Yong, J. Y., Yusliza, M. Y., Ramayah, T., Chiappetta Jabbour, C. J., Sehnem, S., & Mani, V. (2020). Pathways towards sustainability in manufacturing organizations: Empirical evidence on the role of green human resource management. *Business Strategy and the Environment*, 29(1), 212–228. <https://doi.org/10.1002/bse.2359>