

Dialogue, Debate, and Discussion

Building Resilience via Cognitive Preparedness, Behavioral Reconfigurations, and Iterative Learning: The Case of YunKang

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The coronavirus (COVID-19) pandemic has devastating social and economic consequences and changed the fate of several organizations. Chinese companies are among the first victims struck by coronavirus but are also among the earliest to initiate the fight against it. Based on our interviews, we reflect on the effective practices that have shaped the organizational resilience of the YunKang Group (YunKang) and YunKang DaAn Clinical Laboratory (YDCL). YunKang is a comprehensive service platform for medical treatment partnerships in China, and YDCL is a subsidiary of the YunKang Group and was one of the first batches of third-party clinical labs designated by the government to provide COVID-19 testing services. As organizational resilience refers to a special organizational capability to prepare for, respond to, and learn from adverse events (Williams, Gruber, Sutcliffe, Shepherd, & Zhao, 2017), we investigate the form and sources of YunKang's resilience. Our purpose is to identify the key themes that may inform other companies on how to prepare before, recover during, and 'bounce forward' after a crisis with strengthened resilient capabilities. Broadly, we call for increased attention from Chinese companies to the issue of building resilience concerning the constant, drastic, and unpredictable changes in natural, political, economic, and business environments.

COGNITIVELY PREPARING FOR ADVERSITY: SHAPING A STRATEGIC DIRECTION IN RESPONSE TO SOCIETY'S GRAND CHALLENGES

Prior studies found that organizations with fragmentary and myopic understandings of work tasks tend to experience recurrent problems and disruptions with less resiliency (Carroll, 1998). By contrast, an organization developing visionary strategy and cognitively preparing itself for grand challenges can respond to the challenges with speed and effectiveness. YunKang identified a potential challenge

in the public healthcare system in China during the outbreak of Severe Acute Respiratory Syndrome (SARS) in 2003. At that time, the founder of YunKang realized that urbanization and population aging would create a huge demand for high-quality medical and health care. However, constrained by capacity and comparatively rigid management practices, fully satisfying society's medical needs despite the government's large investment is difficult for primary healthcare providers in China, such as the public hospitals and Centers for Disease Control (CDCs), and this scenario is especially true during the outbreak of a pandemic.

Recognizing the gap between the rapidly changing and evolving healthcare needs in Chinese society and the slow-growing and limited capacity of public healthcare institutions and intrigued by the SARS outbreak and its serious consequences, the founding team of YunKang attempted to explore a brand new business model that could provide medical services for the public. In 2003, YunKang set up the first collection-diagnosis-separation model in China that was successfully applied in the detection of SARS. From then on, driven by the vision of 'Better Health, Better Life', YunKang has taken strenuous efforts to meet Chinese society's increasing demand for medical treatment and health care. It proposed the core strategy as developing technological capability and providing healthcare services in areas where high-quality medical services are under-supplied. By developing a strategy in response to society's grand challenge, YunKang cognitively prepares itself for adversity by closely monitoring the medical environment. These cognitive endowments enable YunKang to rapidly notice and make sense of weak signals of potential disruptions and combine knowledge and repertoires of action to resolve problems (Weick, 1995). YunKang has gone through many rounds of trial-and-error efforts in establishing its business model, including running its third-party clinical lab services (e.g., YDCL). The frustration and setbacks YunKang experienced actually help the company establish expectations for adversity and improve its capabilities to notice, interpret, and analyze changes in the environment. Such cognitive responses precondition viable action plans quickly formulated during the crisis.

BEHAVIORALLY RESPONDING TO CRISIS: MOBILIZING FLEXIBLE ACTIONS DURING MAJOR EMERGENCIES

Performing sufficient COVID-19 nucleic acid testing became the top priority during the COVID-19 outbreak in late January in China, recognizing that an accurate diagnosis is the first step for quarantine and treatment. While research institutions and biotechnology companies acted quickly by developing and mass-producing COVID-19 nucleic acid reagents, the dramatic increase in confirmed cases and the demand for large-scale coronavirus testing have posed enormous challenges for public hospitals and regional CDCs. Under such a circumstance, YunKang and its subsidiary YDCL that specializes in clinical lab services, played an important role in providing COVID-19 testing services.

In responding to the situation, YunKang immediately called its employees back from their Spring Festival holidays and took a series of effective actions. YunKang managed the uncertainty through bricolage and overcame the bottleneck of capacity by first emergently invoking its global supply chain and then decomposing the testing procedures and reconfiguring them to enhance testing capacity. First, YDCL trained selected volunteers at airports, railway stations, and quarantine locations to collect samples with professional procedures, thereby enabling local sampling among suspect patients and subsequently avoiding crowding at the designated institutions. Second, YDCL expanded its delivery group through role shifting (e.g., providing training of professional delivery to employees previously taking non-essential roles). Lastly, it asked professional operators responsible for analyzing samples and transmitting results to rotate duties, thus enlarging testing volume. By reassembling these activities, YDCL doubled the normal testing volume of 2,500–3,000 cases per day in one week after the COVID-19 outbreak. The number of daily tests was quickly quadrupled in mid-February and doubled again one month later. In early March, a professional team of YunKang was dispatched overseas by the Chinese government to provide help, which is an unusual honor for a private firm in the healthcare industry. Through these resource reconfiguration and integration processes, YunKang successfully refined the logistic system to securely transfer samples, enhance its data analysis system to perform large-scale testing, update the information support system to assure the fluency of massive information exchange, and optimize the operation system to realize more complex and dynamic coordination.

ITERATIVELY LEARNING FROM ADVERSITY: ENRICHING THE CRITICAL CAPABILITIES AFFORDING ORGANIZATIONAL RESILIENCE

As a private enterprise, YunKang's ambition of providing healthcare services is questioned and challenged both from the legitimacy aspect and in terms of its capabilities. The healthcare industry in China is highly regulated and dominated by public institutions following rigid rules. In addition, well-trained medical staff and advanced equipment are disproportionately concentrated in Three-A public hospitals, leaving the remaining majority of small- and middle-sized medical institutions lacking in professionals, technology, capital, and other resources. Consequently, since its founding, YunKang has grown with various challenges, and its organizational resilience has derived from resisting pressures, overcoming difficulties, and striving for survival.

Confronting doubts in terms of legitimacy and capability, YunKang must carefully allocate and distribute attention, knowledge, and resources, engage in iterations of team structuring and design, and continuously balance planned activities (protocols) with other impromptu actions (e.g., joint sense-making and protocol breaking) (Faraj & Xiao, 2006). The adverse and complex environment forces YunKang to appropriately interpret environmental cues, adopt swift decision-making processes, and establish

organizational capacities to improvise. The process of iteratively learning empowers YunKang to develop a high level of organizational resilience, which enhances its ability to respond to emerging challenges such as the COVID-19 outbreak.

In addition, through the coordination processes to overcome difficulties, YunKang cultivated important relational capabilities. Relational capability, referring to the social connections that enable access to and exchange of resources, plays an important role in enabling organizations' positive functioning in the face of adversity (Williams et al., 2017). YunKang's relational capabilities reflect on its connections with both external suppliers and internal employees. Noticing the potential disruptions of COVID-19, YunKang immediately coordinated its global supply chain to import medical equipment and medical consumables. Moreover, it effectively managed its human capital by relying on interpersonal trust among employees, paramount to achieving positive outcomes in a volatile environment during the crisis. This organizational confidence was possible because YunKang's employees have frequently and flexibly worked with one another through role shifting and routine reorganization and thus formed a shared understanding of the organization's values and trust in colleagues. As such, YunKang learned from past challenges and formulated strong organizational and relational capabilities to adjust and adapt to dynamic environmental needs.

MAJOR IMPLICATIONS

YunKang is only one among many enterprises that are meaningful complements to public healthcare institutions and have made valuable contributions in the fight against the COVID-19 outbreak in China. As a representative of Chinese enterprises that have exhibited resilience during the COVID-19 outbreak, YunKang bears salient implications for both enterprises and society to develop and strengthen their capabilities to bounce back for both survival from and thriving amid adversity.

First, an enterprise with a broader sense of social responsibility to address grand societal challenges is likely to cognitively prepare for disruption and adversity. An organization's resilience under disruptive events is fundamentally rooted in the organization's vision and key mission and is developed through its dynamic interaction with the environment over time. By developing a strategy in response to society's anticipated grand challenges, the organization could rapidly notice, interpret, and analyze environmental cues and make quick and high-quality decisions that enable reliable responses for unexpected events.

Second, to achieve timely and flexible behavioral responses to a crisis, an organization must be equipped with action options and behavioral repertoires, which are often embedded in the organizations' structure, processes, and activity configurations. The organization may engage in both top-down and bottom-up reconfiguring processes to generate effective responses. For example, those well-equipped resilient organizations may swiftly change from a role- and rule-based formal structure into an action- and process-based informal structure. They also

tend to strike a balance between structural mechanism and improvisation, allowing a timely, coordinated, and effective response to adversity (Williams et al., 2017).

Third, organizational resilience is not established instantly but derives from iterative learning from managing pressures and overcoming challenges. An organization growing from challenges tends to establish an appreciation of uncertainty, make decisions on the bases of updated information rather than on obsolete rules, and take actions of cooperation and coordination (Boin & Lagadec, 2000), resulting in improved organizational and relational capabilities to manage adversity. Continuous learning enables the organization to both enhance internal capabilities and accumulate external resources needed to confront disruptive events.

Considering that predicting disruptive events and low-probability dangers is difficult, increasing society's generalized capacity to respond to realized risks than to take strenuous efforts to ward off all hypothetical hazards would be reasonable (Wildavsky, 1988). Companies such as YunKang, that are capable of keeping keen insights into the dynamic environment, responding promptly and reliably to unexpected events, and accumulating crucial capabilities from past challenges, are likely to succeed in coping with complexity, disruption, and adversity. When the COVID-19 pandemic occurred in China, many companies of this kind quickly leveraged their capabilities with strong resilience to provide solutions and collectively contribute to the control of COVID-19. These resilient organizations form the backbone for society to manage crisis. Hence, developing an environment that nourishes the growth of such enterprises is vital for a society to be stable, healthy, efficient, and sustainable over time.

NOTES

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