



## IMPACT OF EMPLOYEE'S RESILIENCE ON ORGANIZATIONAL RESILIENCE: MEDIATING ROLE OF COMPASSION

*Impacto da resiliência do funcionário na resiliência organizacional: mediação do papel da compaixão*

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### ABSTRACT

Main aim of this research was to investigate the protagonist of individual's resilience to build up organizational resilience. Individual's resilience is much needed at the time of crises, restructuring, transformation, turbulent and unfavorable conditions. Second objective of this research is to test the mediating role of compassion between the relationships of individual's resilience and organizational resilience. This research contributed in the body of knowledge while bring new concepts together and the main contribution is testing the role of compassion between the relationships. Empirical test like correlation, regression and Sobel test was run to test the hypothesis. Test of the correlation and regression analysis demonstrate that there exist a positive and momentous association Employee's Resilience and Organizational Resilience. Sobel test was used to test the mediating role on compassion and results show that there is a partial mediation, but results are significant.

**Keywords:** Organizational Resilience, Individual Resilience, Compassion, SMEs of Pakistan.

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## IMPACTO DA RESILIÊNCIA DO FUNCIONÁRIO NA RESILIÊNCIA ORGANIZACIONAL: MEDIAÇÃO DO PAPEL DA COMPAIXÃO

*Impact of employee's resilience on organizational resilience: mediating role of compassion*

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### RESUMO

O objetivo principal desta pesquisa foi investigar o protagonista da resiliência do indivíduo para construir a resiliência organizacional. A resiliência do indivíduo é muito necessária em tempos de crise, reestruturação, transformação, condições turbulentas e desfavoráveis. O segundo objetivo desta pesquisa é testar o papel mediador da compaixão entre as relações de resiliência do indivíduo e resiliência organizacional. Esta pesquisa contribuiu no corpo de conhecimento ao reunir novos conceitos e a principal contribuição é testar o papel da compaixão entre as relações. Teste empírico de correlação, regressão e teste de Sobel foi executado para testar a hipótese. O teste de correlação e análise de regressão demonstra que existe uma associação positiva e significativa Resiliência do Funcionário e Resiliência Organizacional. O teste de Sobel foi usado para testar o papel mediador na compaixão e os resultados mostram que há uma mediação parcial, mas os resultados são significativos.

**Palavras-chave:** Resiliência Organizacional; Resiliência Individual; Compaixão; PMEs do Paquistão.

## INTRODUCTION

Term resilience basically adopted from microbiology and cell regeneration studies, material processing and other aspects of engineering into the organizational sciences. In organizational studies the term resilience introduces first in psychology, economics and then the financial management especially managing risk in financial crises and stock exchange crises (Hamel and Valikangas, 2003). Resilience was defined by several authors in its parent school of thought and after its adoption into the organizational studies. But for the sake of simplification and operationalization current research defines resilience as "The maintenance of positive adjustment under challenging conditions"(Sutcliffe and Vogus, 2003). This study is basically designed to investigate the role of individual's resilience in developing the organizational resilience Werner conducted a study amid the children whose parents were facing problems and suffering from the miseries of psychological illnesses. While living in those conditions, children capacity/resilience was one of the most important reasons behind their survival. Their capacity to bounce back from these severe conditions helps these children to survive(Werner and Smith, 2001). So same is the case with organizations as it was with the children. The resilient behavior of employees and organizations itself, allows companies the development of new learning and implementing new routines and a better use of its resources under uncertainty conditions (Lengnick- Hall and Beck, 2009).

One of the main reasons for failure in business / organizations is the doubts and non-believe of the businessmen towards their own ideas, and the other problem is with the organizations are they are not sure that they can transform gradually or they need to of repair or reinvention the business model(Lingard, 2007). The authors believe that the adaptability or resilience capacity must be a strategic aspect and should not respond to specific crises or momentary losses, but being able to anticipate changes and prevent their businesses from being adversely affected by them. According to Hamel and Valikangas (2003), an organization is resilient when it is able to build the future, rather than defending the past.

## 1 OBJECTIVE OF THIS STUDY

Objective of this study is twofold, one major objective of this study is to investigate individuals/ employees/ Intrapreneurs resilience capacity on organizational resilience, or in other word we can say that how individual resilience helps to develop organizational resilience. Second objective of current research was to examine the mediating role of organizational compassion between the relationship of organizational resilience and individual resilience.

### 1.1 Research questions

What is the relationship between individual resilience and organizational resilience? What is the relationship between individual/organizational resilience and compassion?

Does compassion mediate the relationship between individual resilience and organizational resilience?

### 1.2 Significance of research

This research is bringing entirely new concepts together. This research basically tries to validate and expand the theory of resilience both individual / organizational, as we are testing this theory into entirely different setting. Second important contribution of this research is that this research has test the role of compassion between the relationship of individual resilience and organizational resilience. Compassion is not studied as mediator before in any of the research. As compassion is very important for developing resilience, theoretically it is well proven but not empirically yet tested.

## 2 LITERATURE REVIEW

This section briefly discusses or provides overview of available literature on the variables of this research study i.e. Organizational Resilience, Individual/Employee/ Intrapreneurs resilience, and compassion in organization. This section will also discuss about the mutual relationship between these variables.

### 2.1 Organizational resilience

From Vieira et al. (2012) point of view, those organizations are considered as resilient organizations which have the aptitude to acclimatize to change, fitting the trends and being able to change the generation of profit. Authors like Ortiz-de-Mandojana and Bansal (2016) and Lewis and

McCann (2004) relate resilience to the strategic agility of an organization and also its performance. (Lengnick-Hall and Beck, 2009) Point out that the ability of an organization to resilience occurs by incorporating a set of policies and reforms. Concept of resilience was introduced to the organizational studies literature through crisis and disaster management concept has discussed in preview of high-reliability organizations and positive organizational scholarship literatures (Weick, 1993, Weick et al., 2005, Bruneau et al., 2003, Griffiths et al., 2001). In the organizational field and in competition scenarios, the organizations' success depends on the ability to understand and adapt to the nature and dynamics of the business environment. These elements are related to: competition, technology, costs, taxation, policies and customer expectations (Hamel and Valikangas, 2003). The adaptive management is an integrated and multidisciplinary approach to address uncertainty, which is necessitated by the recognition that the managed resources are changeable as a result of human intervention new uncertainties, will emerge. Resilience is the most important area of research where the recent literature is more available. And from the below mentioned diagram one can clearly identify that this area of research is trending.

### 2.2 Employee / Intrapreneurs resilience

Resilience as a psychological capacity of employees has recently come into focus with the rise of Positive Psychology. A critical element of a positive view of resilience involves viewing adverse events as an opportunity to develop and become a better person. A review of previous measures and theories of resilience shows this perspective is largely missing and suggests possible dimensions of it. Survival, high tolerance, adaptation and "bounce back" are amongst the synonyms for resilience adopted in recent psychological and organizational studies. Resilience in the Psychological capital model is characterized as "having the ability to bob once more from difficulty, disappointment or even positive yet apparently overpowering changes, for example, expanded duty" (Luthans et al., 2007) Of all the part influence expresses that involve Psychological capital, resilience has been given minimal consideration in authoritative writing. Prior work in any case, especially in the zone of kid brain science, recommends that resilience is a marvel coming about because of typical human adaptation reactions and is "described by great results notwithstanding genuine dangers to adjustment or advancement" (Masten, 2001). Masten goes ahead to infer that building resilience ought to along these lines require the improvement of the versatile frameworks (counting psychological and learning forms). Adding to the versatile procedure both a clear impression of reality, taking into account powerful and discerning reactions to given conditions, and the slant to look for or make significance from occasions, permitting them to "manufacture spans from present-day hardships to a more full, better built future" (Luthar et al., 2000, Britt et al., 2016). Little research has been finished with respect to Resilience in the working environment. However, there is impressive proof that Resilience, once accepted to be an uncommon dispositional quality, is state-like and open to advancement.

### 2.3 Compassion

(Goetz et al., 2010, Lazarus, 1991, Coetzee, 2016) posited, —one of humankind's noblest virtues seems to arise incidentally from our sympathies becoming softer and more widely diffused, until they are extended to all

sentient beings.” According to the (Lama, 2002) who finds much inspiration in Darwinism. “Compassion is a state of mind that is non-violent, non-harming, and non-aggressive. It is a mental attitude based on the wish for others to be free of their suffering and is associated with a sense of commitment, responsibility, and respect towards the other”. In essence, compassion is based on the rationale that all human beings have an innate desire to overcome suffering in order to be happy, and that they have the natural right to fulfill this fundamental aspiration. (Lama and Kit, 1995) Identified that interior plays a key role in empathy, which indicates a neural mechanism for empathetic aspects of compassion. It is debatable whether compassion for others and self-compassion are in fact part of the same overarching construct. While Buddhist thinking argues that differentiating compassion for others from self-compassion means drawing a false distinction between the self and others, and moreover that self-compassion is a prerequisite for showing ‘true’ compassion towards others, recent research has found that associations between self-compassion and other-focused compassion may be weak, or even non-existent for some populations(Shoss et al., 2018).

### 3 CONCEPTUAL FRAMEWORK

Figure 1 Proposed Framework for Research Hypothesis



In the light of above mentioned literature and theoretical framework following hypothesis were developed for testing.

- Individual resilience has positive impact on organizational resilience
- Individual resilience has positive impact on compassion
- Compassion has positive impact on organizational resilience
- Compassion mediates the impact of individual resilience on organizational resilience

### 4 Research Methodology

Following the positivist paradigm current research adopts the quantitative research strategy and collects the data from 930 individual employees working in Small and Medium Enterprises of Pakistan through a self-administrative questionnaire. Internal consistency/reliability of the used questionnaire was tested through Cronbach's Alpha and instrument was found reliable. Correlation and simple linear regression was conducted to test the direct hypothesis. And to test the mediating hypothesis Sobel test was used. According to the results of the research all the hypothesis were accepted.

### 5 Results and Discussion

This section of the research papers deals with empirical investigation and involves some statistical tools to empirically validate some of our claims.

#### 5.1 Reliability of scale

Before going towards further analysis adopted instrument were tested for reliability/ internal consistency through Cronbach's alpha test. Hair Jr et al., 2016 suggested that value of cronbach's alpha should be greater than

0.70 in order to claim that the instrument is exactly measuring what it is expected to measure. Results mentioned in table 1 clearly shows that every variable has successfully pass the test.

**Table 1** Reliability Test

Instrument /Variable	Reliability
Organizational Resilience Questionnaire	0.87
Compassion Questionnaire	0.91
Employees Resilience Questionnaire	0.89

## 5.2 Correlations

**Table 2** Correlations

		Organizational Resilience	Employee Resilience
Employee Resilience	Pearson Correlation	.469*	
	Sig. (2-tailed)	.000	
Compassion	Pearson Correlation	.461*	.907*
	Sig. (2-tailed)	.000	.000

Correlation was analyzed through Cronbach's Alpha, results of the correlation in Table 2 shows that organizational resilience is 47% positively and significantly related to employees resilience which means one unit change in employee resilience will enhance the organizational resilience by 47% results are supporting the findings of (Shin et al., 2012). Compassion also has moderate positive relationship with organizational resilience, whereas compassion has highly positive and significant relationship with employee resilience. All the relationship are very significant as ( $p < 0.05$ ) as suggested by (Zhu, 2012).

## 5.3 Regression

**Table 3** Impact of Employees' Resilience on Organizational Resilience

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin Watson	
1	.593 <sup>a</sup>	.352	.350	.15861	1.7	

a. Predictors: (Constant), ER

**Table 4** ANOVA Table for Regression

ANOVA						
Model	Sum of Squares	df	Mean Square	F	Sig. 1 Regression	
	4.955	1	4.955	196.953	.000	
Residual	9.132	363	.025		b	

b. Predictors: (Constant), ER

To analyse the impact of employee resilience on organizational resilience, simple linear regression was used. Results of the regressions shows that organizational resilience is almost 35% being explained by employee resilience, which means the organizations that have resilient employees are tend to be more resilient than the other competitor organizations. There are very less chances of failure for such type of organizations. Durbin Watson and significance values are also within the standard range. Standard values of Durbin Watson should be between "1.5 and 2.5" (White, 1992), and p value should also be less than 0.05 (Hair Jr et al., 2016).

## 5.4 Mediation

Mediation analysis is basically a chain of analysis in which relationship of variables are being explained through another variable. In Mediation analysis, an interaction term is being created and in result of this interruption the second variable influence the third one. This second variable is also known as intervening variable and in particular we name it as mediator and it is being denoted as "M". This intervening variable mediates the relationship or influence of first/Independent/predictor variable on dependent/outcome variable. There are several methods to test the mediation but this research opted to use Sobel test to test the mediating role of individual/employee's compassion towards organization in relationship between employee's resilience and organizational resilience. Below mentioned tables are the results of the mediation analysis.

## 5.5 Sobel test

\$Mod1: Y~X`				
	Estimate	Std. Error	t value	Pr (> t )
<b>(Intercept)</b>	2.3271275	0.05079715	45.81217	5.860e-153
<b>Pred</b>	0.0089744	0.01242392	34.52811	9.848739e-117
\$Mod2: Y~X+M`				
	Estimate	Std. Error	t value	Pr (> t )
<b>(Intercept)</b>	1.97212952	0.06683661	29.506727	2.408445e-98
<b>Pred</b>	0.41410475	0.01173814	35.278557	3.431392e-119
<b>Med</b>	0.09846866	0.01309613	7.518914	4.391746e-13
\$Mod3: M~X`				
	Estimate	Std. Error	t value	Pr (> t )
<b>(Intercept)</b>	3.6051873	0.1895968	19.015021	1.948963e-56
<b>Pred</b>	0.1510089	0.0463714	3.256508	1.234130e-03

\$Indirect Effect: [1] **0.01486964**

\$SE: [1] 0.004975999

**\$z. Value: [1] 2.988272**

Sobel test for mediation provides the detailed results in which it tests the relationship between predictor and outcome variable in presence of mediator and it also test their relationship without the presence of mediating variable. Results indicate that Indirect Effect, which means the influence of independent variable in presence of mediating variable, is greater than direct effect. Significance of the mediating relationship is always denoted as z and Z value should be greater than 1.96 to prove that the mediating effect of intervening variable is significant, which is 2.98 in this research which clearly indicates that compassion act as a partial mediator between organizational resilience and employee resilience.

## CONCLUSION

According to available body of knowledge and results of the current research, we can withdraw the following conclusion. Individual resilience is very important in organizations especially at the time of crises management, change management, organizational development and transformation. In turbulent conditions of the organizations individuals to be more resilient. Individuals/Intrapreneurs compassionate actions towards organizations are much more needed in the organizations. Compassion is one of the key trigger of resilience in the organization. Individual resilience impacts the organizational resilience. Compassion mediates the relationship between individual resilience and organizational resilience. The authors believe that the adaptability or resilience capacity must be a strategic aspect and should not respond to specific crises or momentary losses, but being able to anticipate changes and prevent their businesses from being adversely affected by them.

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