

Editorial: *From Overcoming Adaptability Paradox to A New Dimension of Performance*



In our last RDC Magazine issue we recall (Purcarea, 2022) what we wrote 12 years ago regarding the fact that life forces us to nurture hope (as a state of mind) in the production of knowledge for wisdom so as to become architects of the conversation that generates responsible action. We also highlighted recent lessons to learn under the current changed circumstances with regard, for instance, to adapt the organization's management structure and processes accordingly, and to continuously live up to valuable philosophy and principles.

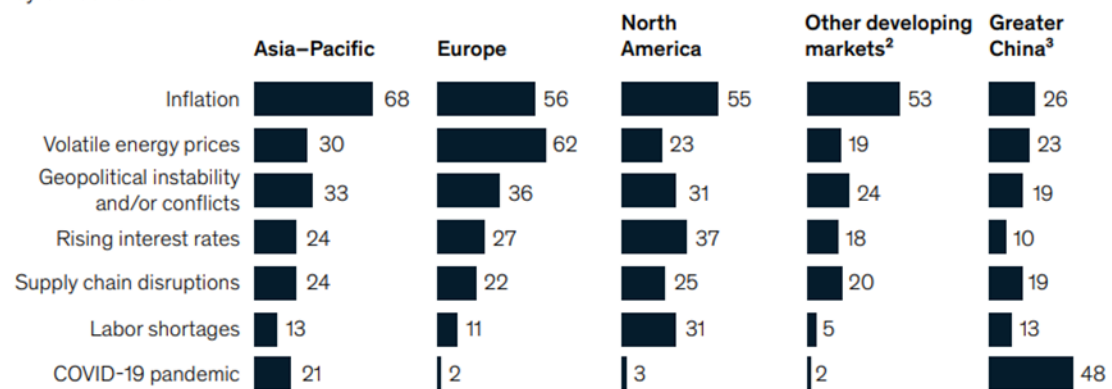
The current VUCA times made us now also think to McKinsey's representative opinion (Brassey et al., 2021) that in order to solve the so-called adaptability paradox (not succeeding in what you are trying to achieve on proved ways just when needing innovative thinking and decisiveness, so as to select your best possible option under radically changed circumstances) it is necessary to take responsibility for learning both flexibly and efficiently, applying new knowledge when you face complex situations, maintaining control over change and uncertainty based on an adaptive mindset (both investing in scaling well-being, and improving employee experience; valorizing the strong link between well-being and purpose; being open to ask the right questions and collect information in new and productive ways, as well as to consider self-awareness and reflection; building strong interpersonal relationships, including by recognizing personal qualities and stimulating honest contribution; cultivating a new culture of psychological safety). At the present time, it is interesting to start from the latest McKinsey Global Survey on economic conditions (Condon et al., 2022), which revealed that: inflation was cited as the main

risk to growth by respondents in most regions, while the most often risks to growth cited in Europe were volatile energy prices, inflation, geopolitical instability and/or conflicts, rising interest rates, and supply chain disruptions, as shown in figure below; respondents' expectations (about half of them) regarding global conditions are pessimistic. And as we all know, expectations are always important drivers of the economy, by influencing decision-making, the aggregate economy being impacted by pessimism (Bhandari, Borovicka and Ho, 2021).

Exhibit 1

Inflation remains top of mind as a risk to respondents' economies, except in Europe and Greater China.

Potential risks to economic growth in respondents' countries, next 12 months,¹ % of respondents, by office location



¹Out of 18 risks that were presented as answer choices. Risks are ordered from the first- to seventh-most-cited overall answer.

²Includes Latin America, Middle East, North Africa, South Asia, and sub-Saharan Africa.

³Includes Hong Kong and Taiwan.

Figure no. 1: Inflation remains top of mind as a risk to respondents' economies, except in Europe and Greater China

Source: Condon, J., Kwiatkowski, K. and Singer, V., and Smit, S., 2022. *The coronavirus effect on global economic sentiment*, September 2022, p. 2 (work cited)

On the other hand, while highlighting the real need for revising the traditional roles of fiscal and monetary policy in order to optimally stabilize the macroeconomy, Korinek and Stiglitz (2022) stated as follows: “... recent events have highlighted that monetary policy is too blunt to target specific drivers of inflation such as supply chain disruptions, labor market shortages, or shocks to energy prices”.

An article published in Proceedings of the National Academy of Sciences of the United States of America (PNAS) showed that based on rigorous research were identified the numerous international treaties encouraging the development of global cooperation, and research findings revealed, among other aspects, that with the only exception of the treaties governing international trade and finance, the greater part of treaties was not successful, consequently being raised specific doubts (Hoffman et al., 2022). Recently, Brahma Sangafowa Coulibaly, Vice

President and Director – Global Economy and Development, The Brookings Institution, Washington, DC, brought to our attention the imperative to strengthen global cooperation commensurately by radically reimagine the multilateral system, taking into account the more likely impact of apparently unrelated shocks given due to the world economy becoming more interconnected. He showed, for instance, that as the global commerce is now (at the confluence of global shocks and crises) affected by the current transport and shipping logistics problems there is an obvious need to fully restore the disrupted global value chains, economies being now highly dependent on them (Coulibaly, 2022). It was also interesting to note another opinion of an author coming from The Brookings Institution who focused on the amended and strengthened European Union (EU) Code of Practice on Disinformation released by the European Commission (EC) on June 16, 2022 (the original EU Code being created by EC in 2018), by analyzing the clearer and standardized terms used to better communicate the goals of the new Code, the various recommendations, the compliance of the very large platforms with the risks mitigation legal obligation etc., the current signatories of the new Code, and what EC will have to further assess (Tanner, 2022). This is the larger context in which we express, for instance, the regret to be unable to attend the live event organized on November 1-3, 2022 by the reputed MIT Technology Review (2022) – MIT Technology Review’s flagship event on emerging technology and trends, EmTech MIT 2022 – where Frank McCourt, Civic Entrepreneur and CEO of McCourt Global, will be one of the great Speakers. The promotional e-mail received from MIT Technology Review made reference to a valuable real quote that truly provides meaningful insights and perspectives with regard to by what is “a culture of toxic inequality” driven, and what is threatening “the resulting lack of trust”.

Five years ago (Purcarea and Purcarea, 2017), we showed that the reputed Peter Drucker underlined that innovation must be understood as change that creates a new dimension of performance, and how another reputed great economist (also a Peter Drucker’s Family friend in Wien), Joseph Schumpeter (having a tremendous influence on Peter Drucker), coined the term creative destruction. Recently, a French Professor (at the College de France and at INSEAD) Philippe Aghion, invited at the Kellogg School of Management at Northwestern University (where Peter Drucker was Professor), had the occasion to discuss about creative destruction (seen as the replacement of an old product or idea with a new one) in relation to innovation (Meier, 2022). At the heart of the growth process Professor Philippe Aghion (who see innovation as a cumulative process, as involving incentives, and as tending to displace old technologies) identified a contradiction, being needed innovation to motivate innovation, and yesterday’s innovators (trying to avoid to be subject to creative destruction) being tempted to prevent subsequent innovators.

Let us conclude by citing again the wise words spoken by the famous Romanian sculptor Constantin Brancusi: “*What is real is not the external form, but the essence of things.*”

Theodor Valentin Purcărea

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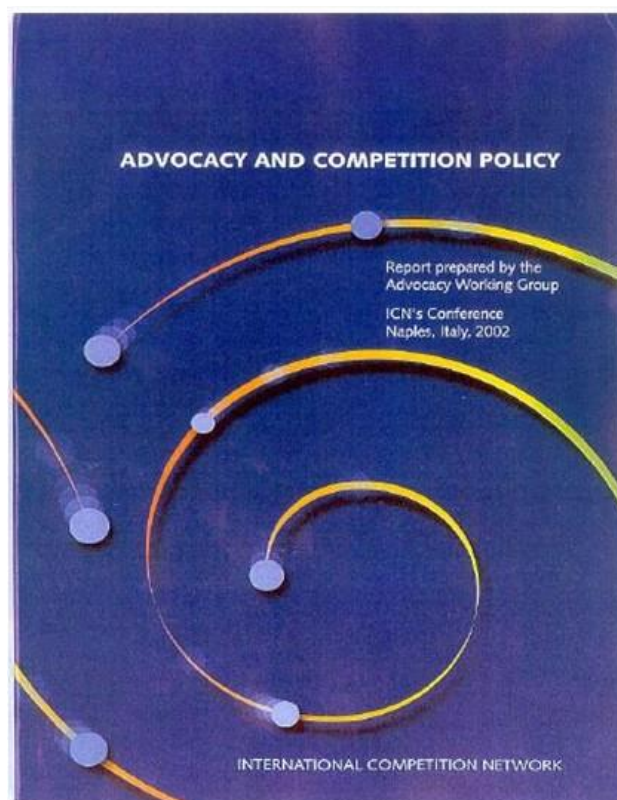
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