

Learnings from the Corona pandemic and opportunities to prepare organizations for a resilient and more sustainable future set-up

Current Situation

Companies all over the world are currently experiencing productivity losses which are not only due to the collapse of complex supply chains and loss of demands but heavily driven by lacking experience with work from home and forms of (remote) collaboration outside of office environments.

Leadership and departments are overwhelmed with the situation at hand and obstacles caused by circumstances such as shelter-in-place law enforcements, travel bans.... This all results in lower level of productivity, thereafter leading to a “firefighter culture” especially in areas with scarcity of resources like IT- or compliance departments. Besides the complexity of current business environments and processes, employees are often not able to dedicate time on client issues or innovational topics. This is likely to cause severe disadvantages in comparison to competition that is not influenced by the COVID-19 pandemic to the same extent.

Besides, managers of companies are being under the “microscope” of their employees right now. Behavior, performance, and style of leadership will determine how (and if?) employees will follow leaders and test loyalty. If impacts on a company are expected to be severe, leaders must evaluate the situation from a business, personnel, and psychological standpoint. Although there might be no immediate business impact, situations of employees and families differ. Therefore, it is important to overcome the normalcy bias which could cause an underestimation of the severity of the situation and its knock-on effects to never get into the situation that an employee does not feel taken seriously. In addition to effects mentioned, these exemplary factors, which are by no means all-encompassed, lead to an ever-decreasing loyalty and a loss of trust towards the employer and a greater willingness to change, destructive behavior in teams or even psychological illnesses.¹

Why are companies better prepared than others – success factors during a crisis

Current organizational challenges stemming from COVID-19 measures are to some extent effects of traditional leadership, outdated management practices and organizational designs. Strict personal responsibility rather distributed

manager and team responsibilities have often been the focus which results in stringently hierarchical communication channels slowing down decision-making processes.

During a crisis, managers can rely on pre-defined response plans and a well-established hierarchical command structure. A worldwide pandemic such as we are facing now, comes with uncertainty and those actions will not be enough to address associated challenges. To tackle the current situation in the short run, only a team-based approach that fosters open and transparent communication and distributed decision-making in combination with well-defined top-down rules will lower the rate of uncertainty as this will allow for an easier, unified and wider spread knowledge within the organization.

Although top-down rules are in place, teams that work independently have basic requirements to successfully position themselves for the future and to meet customer needs at appropriate speed. Leaders need to change their way of working from a directive and controlling approach to a facilitator and more empowering role in order to successfully manage through crisis situations, especially in a global pandemic like COVID-19.

Directive leadership is defined as being linked with a leader’s positional power and results in actively structuring employees work and laying out working targets and expectations. Contrary to that, empowering leadership and sharing power with teams and employees raises their level of autonomy and responsibility. In addition, these leaders promote collaborative decision making, information sharing and teamwork.²

¹ Peart: Making Work Less Stressful and More Engaging for Your Employees, 2019

² Radant, Stantchev: A Critical Assessment and

Enhancement of Metrics for the Management of Scarce Human Resources, 2020

Even more, teams led by a directive leader initially outperform those led by an empowering leader. However, despite lower early performance, teams led by an empowering leader experience higher performance improvement over time because of higher levels of team-learning, coordination, empowerment and an increase of psychological healthiness. In times of uncertainty and severe crisis, these teams can react much faster in accordance to response plans and client needs due to the higher degree of autonomy and well-established (team-internal) collaboration and working models. This allows for productive work from basically everywhere e.g. home office is not an issue towards productivity any longer.

The task of executives in a crisis is to keep the employees free from disruptive influences that could prevent coping with the crisis. Therefore, managers should not get lost in (too much) operational efforts but actively manage the stakeholders and crisis teams. Crisis management primarily is about maintaining decision-making ability and the most relevant business processes. Decisions in crises are always a fine line between elaborateness and speed. It is often a better approach to make a second-best decision at the right time rather than to find an ideal solution that usually does not exist in crises. In these situations, self-responsible employees and teams represent an advantage as well since they are already used to evaluating decisions outside the box and in the context of the entire company.

Once the current situation has been analyzed, fully understood and short-term effects have been evaluated an even more open and transparent communication to teams and a unified tone from the top (esp. for larger organizations) will be essential. In crisis situations, nothing will lead to more insecurity than uncertainty and rumors. Throughout a

period of uncertainty opaque communications will create a perception of personal risk exposure across all members of the organization. Two factors are particularly decisive in this context: unpredictability and uncontrollability of the crisis. However, these negative consequences can be counteracted by proper communication measures.

Once communication measures are in place, companies should focus on securing employee engagement. Studies published by Forbes, the Harvard Business Review and Gallup³ state, that businesses with higher employee engagement have a greater ability to sustain a volatile situation, generating better operating income, net income growth and earnings per share. Engaged employees are especially important in crisis like the COVID-19 pandemic because they tend to go the “extra mile” if they can help the company to survive the current market turmoil.

But, to ensure sustainable motivation of employees, on-time recognition and reward is key and there are several possibilities and simple ways to achieve that. Identifying key areas of recognition that create maximum impact and motivate strong performers is key in engaging employees. Appreciation even in the form of Kudo cards (simple thank-you notes) are the easiest way to improve employee morale, since budgets for rewards are often not available and simple cost-effective methods need to be used.



Figure 1: Rules for communication measures during a crisis

³ HBR 2019, Forbes 2019, Gallup 2013

Further non-monetary rewards such as reward points, value badges and leaderboards to engage employees, while reinstating companies core values can be a feasible solution. Engaging employees is a difficult task for the management, but empathy and compassion shown in simple but meaningful actions can create a long-lasting impact for the employees in the organization.⁴

As mentioned, employee retention is one of the greatest challenges for companies in crisis situations and it is therefore important to know who the talents in the different areas are. On the one hand to keep the company running in the current crisis, but also to ensure long-term innovative ability.⁵ When these talents are identified, the density of communication towards these employees needs to be elevated to identify specific needs that could possibly differ to other employees. It needs to be assured by all leaders, that these talents will not leave the company during or because of the crisis.

Although the measures presented only reflect one part of the challenges that companies face during a crisis, the sustainable functioning of the organization is the foundation to meet overall business and specific client needs. It is therefore essential to address them with the highest priority.

Immediately after the crisis it should be assessed if the measures that have been implemented to cover issues like the reputation of the company or departments, securing of

the functionality of key processes and employee satisfaction have worked out in the expected way or if they have failed. The silver lining of a crisis is that it pinpoints to specific weaknesses of a company. It helps to evaluate and analyze what led issues within the company during a crisis in the first place and what might lead to other issues in the future.

The fact that a company is overcome a crisis like the current pandemic is often based on employees and leadership that helped to steer the organization or put in extra hours through these tough times. Recognizing the contributions of every person who supported the company will possibly lead to a long-term dedication and solidarity.

Outlook - Learnings and solutions to be more prepared for future challenges

Once the COVID-19 pandemic is overcome and the measures laid out in the crisis aftermath plan have been executed, companies and executives should assess the current status of their organizations, leadership styles and team/ employee allocations. As laid out, a loss of productivity can be avoided if rules of modern leadership and organizational would have been applied across the company.

However, there are no “silver bullet” solutions and rarely best practices to tackle these kinds of personnel-related challenges. On the one hand this is due to the inherent differences in every organization and on the other hand due

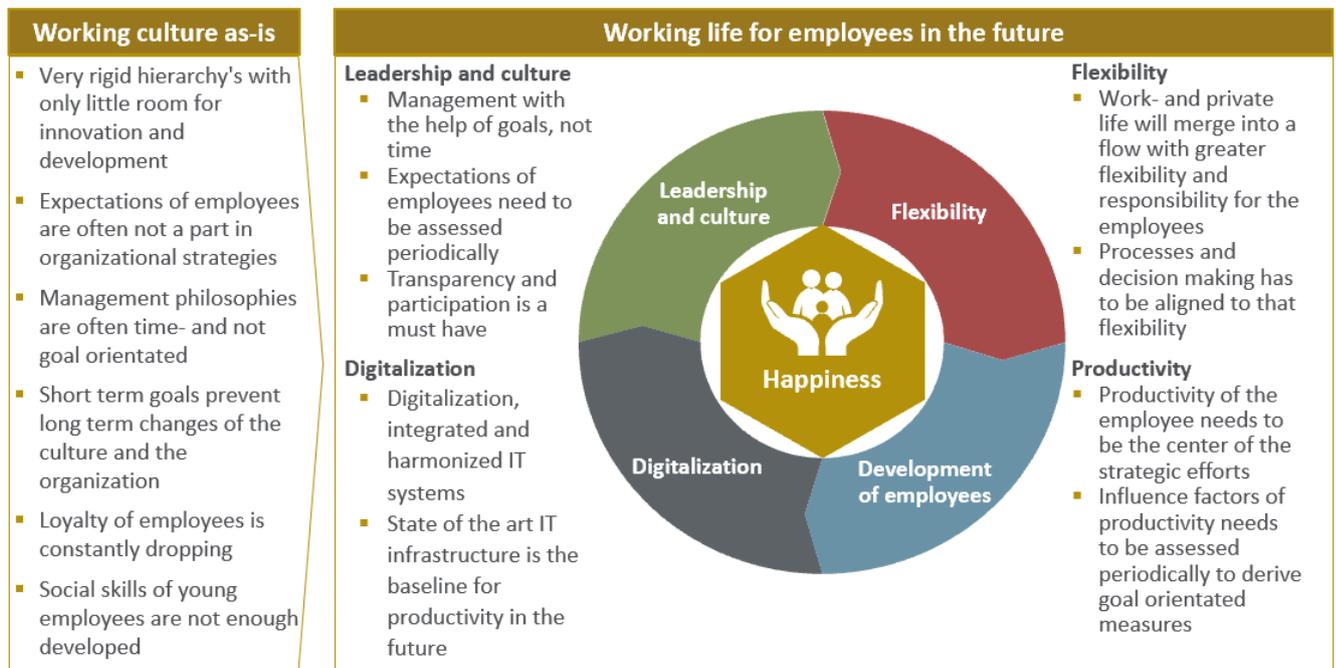


Figure 2: Traditional working life in comparison to a productivity fostering environment

⁴ Akhmetshin: “Employee Engagement” Management Facilitates the Recovery from Crisis Situations, 2019

⁵ Radant, Stantchev: Metrics for the Management of IT Personnel: A Systematic Literature Review, 2018

to the pace of the economic, sociological and technology changes.

The basis for productivity is always leadership that reflects the needs of employees and a state-of-the-art technology that fits the current and future business models. If that foundation has been put in place, companies should focus activities on measures that foster productivity, happiness and loyalty.

Unfortunately, there are no interchangeable measures that will work in every company and every department, at every time. The leadership (team) of any company must understand how the way we work is already changing and will change rapidly in upcoming years. The following figure is specifying the actual situation and compares the current working culture to work life of employees in the future.

It is therefore important, that leadership and employees work together to find solutions beneficial to the organization and personnel at the same time with the common goal to thrive for higher productivity, more innovation and higher retention. An important side effect is management demonstrating to employees that their needs are considered and that employees are an integral part of the company. If detailed measures are identified, the company should not be hesitant to pilot. In case of (measurable) positive results, commence promoting across broader areas of the organization.

As stated, the challenges currently surfacing are highly related to the COVID-19 pandemic but are simultaneously correlated to traditional organizational concepts. These kinds of challenges can be avoided in the future if companies and leadership challenge their current behaviors, identify issues and obstacles and find solutions to approach them.

For more information on issues raised in this note, please contact the author at the following e-mail address, or refer to our regional headquarters.

olaf.radant@ginkgocon.com

About the Author



Dr. Olaf Radant
Managing Consultant

Dr. Olaf Radant received his graduate degree in business administration (2009) from the University of Applied Sciences in Berlin, Germany and holds a Ph.D. from the Universidad Carlos III de Madrid, Spain (2017) for his research on the strategic and cultural development of companies, especially with consideration of demographic-/ sociologic change and digitalization. His work at Ginkgo is mainly focused on the areas of Organizational Development, Leadership and Business transformation.