

Long-term effects

The coronavirus crisis will usher in permanent changes to business. Philip Stiles, University Senior Lecturer in Corporate Governance at Cambridge Judge Business School, outlines five key implications for the workplace.

1. Business leaders need to develop greater resilience in their firms through greater reserves

After the 2008 financial crash, which provoked an economic crisis, the way companies were organised – paying large dividends to shareholders while loading up debt on their balance sheets – meant there had to be huge bailouts by the state to keep organisations running. Now in 2020, in the midst of a health and economic crisis, the same scenario is being repeated. The speed at which companies have discovered they need help is hugely concerning. During the 2008 crash, there was a strong feeling that capitalism and in particular the shareholder primacy model needed to be reformed, or maybe even overhauled. The coronavirus pandemic has prompted similar thoughts. Leaders of businesses have long been urged to adopt greater long-term perspectives and to develop greater resilience in their firms by having greater reserves in the organisation to offset risk and to increase focus on all stakeholders, not least their employees. The aftermath of the coronavirus suggests that this leadership approach is no longer optional.

2. Working from home is here to stay for many people, so firms need new policies such as ensuring that promotion decisions reflect this new reality.

The connectedness we can now experience makes self-isolation and continuing to work a real possibility. Some are calling it the "world's biggest work-from-home experiment". For some, after the crisis has abated, their work life will not go back to normal. They will forego the daily commute, not worry about the lack of socialising with colleagues, and adapt to a new life. Companies too will increasingly accept this, and maybe even welcome it. Managers will need ensure their culture supports the shift to employees working increasingly from home – not only providing the technology to do so, but also embracing flexibility in hours and ensuring that decisions about performance and promotion are not biased against those who work from home. Also, working from home can increase isolation, so managers have to ensure that employees stay connected, through video chats, virtual coffee breaks and regular online meetings, and perhaps dedicated channels in the communication platform.

3. The value of key workers has been recognised in this crisis, and policymakers now need to reflect this through legislation to better protect them.

It has taken this crisis to highlight just who the key workers are – some were obvious, such as medical workers, the police, fire and ambulance services, and public transport workers. Others were less so: cleaners, supermarket staff, delivery drivers, and agricultural workers – many of whom have low pay and low status, and are also largely invisible to the public. One silver lining from the crisis is that their worth, and our dependency on them, is now made evident. Governments are asking these people to

keep going to work, often on crowded public transport, to maintain the infrastructure of society, risking their own health to do so. These are often the same governments that, in normal times, have sought to reduce labour protections and encourage a flexible, casual and precarious work life for many people. At policy level, governments must introduce better legislation to protect workers in such situations, and leaders of organisations should pay liveable wages and provide much higher appreciation for these workers, and not let them drift back into invisibility when the crisis is over.

4. Employees can and do adapt, but managers have to recognise this through greater transparency and more supportive policies.
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A traditional mantra of businesses is that change is difficult and often very slow. What we have seen from the crisis is that change is indeed very difficult and a huge cause of anxiety, but many people are quick to adapt and are remarkably resilient. If people have enough information from credible sources, they will make plans and readjust. They will find new ways to do things and to collaborate with different people and technologies. Managers have to help people cope with the changes by providing open and frequent communication, with regular check-ins and progress updates. Managers also need to reassure employees on fundamental issues of job security and pay. The crisis has seen many companies implement layoffs and as the lockdown continues this uncertainty grows. Managers must be candid with staff about the options being explored and to give staff a voice in major decisions of this nature. The same is true of pay: many employees are being asked to defer payments, have their bonuses frozen, or agree to take unpaid leave. All this has huge implications for employees. Managers have to give transparency, candour and involvement, in order to allow employees to maintain their adaptability and motivation.

5. Leaders need to listen, show 'deliberate calm' and demonstrate compassion; such leadership traits will be remembered long after the current crisis abates.
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As the crisis has deepened, leaders are facing huge pressures. Making decisions about how to continue, how to acquire and allocate resources, what do with fierce cutbacks in demand, how to deal with the lack of liquidity in the organisation – all this produces great stress on individuals. The traditional demand of leadership is to reduce uncertainty. Employees want certainty and a clear plan, but in the current context there cannot really be a defined response. What leaders can do is demonstrate "deliberate calm", detach a bit from the chaos, and reflect and assess clearly how they will steer a path forward. In addition, the leader has to rely on others to help make choices, and not just with the senior team. Reaching out to all staff, or embracing a "team-of-teams" approach to get the best opinions from across the organisation, would reduce the burden and also generate more options. Above all, leaders have to show empathy. They are in a position to determine the future of the organisation and the lives of its employees. Listening, compassion, and care for staff is essential, and will be long remembered when the crisis abates.