

### 4.3.7: Organizing for Change in the 21st Century

#### Learning Objectives

1. Identify environmental trends, demands, and opportunities facing organizations.

The 2018 annual Global Risks Perception Survey (GRPS) predicts the following trends in the external environment: (1) persistent inequality and unfairness, (2) domestic and international political tensions, (3) environmental dangers, and (4) cyber vulnerabilities. With this context, authors in this report suggest that complex organizations approach their futures with the “nine resilience lens”—i.e., the capacity of a company or other organization to adapt and prosper in the face of high-impact, low-probability risks.<sup>52</sup> The nine lenses are grouped into three categories. First, structural resilience considers the systemic dynamics within the organization itself. The author calls for “system modularity,” i.e., structures and designs that are “loosely coupled,” which is another way of saying that rigid, mechanistic hierarchies will not function as well in these high-impact environments. Secondly, integrative resilience underlines complex interconnections with the external context. Here the author suggests that organizations must be part of and aware of their contexts: geographically and the health of “individuals, families, neighborhoods, cities, provinces, and countries” that are affected. Relatedly, the author notes that organizations must rely on their social cohesion—such as the social capital an organization has to fall back on in times of crisis—which is a strong source of resilience. Third, transformative resilience requires that mitigating some risks requires transformation. Important to organizations here is the need “to proactively change or it will end up being changed by external circumstances.” This process requires organizational foresight, not forecasting. Organizations need to apply different search, environmental scanning, and new discovery techniques “to engage with the uncertainty of multiple futures.” They do this through innovation and experimentation. In practice, Google, Amazon, Facebook, SpaceX, Tesla, Airbnb, Uber, and the resilience of other industry and organizational pioneering will be required.

Another trend on the horizon is that “[o]rganizations are no longer judged only for their financial performance, or even the quality of their products or services. Rather, they are being evaluated on the basis of their impact on society at large—transforming them from business enterprises into social enterprises.”<sup>53</sup> A recent survey showed that 65 percent of CEOs rated “inclusive growth” as a “top-three strategic concern, more than three times greater than the proportion citing ‘shareholder value.’”<sup>54</sup> Deloitte researchers noted that “[a] social enterprise is an organization whose mission combines revenue growth and profit-making with the need to respect and support its environment and stakeholder network. This includes listening to, investing in, and actively managing the trends that are shaping today’s world. It is an organization that shoulders its responsibility to be a good citizen (both inside and outside the organization), serving as a role model for its peers and promoting a high degree of collaboration at every level of the organization.”<sup>55</sup>

#### References

52. The Global Economic Report, 13th Edition, *World Economic Forum*, 2018. [http://www3.weforum.org/docs/WEF\\_GRR18\\_Report.pdf](http://www3.weforum.org/docs/WEF_GRR18_Report.pdf), p. 8 and pp. 54-57.

53. Agarwal, Dimple, “Introduction: The Rise of the Social Enterprise”, *Deloitte Insights*, March 28, 2018.? <https://www2.deloitte.com/insights/u...roduction.html>

54. Ibid.

55. Ibid.

This page titled 4.3.7: Organizing for Change in the 21st Century is shared under a CC BY 4.0 license and was authored, remixed, and/or curated by OpenStax via source content that was edited to the style and standards of the LibreTexts platform.

- 4.7: Organizing for Change in the 21st Century by OpenStax is licensed CC BY 4.0. Original source: <https://openstax.org/details/books/principles-management>.