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Leading Change in Response to COVID-19 *

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Leading Change in Response to COVID-19

COVID-19 has been described as an existential threat to our way of life. The depth, breadth and speed at which the virus has impacted society has led to unthinkable loss of life, mass unemployment, and unparalleled government investment that will bring massive public debt. Work life has also changed radically with many organization leaders now coordinating a distributed workforce while trying to ensure that those having to work in close proximity to others have adequate personal protective equipment (PPE). While issues of health have risen to the top of social and political agendas, we have also seen the emergence of other problems such as food security and the increased significance of comorbidities arising from income and healthcare inequality.

The pandemic has also caused a reevaluation of the nature of work. Those able to work remotely have largely been well-paid employees with the flexibility to fit their new circumstances. By contrast, those who have been furloughed, laid off, or required to work on-site, often without necessary PPE, have predominantly been poorer members of society, often ethnic minorities who have been more susceptible to this coronavirus (Kirby, 2020). Societal inequalities are, if anything, being accelerated (Fisher & Bubola, 2020).

Within this new environment, there has been emphasis on developing “purpose-led” organizations that have more meaning for those who engage with them. Further, a recent open letter co-signed by over 3000 academics from around the world (including us) has called for thinking about the people who work in organizations as being more than simply “human resources” (Ferreras et al., 2020). This brings implications for how we formulate and implement organization changes. First, it is more important to put people – employees, customers, members of local and extended communities – at the heart of change programs. Second, while changes can be made independently, changing how we cope with this pandemic will require collaboration. This will become more pronounced if, as the World

Health Organization has warned, we are now living in a time of viruses. Those organizations that flourish will be characterized by their ability to use their social capital to create collaborations with government, communities, suppliers, customers and competitors in unprecedented ways.

To develop insight into what people-centered collaborative change might look like, we draw on our work with rural Scottish business leaders. While this has been ongoing over several years, we were recently invited by Scottish Enterprise, Scotland's national development agency, to work with rural businesses to develop proposals that would feed into the Scottish Government's Economic Recovery Advisory Group. Those involved were all highly experienced and drawn from a range of agricultural and rural services firms employing from two to 500 people. Our work uncovered, first, what a people-centered approach entails and why it is important in responding to the pandemic, and second, four strategic imperatives that organizations in the public and private sector should consider as they adapt to a new social and economic environment.

A People-Centered Approach to Change

Given our rapidly-changing understanding of COVID-19, it is virtually impossible to effectively scenario plan, an invidious situation for any leader. This context, however, presents opportunities for organizations able to respond to rapidly changing threats and opportunities. To accomplish this, significant trust throughout the organization – in lower level employees to senior leadership and *vice versa* – is required. This in turn requires transparency of decision making and information sharing, as lower level employees are unlikely to leap into the unknown unless there is confidence in senior-level decision-making processes. It also requires an approach that views employees as more than simply deployable

and depletable resources. There are two ways this is important for responding to the pandemic.

First, success will depend on harnessing the collective insight within the organization regarding customer needs, ways that production processes might be changed, uncovering new marketing opportunities, and so on. This in turn relies on a willingness to share ‘out of the box’ ways of doing things. This requires a “safe” environment (Edmondson, 2019) in which individuals will not fear ridicule or the out-of-hand dismissal of their ideas. Similarly, insights external to the organization – with customers, suppliers, competitors and government agencies – can also yield solutions to shared problems, but only if those involved trust each other.

Second, there must be a willingness to engage rapidly with new ideas. Those organizations that have changed in order to survive through previous crises have been able to change what they do quickly (Hirt, Laczowski & Mysore, 2019). Eschewing tried and tested approaches, particularly when an individual has built expertise over many years, is difficult. With emphasis on rapid prototyping of new ideas, it is necessary to embrace new practices and be willing to change again swiftly if necessary. One Scottish business leader explained how, despite his food production business losing its income from supplying restaurants, he was able to pivot his business to supplying domestic customers through a farm shop, ‘click and collect’ ordering, and home deliveries. Key to this was having staff engage in new activities, such as website development, packaging, pricing, and delivery solutions. Consequently, he did not furlough staff nor take up emergency loans or other funding. In line with this example, many of the Scottish rural businesses that we have worked with have embraced people-centered ways of operating. The four themes that emerged from our workshops generally reflected this, with several of the ideas in each area requiring collaboration with government, customers, suppliers and even competitors.

Reimagining Value Chains

As organizations have sought to increase efficiency, supply chains have lengthened, involving the interaction of entities across multiple countries and thousands of miles. Similarly, the adoption of “single source” supply – lowering costs by relying on a smaller number of suppliers for larger quantity orders – has become common. The pandemic has shown the weakness of these approaches, often exacerbated by just-in-time/low-inventory strategies. One participant stated, “The producer and consumer are the only two fixed entities in the supply chain – we should now reconsider every entity and activity that lie between them.” We agree. Food processing and distribution are areas where the problems with long supply chains are problematic. For example, agricultural and food leaders remarked that supermarkets with long supply chains were prone to running out of goods during the early stages of the pandemic while those who sourced locally were able to maintain a more reliable supply. Instigating changes to secure, likely by shortening, supply and distribution of products and vital equipment, such as PPE, will be necessary in the months ahead.

Problems have also been experienced when processing is concentrated in a small number of large plants. The difficulties for producers and consumers caused by closure, even on a temporary basis, have been apparent in the USA, UK, and other countries (van der Zee, Levitt & McSweeney, 2020). Our participants outlined the potential benefits of a network of smaller processors of meat, dairy, vegetable and other products, perhaps funded by industry cooperatives and/or private-public partnerships. These would alleviate problems caused by temporary shutdowns, such as when infections break out. Smaller plants might also accommodate social distancing and promote safer operating practices more easily. They also may place less strain on the environment, particularly locally.

A third way in which the supply chain might be revised is via disintermediation. For example, some producers, unable to sell their products to retail outlets or restaurants, rapidly change to online ‘click and collect’ services and home deliveries. In some cases, we have seen sharing of distribution vehicles and drivers that have demonstrated the advantages of a collaborative approach.

Emphasizing the Local

As we rethink supply chains and the need to build trust, emphasis has gone on the local. In addition to shortening supply chains, there is often a perception that local providers are more trustworthy and can better meet local needs. What is undeniable is that local transactions retain more money within communities rather than being extracted by shareholders and/or multinational firms. For our Scottish business leaders, two opportunities emerged: improved quality and safety. At a time when food supplies are seen as vulnerable, the safety of imports are questioned, and when travel over long distances is problematic, quality and safety are often interlinked.

While it is tempting to fall back on emphasizing the romantic ideal of a place often grounded in nostalgia, it is more powerful still if there is a measurable aspect of differentiation valued by the customer. For example, we were told Scottish daffodil bulbs are valued in overseas markets because they produce more flowers per bulb than those from other countries. This, of course, is a classic differentiation strategy. What will be different going forward is an emphasis on being able to demonstrate the provenance of goods and services, and their safety, probably through an industry-government certification process. Blockchain or other custodial technology to show where and when they were produced may prove helpful here (Browne, 2017). Establishing safety and traceability protocols will extend to industries beyond agriculture. For example, accommodation providers will need ways of

cleaning and certifying that their locations are virus-free. Protocols and building materials used in medical institutions, such as virus-killing copper (Schmidt et al., 2019) and hydrostatic disinfectant sprayers, and innovations such as touchless bathrooms (Visontay, 2020) may be useful; a rapidly-enacted government certification process developed in concert with industry leaders would again be valuable.

Virtual Infrastructure

The pandemic has exposed that the digital divide – the disparity of access to reliable broadband service – remains highly problematic. This can result from poverty or the lack of appropriate community infrastructure, or both. This is heavily influencing the response to the pandemic with leaders in our group able to rapidly repurpose invariably reliant on some form of online solution, but only if they and their customers had reliable Internet access. Service providers such as architects and surveyors have also been able to shift their operations but only if their clients and government officials can engage with them efficiently.

With disruption from this pandemic – and future viruses – likely to continue, adjusting to this “new normal” is imperative. Reliable broadband has become a utility for which access should be assured, in the same way as potable water and electricity. While government intervention and collaboration with existing Internet service providers (ISPs) will be required to facilitate wider access to broadband and/or 5G networks, organizations can collaborate to create solutions, at least over the short-term. Creating community hubs that provide communal Wi-Fi access is one solution. These can be funded from collaborations among businesses, ISPs, and municipal government with grants potentially provided by central governments. Longer term, government and large ISPs may need to revisit historical subsidization strategies similar to those used in the electrification of rural areas.

Government

While the changes that have been discussed above are primarily in the hands of organization leaders, there is also much that government leaders can do. The response to the pandemic has revealed that government at national and local levels can act quickly. However, there is also evidence that businesses have been held back at times by government bureaucracy. One participant described attempting to work with government can sometimes be like “trudging through mud.” There are several things that governments can do to better align themselves to the changed environment and facilitate organizational responsiveness. With economic constraints likely to be severe for years to come there is even greater necessity for governments around the world to operate smartly.

Governments must be more responsive to the needs of their business constituents. We have found resilient organizations to be flexible, responsive and to try things and fail quickly, and there is no reason why governments cannot do the same. Several of the businesses that we worked with have embraced design-thinking principles and have, as a consequence, fundamentally altered the way they approach their businesses. Governments at all levels could similarly transform by, for example, breaking down departmental silos, improving understanding of customers’ needs, and increasing speed of response.

We also found that where a Scottish business leader establishes strong working relationships with government officials, so it becomes easier to negotiate governmental bureaucracy. Thus, developing networks of advisors who could respond quickly to requests for help would be beneficial. Scottish business leaders stressed the difficulties of responding to changes in human resource management policies that emerged during the pandemic and problems accessing grants and loans and securing planning permissions. They also reported that they would benefit from advice on a range of issues such as international development and developing accurate business analytics. An advice network able to quickly respond to business leaders’ needs would be immensely beneficial in helping organizations adapt to new

ways of working, particularly the small- and medium-sized enterprises that lack the resources to engage with Byzantine government processes.

Further, institutionalizing technologies that have become standard operating tools during the pandemic, such as online planning approval practices, could easily speed up responsiveness. It would also improve a shift to a “contactless economy”, epitomized by the shift in online medical consultation rates that in the UK, for example, moved from less than 1% prior to the pandemic to 93% during lockdown (Lynch & Wainwright, 2020). This would further encourage businesses to increase their own digitalization that has been linked to improvements in organizational performance.

Another way in which government can help organizations respond to the pandemic is to direct investment towards green technologies. These can align with broader legislation such as attaining carbon neutrality (e.g., Climate change, 2020), the European Union’s ‘Green Deal’ (A European green deal, 2020) and ‘Farm to Fork’ policies (Farm to fork strategy, 2020). Facilitating the provision of electric and hydrogen fuelling points across rural areas, coordinating collective purchasing of green vehicles that could be shared by businesses, and expanding opportunities to install non-carbon energy supplies such as solar, wind and ground source heating would help businesses operate more efficiently while also reducing their carbon footprints, a potential competitive advantage.

Conclusion

Crises provide impetus to revise how we do things. In particular, they vividly expose those that are able to survive, even thrive, and the reasons for their success. Two things stand out from our work, particularly that which we have recently carried out with Scottish rural businesses. First, organizations that are successful will be characterized by a people-centred approach that is founded on trust and creates an environment in which people are willing to

share ideas and information, and rapidly adapt to new requirements. The opposite, self-reliance and retrenchment leading to a network of organizational and/or governmental fortresses, will be disastrous.

Second, most organizations will have to transform to take advantage of the new economic environment. This includes reimagining and shortening supply chains, taking advantage of what the local(e) has to offer, finding ways to help local communities improve their connectivity, and working with governments at all levels to improve their responsiveness. Governments, in turn, must ensure food security and find ways to protect the most vulnerable even while financial resources are slashed.

Taken together, these updated practices and processes represent manifold changes to “business as usual,” and can only be successfully implemented in organizations with agile employees that are supported by creative leaders and responsive governments. With imagination and good will, public and private sector organizations can do well; without it, there will be severe struggles ahead and a much longer, and shallower, economic rebound.

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