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Trends Guiding HR Leaders Through the New COVID-19 World

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Introduction

The 2020 pandemic has radically changed work as we know it. The workplace had already been transforming over the past few years, but the recent crisis pushed expectations over a cliff. Business leaders and especially HR professionals can no longer talk about the future of work as though change is on the horizon.

The future of work is here *now*.

But many organizations are struggling to keep pace. The rapid and sudden increase of remote work, shifting roles, competing home and work obligations, and a hyper-focus on workplace health and safety have forced businesses to rethink everything. What are the priorities? How can teams do more with less? How does HR balance productivity with employee well-being? In short: how do organizations attempt business as usual when everything is profoundly unusual?

Business as usual isn't an option. As the pandemic forces organizations to reevaluate their legacy operating models, a single truth becomes apparent: organizations that prioritize people concerns will flourish; those that don't will wither.

As HR leaders orient business processes to a true people-first paradigm, three guiding themes have emerged: the need for empathy, resilience, and empowerment. Taken together, these themes encompass six trends guiding HR leaders through changing times. This report will explore these findings.

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Trend one: Prioritizing health, well-being, and psychological safety in a people-first culture

"Eighty percent of respondents to this year's Global Human Capital Trends survey identified well-being as an important or very important priority for their organization's success, making it the year's top-ranked trend for importance."[1]

Empathy may be the strongest indicator for whether an organization thrives or fails after a pandemic. Ensuring the well-being of employees is critical today, and the onus is on HR to ensure employee safety. But how can a company integrate individual well-being, which is quite personal, with broader, companywide policies?

Deloitte analysts suggest that the answer may be to change how organizations perceive employees and their challenges. "We believe the answer is to focus on the individual in work, not just the individual at work. To create a sense of contribution that translates into true organizational performance, organizations should expand their focus from programs adjacent to work to designing well-being into the work itself."[2]

Helping employees mitigate unnecessary stress is crucial. Normalizing common challenges such as childcare struggles, video conference and technology snafus, and shifting work/life balance may be the keys to supporting happier, healthier, more productive employees. Importantly, remote employees need to feel that their contributions are appreciated, even as they struggle to balance home and work obligations.

"Unfortunately, many remote workers experience feeling 'out of sight, out of mind' ..."

- Olivia Curtis
  Wellness specialist for G&A partners

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"Unfortunately, many remote workers experience feeling 'out of sight, out of mind' or, even worse, feeling as if their work and dedication are being questioned since they are not physically in the office each day," says Olivia Curtis, wellness specialist for G&A partners, a professional employee organization.[3] This added stress leads to employees feeling burned out, limiting their overall effectiveness. HR leaders and font-line managers need to communicate early and often with employees who may be at risk.

Additionally, leaders need to communicate clear priorities and encourage employees to take care of themselves.

> "To promote more effective coping, leaders need to set priorities. The top priority right now, of course, is to help people focus on what matters most: health and safety." [4]

3 https://www.shrm.org/hr-today/news/hr-news/pages/shrm-research-covid-19-takes-a-toll-on-employees-mental-well-being.aspx
4 https://hbr.org/2020/04/to-build-an-agile-team-commit-to-organizational-stability

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Empathy

Trend two: Inclusion and belonging become critical to an interconnected, high-performing culture

"Seventy-nine percent of organizations say fostering a sense of belonging in the workforce is important or very important for their success over the next 12 to 18 months, but only 13 percent say they are very ready to address this trend."[5]

Leading organizations recognize the connection between employees' sense of belonging and organizational performance. With guidance from HR, these companies are working to increase personal and emotional connection between team members and across teams.[6] This connection is especially important for distributed and remote teams. To work together effectively, team members need to trust each other, especially when casual check-ins may not be possible. Creating and fostering an environment where employees feel valued is key to building a high-performance culture.

But organizations need to ensure that diversity, equity, and inclusion (DE&I) initiatives are solving real and pressing problems. "This is not a time to press ahead with 'nice to have' initiatives or systemwide transformations," advise agility and leadership experts Elaine Pulakos and Rob Kaiser. "Put these on hold while the company is in survival mode, and reevaluate your priorities."[7] Instead, companies should focus on tightening up the relationships between individuals and their work, individuals and teams, and everyone's unified contribution to upholding company values and hitting company goals.

"Leaders are guiding employees through a moment in time that they will remember forever..."
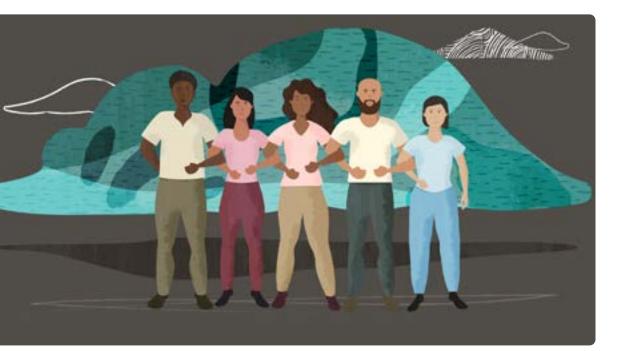
- Nick Petschek
  Principal at Kotter

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5 https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2020/creating-a-culture-of-belonging.html

6 https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2020/creating-a-culture-of-belonging.html

7 https://hbr.org/2020/04/to-build-an-agile-team-commit-to-organizational-stability

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Creating a sense of belonging will have long-term effects for companies, affecting everything from turnover to market reach. Savvy organizations are building bridges of trust with their employees sooner rather than later. "Leaders are guiding employees through a moment in time that they will remember forever," says Nick Petschek, principal at Kotter, a change management firm. "Will they look back on this period of time as one that renews trust in their organization, or will they look back and see an organization that made a hard time even worse?" [8]

8 https://hrexecutive.com/hres-number-of-the-day-empathy-gaps/

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Trend three: Rethinking reskilling— investing in critical skills versus critical roles

> "Seventy-four percent of organizations say reskilling the workforce is important or very important for their success over the next 12–18 months, but only 10 percent say they are very ready to address this trend."[9]

Keeping workers relevant by renewing their skills has long been table stakes, but it may not be enough in the future. Few organizations are good at predicting what the market will need months down the road, let alone years; reskilling workers to fill new roles will forever be a game of catch-up. To better prepare for the unpredictable, organizations should shift their focus from individual roles to organization-wide skills.

HR can facilitate this shift by motivating employees to think outside their role and traditional career paths. A new working model may allow employees to flow between projects in accordance with their abilities as opposed to their title or organization.

> "Encourage employees to develop critical skills that potentially open up multiple opportunities for their career development, rather than preparing for a specific next role. Offer greater career development support to employees in critical roles who lack critical skills."[10]

Companies should consider critical skills as those that will be useful no matter how an employee's role may evolve, such as digital, higher cognitive, social and emotional, and adaptability and resilience. [11]

9 https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2020/reskilling-the-workforce-to-be-resilient.html
10 https://www.gartner.com/smarterwithgartner/9-future-of-work-trends-post-covid-19/
11 https://www.mckinsey.com/business-functions/organization/our-insights/to-emerge-stronger-from-the-covid-19-crisis-companies-should-start-reskilling-their-workforces-now

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Trend Four: Transitioning from business efficiency to business resilience

"An HBR article on agile teams and stability found that businesses who build resilience and agility into the way they work and make decisions had better financial performance- specifically 150 percent higher ROI and 500 percent higher return on equity."[12]

Pre-COVID-19, organizations optimized their processes for efficiency. This required them to tailor their processes to specific market conditions. While those optimizations may have allowed organizations to go to market faster, they also created rigid dependencies. The processes only worked if the market remained constant. Any change rendered the process less effective. To remain competitive in rapidly changing markets and circumstances, companies should optimize for resilience instead of efficiency.

Resilient organizations are better able to respond and course-correct as market conditions vary. Training workers in the soft skills, including better communication, teamwork, and empathy, may better enable organizations to respond quickly in times of tumultuous change.

"To build a more responsive organization," advises Gartner, "design roles and structures around outcomes to increase agility and flexibility and formalize how processes can flex. Also, provide employees with varied, adaptive and flexible roles so they acquire cross-functional knowledge and training."[13]

12 https://hbr.org/2020/04/to-build-an-agile-team-commit-to-organizational-stability
13 https://www.gartner.com/smarterwithgartner/9-future-of-work-trends-post-covid-19/

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To maximize resilience, leaders should lean into germane DE&I initiatives. "Diversity of ideas can greatly enhance solution development. Put together a cognitively diverse crisis management team that will have more ideas about potential solutions," suggests Harvard Business Review.[14] But leaders should avoid the temptation to apply a one-size-fits all solution. Meeting the crisis head-on will require a holistic approach. "Beware of treating the crisis in a one-dimensional manner – as a financial or logistical problem only, and staff your crisis team accordingly."[15]

Harvard Business Review writer Lily Zheng concurs. "We are in two crises right now, an economic crisis and a people crisis, and organizations that acknowledge only one risk exacerbating the other."[16]

14 https://hbr.org/2020/02/lead-your-business-through-the-coronavirus-crisis
15 https://hbr.org/2020/02/lead-your-business-through-the-coronavirus-crisis
16 https://hbr.org/2020/05/adapt-your-di-efforts-to-the-reality-of-the-crisis

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Trend five: Flexible, blended work environments that utilize distributed authority

"Forty-six percent of employees say work-life balance is important to remain happy, and 87 percent of human resource professionals and leaders say that employee satisfaction has increased due to flexible work programs."[17]

"A Gartner, Inc. survey of 317 CFOs and Finance leaders on March 30, 2020 revealed that 74 percent will move at least 5 percent of their previously on-site workforce to permanently remote positions post-COVID-19."[18]

Remote work programs have been on the rise for years, but the 2020 pandemic brought the necessity of such programs into stark relief. As teams learned to adjust to extended video conferencing, flexible working hours, and changing priorities, a new challenge arose: how to grant autonomy to disparate individuals and teams while protecting the bottom line and business integrity.

The COVID-19 crisis highlighted the need to shift power structures in many organizations. While many still implement a top-down hierarchy, distributed organizations need a different business model. Especially in times of rapid change, decisions need to be made quickly, but many teams lack the authority to do so.

Post-COVID-19, organizations that distribute authority and build flexibility into their decision-making will have the upper hand. Josh Bersin notes that

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many HR teams are not designed for agility. Rather, they are designed as service delivery functions. But the pandemic has laid bare a key truth: HR teams do much more than deliver services. They facilitate change, foster and evolve workplace culture, and architect the work environment—both on-premises and remote. If HR teams are truly to lead their businesses into the future, they need flexibility and autonomy.

The need for distributed authority extends to the entire organization. Teams need to coordinate and respond quickly to changing conditions. According to McKinsey analysts, "Leaders should foster collaboration and transparency across the network of teams. One way they do this is by distributing authority and sharing information: in other words, demonstrating how the teams themselves should operate. In crisis situations, a leader's instinct might be to consolidate decision-making authority and control information, providing it on a strictly need-to-know basis. Doing the opposite will encourage teams to follow suit." [19]

19 https://www.mckinsey.com/business-functions/organization/our-insights/leadership-in-a-crisis-responding-to-the-coronavirus-outbreak-and-future-challenges
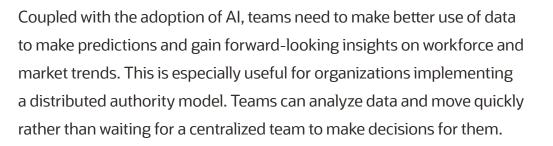
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Trend six: Adopting AI and forward-looking data to turn teams into superteams

"Fifty-nine percent of organizations say the redesign of jobs to integrate AI technology is important or very important for their success over the next 12 to 18 months, but only 7 percent say they are very ready to address this trend." [20]

As workplaces take up the mantle of humanizing work, many are looking for ways to decrease menial or rote tasks. Integrating AI into teams to help human workers focus on more impactful or sensitive work can produce transformative business outcomes. This blended result, which Deloitte calls "superteams," allows the business to transform and create new value while employees focus on reinventing their careers as they navigate a swiftly changing talent market. [21]

Coupled with the adoption of AI, teams need to make better use of data to make predictions and gain forward-looking insights on workforce and market trends. This is especially useful for organizations implementing a distributed authority model. Teams can analyze data and move quickly rather than waiting for a centralized team to make decisions for them.

Integrating data into the decision-making process can also reshape how leaders direct their businesses. Deloitte analysts suggest, "Organizations should begin to ask fundamentally new questions that can inform bold decisions around critical human capital risks and opportunities, even as uncertainty about the future of work, the workforce, and the workplace persists." [22]

20 https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2020/human-ai-collaboration.html

21 https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2020/human-ai-collaboration.html

22 https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2020/technology-and-the-social-enterprise.html

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Conclusion

The trends brought to light by the COVID-19 crisis are not entirely new. Some, such as remote work and diversity initiatives, have been making steady progress over the years, gaining urgency in the new economy. Others, such as the pivot from optimizing for efficiency to optimizing for resilience, are not only new, but perhaps counterintuitive. The ways in which the 2020 pandemic changed the working world might leave some professionals scrambling to adjust.

Amid these changes, however, leaders can rest assured that putting people first and humanizing the workplace will continue to pay dividends. The culture created by focusing on people and their needs will produce long-term upticks in productivity and perhaps improved market perception.

"This pandemic has shown how critical it is to embrace our humanity, be understanding and caring — and that holds true for companies, too," says Kathie Patterson, CHRO of Ally Financial. "Make sure 'human' is prioritized in Human Resources….When you get culture right everything else falls into place and there is no better time to let that shine than right now." [23]

Learn more about how Oracle Cloud can help.

23 https://www.forbes.com/sites/alankohll/2020/04/06/how-one-company-is-taking-care-of-employees-during-covid-19/#316174a0488d

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