

COVID-19: Crisis or Catalyst?

What Corporate Australia has learnt about its true potential through the pandemic.

June 2020

In partnership with:

MACQUARIE
BUSINESS SCHOOL



MACQUARIE
University

Foreword

As a business created to help organisations realise their potential, through their people - we pride ourselves in continually evolving the science of a productive workforce.



In partnership with Macquarie Business School, our team has conducted a quantitative and qualitative study with Executives and Senior Leaders from a cross-section of major industries. The resulting report brings the very latest insights to help you understand how the COVID climate has changed the way we will behave and work moving forward.

So far, 2020 has delivered a trifecta of humanitarian, environmental and economic crises to corporate Australia, and with it a series of lessons that we believe must be documented and shared as we all consciously design our new normal.

It is our intent to re-interview all participants of this study in September 2020 to validate the impact that employee and leader behaviour changes have had on financial performance.

We look forward to continuing to learn through you, and with you.

A handwritten signature in black ink, appearing to read 'Ben Bars', with a long, sweeping underline.

Ben Bars
CEO
We Are Unity

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Section 1

Executive Summary

The impact of COVID-19 on Australian businesses cannot be underestimated. In some sectors it may take years to recover.

Whilst the devastating effects cannot be ignored, this report focuses on how the crisis has also been a catalyst for major transformation in the way we view work, creating a paradigm shift towards a work experience that effectively balances performance, employee wellbeing and customer experience.

Through interviews conducted with Senior Executives in the ASX200, and a survey of a 100 Senior Executives and mid-level managers, our research found that COVID-19 has given laser-like focus to the following three priorities:

1. **Employee mental health, wellbeing and safety**
2. **Faster, smarter and more cost effective ways of working**
3. **Digital-disruption to future-proof business**

In just 10 weeks, the Senior Executives interviewed said their organisational wide ability to **focus** on the right things, execute at greater **pace** and easily **identify opportunities** for operational efficiency had dramatically increased and that productivity and engagement levels had been positively impacted.

A shift towards more **human-centric behaviours** has occurred with **openness, transparency, empowerment and empathy taking centre stage** was observed in the behaviour of Senior Leaders, while productivity-centric mindsets such as **prioritisation, decisiveness and openness** are observed as the key behavioural drivers of performance during the pandemic.

At the same time, the other side of the COVID-19 coin has underlined the need for an improved and ongoing focus on employee health and wellbeing, with the pandemic shining a light on the potential negative impact to wellbeing and performance.

With both positive and negative implications surfacing, in the future, businesses will look to maximise and sustain the positive, and minimise and learn from the negative. In order to do this, research highlights three key principles leading organisations are using to enable this;

- > **The right data and insight; Asking the right questions around impact on productivity and performance in order to make informed strategic decisions**
- > **A test and learn (unbiased) mindset; Defining hypotheses to test and gather data on whilst the workforce is split between home and office**
- > **Balanced decision making; Taking into account all variables of data, as well as the context in which it was gathered, whilst using smart analytics to understand the impact on both performance and employee wellbeing**

Our report explores practical and actionable insights from leading Australian organisations, in addition to some recommendations from We Are Unity to accelerate organisations towards the new normal.

Section 2

Mastering the Pivot

Agile response
to COVID-19

87%

of Senior Leaders and Executives
believed that their organisation was
agile in responding to COVID-19

As published in [our last report](#)¹, 2020 was already on its way to becoming the decade of radical reinvention as businesses recognised the need for significant cultural change in order to balance the growing tension between growth, reputation and governance.² Little did corporate Australia know that this shake-up would be one driven not by Executives, but by an unfolding global pandemic.

Our current research shows that 87% of Senior Leaders and Executives believed that their organisation was agile in responding to COVID-19, with the pandemic quickly proving the power of a crisis for driving a common agenda to succeed.

Whether organisations were in survival mode, hibernation mode or innovation mode, COVID-19 drove short-term changes in consumer behaviour, which in turn impacted the way in which both companies and their people needed to behave and operate in the short-term.

From the acceleration of digital transformation - with some Executive's reporting three year timeframes reduced to just three weeks - to workers upskilling to support critical roles, the willingness of organisations and their employees to come together in the face of adversity and ensure business continuity was clear – corporate Australia had quickly mastered 'the pivot.'

Executive interviews highlighted the common business continuity actions taken in March:

- > **Cutting down on non-essential costs**
- > **'Stop, start, continue' prioritisation of business strategy**
- > **Accelerated focus on customer experience through digital transformation**

What began as a journey of fear and uncertainty for many, quickly and effectively laid the groundwork for unprecedented transformation throughout some of Australia's major organisations. Research highlighted the bridge between the fear state and the transformation state to be a combination of strategy pivots, behaviour change, emerging leadership styles and new, technology-driven ways of working.

Whilst the survey results largely indicate positive performance outcomes, it's important to note the end of the March quarter's economic contraction of 0.3pc, likely signalling a move towards Australia's first recession in 29 years.³

With this in mind, the June quarter financial performance data will be critical in assessing the true commercial impact of COVID-19 on corporate Australia. Part B of this research - to be conducted in September - will seek to prove the hypotheses that we will be working both leaner and smarter through the removal of non-core work and new-found productivity behaviours.

Section 3

What COVID-19 Forced Corporate Australia to Change

Executives and Senior Leaders are reporting an uplift in performance. At time of publishing (June), the top three areas of improvement are reported to be;

- > **Innovation (63%)**
- > **Collaboration (57%)**
- > **Productivity (56%)**

Executives and Senior Leaders similarly reported through interviews that COVID-19 has shown a glimpse of true business potential, stripping away both the physical and cultural barriers to performance, including fixed mindsets, unwritten beliefs and unaddressed biases.

“COVID-19 forced us to learn to listen, learn and adapt. Contribution and collaboration now comes well before policy and hierarchy. Major Healthcare Provider

But what is driving this potential – and is it possible to sustain long-term? When assessing actions and behaviours that were perceived to drive productivity outcomes, survey results highlighted the factors driving the greatest performance outcomes to be;

- > **Adoption of new technology (31%)**
- > **Openness from Senior Leaders to new ideas (20%)**
- > **Less process driven red tape (13%) and**
- > **Empowered decision-making (12%)**

How have the following aspects of your business been impacted?



Adoption of technology: Zoomed-in lessons

74% of survey respondents attribute improved performance through the use of technology, to the adoption of video conferencing (VC). From Google Meet, to Zoom and Microsoft Teams, VC became corporate Australia's communication tool of choice, bringing with it important lessons in (1) productivity and (2) contribution and connectedness.

1. Greater discipline, greater productivity

Leaders reported that the lack of corridor conversations meant that people needed to find new ways to access those they needed time with. As corridor and at-desk discussions were replaced with VC meetings, the formality of such a meeting brought with it (1) more discipline – through less chit-chat and more focused discussion and (2) accountability for the meeting outcome - with employees feeling more pressure to action the meeting outcomes at pace.

It seems however, that the 'camera-always-on' lifestyle quickly took its toll with organisations developing new behaviours and informal etiquette for meeting effectiveness. Increased planning and preparation, a well-considered attendee list and decisiveness were noted as some of the key drivers of meeting productivity – with Executives and Senior Leaders reporting this to be driven by the results of VC fatigue and frustration at meeting tardiness.

“CEOs are more connected to their people than ever before. The nature of COVID-19 has inherently made them more visible, having to communicate more frequently but it's something we must put steps in place to maintain as the impact of this on people feeling more connected to the business has been paramount. **FMCG Organisation**”

2. Removal of physical boundaries driving contribution and connectedness

Without the physical boundaries of offices and meeting rooms, an increased frequency of communication, virtual cultural initiatives and daily facetimes developed, leading corporate employees to feel more connected than before. In particular, organisations with a geographically dispersed frontline workforce have reported employees feeling more connected and more able to contribute than ever before.

In addition, the virtual environment, as a window into our daily lives, has also driven deeper and more personal interactions between employees, teams and Leaders. These interactions, in turn, have diluted hierarchy and resulted in people at all levels speaking up, constructively challenging each other and contributing more ideas.

We Are Unity recommends:

1. **Assess, upskill and re-skill your people with the necessary digital literacy skills required to facilitate effective discussions and collaboration through VC technology**
2. **Develop meeting etiquette and training to ensure active contribution from remote participants that leads to greater creativity and innovation**
3. **Consciously design moments of personal connection, for example schedule meetings ten minutes early to encourage more discussion about life outside of work**
4. **Continue to measure and improve the collaboration and inclusivity aspects of culture**
5. **Think about security protocols as you continue to optimise the use your technology across the business and continue to support flexible working**

Openness to new ideas breeding psychological safety

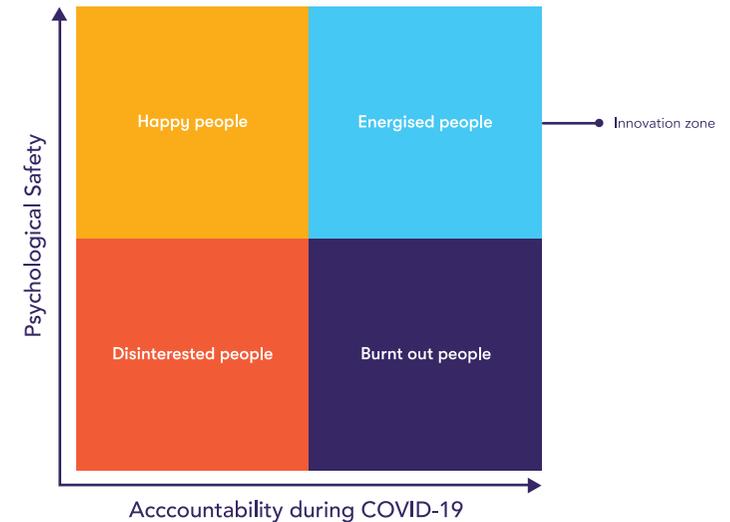
From a behavioural standpoint and with a burning platform for change, leaders have been more open to finding new ways of doing things. Through interviews with Senior Executives, it seems this openness to new ideas has been driven largely by changing leadership styles and greater access to forums for open communication.

As a key driver of productivity, organisations are considering how to maintain and drive this positive behaviour through values and underpinning behaviours, whilst also seeking to implement mechanisms to hold leaders accountable and avoid 'revert-to-type' behaviour from resurfacing beyond the current crisis climate.

Why it matters? To accelerate innovation of any kind in the new normal, whether that's through process improvement, new methodologies, creative disruption etc., it is crucial that organisations cultivate psychological safety.

This means that leaders must proactively create the cultural conditions that enable employees to take measured risks, challenge others and, be vulnerable.⁴ With previous research into progressive organisations demonstrating that psychologically safe environments are 33% more likely to achieve superior stock market performance than those that don't, this is one behaviour that cannot be ignored going forward.⁵

How has psychological safety impacted your ability to innovate during the crisis?



We Are Unity recommends:

1. Keep two-way communication lines open and keep listening to employees
2. Introduce clever mechanisms that allow for transparency of desired behaviours and better hold leaders to account i.e. encouraging failure reports and celebrating mistakes
3. Build capability of leaders to manage their own emotions and lead in new ways such as surfacing when things went wrong and sharing what they learnt from it
4. Begin measuring psychological safety through your pulse surveys if you are not already doing so

“Knowing the impact that psychological safety has on performance, we’re closely tracking psychological safety metrics longitudinally to ensure that we’re reducing any negative impact on employee mental health, whilst driving optimum performance outcomes at a time when we need to work at pace.

Major Technology Services Provider

Less process-driven red tape and more empowered decision-making

In the face of a common conflict we have seen many organisations experience improved focus and prioritisation. Of those factors within an organisation's control, it seems the third largest drivers of productivity have been less process-driven red tape (13%) and greater empowerment in team members when it comes to making decisions (12%).

Diving deeper with Executives revealed that process improvements to better drive operational efficiency are high on the agenda for CEOs and Executives alike - with technology pegged to play a critical role in removing time-intensive tasks, allowing employees to focus their time and energy where it matters most.

The root cause of decision-making empowerment (aside from leader behaviour, addressed in the next chapter) has been the absence of punishment for doing things differently. With a crisis-driven mindset around 'getting it done quickly' as opposed to 'getting it done perfectly', the workforce was given greater scope to make decisions and get things done without fear of the consequences.

“We’ve thrown a lot out the window that we’ve realised we simply don’t need. We now need to redesign our ways of working to enable our people to catch up with the amount of transformation COVID-19 has driven.

Leading Financial Institution

We Are Unity recommends:

1. **Carefully thinking about tasks in a work process and decide what can be most effectively done by technology and what is best done and focused on by employees in order to find the right balance between human and technology in the future of work**
2. **Identify the different ways employees have been getting things done and the 'red tape' that may return when the crisis pace slows down - do this via employee focus groups and workshops to help design more efficient ways of working going forward**
3. **Understand the unwritten beliefs in your organisation when it comes to failure, and put plans in place to rewrite the narrative surrounding it as part of your psychological safety work**

Section 4

The Emergence of the Avocado Leader*

*Avocado Leader

Soft, empathetic exterior with a harder, commercially focussed core.

With leadership acting as one of the critical drivers of pace and culture, what behaviours were corporate Australia's leadership demonstrating during COVID-19?

Research highlighted the core leader behaviours that were driving results at pace were;

- > **Empathy; demonstrating care for team members (22%)**
- > **Decisiveness; making decisions at pace (21%)**
- > **Connectedness; proactively nurturing relationships with employees (17%)**

“**Lots of support had to be given to people leaders on how to both lead teams through a crisis, in addition to how to lead remotely. Though the good news is, from knowing each other's childrens and pets names to interior design choices - we've never been so connected on such a personal level with our teams.**

Leading Media Company

Empathy

COVID-19 not only blurred the lines between the home and office, it also brought with it a mandatory duty of care. Research showed empathetic skill development became a key focus of capability building, with leaders tasked with authentically demonstrating care, understanding and support for both their teams and their own wellbeing.

Decisiveness

Whilst there was no playbook for dealing with COVID-19, research highlighted that the pandemic increased speed and confidence in decision-making through the knowledge that “any decision was better than no decision”. Leaders said the crisis forced them to both think fast and act fast and as a result, the pace of the pandemic quickly and visibly separated the good from the bad when it came to quality of decision-making. Meanwhile at middle manager level, it appears the crisis pace demanded an increase in trust, empowering an even broader collective of employees to make the necessary decisions to keep business moving forward at pace.

Connectedness

From internal networking to coaching sessions and cultural team morale building activities, qualitative research suggested that leaders are now reporting a stronger and more human connection with their employees.

These new behaviours seen in leaders are now reaching the point of norm formation. How will we continue to amplify some of these behaviours outside of the crisis climate in order to continue driving high performance for the long term?

Leading organisations are now capturing the behaviours observed during COVID-19 and building them back into their values in order to refocus leaders and employees towards the behaviours that were akin to performance outcomes during this time.

We Are Unity recommends:

1. **Assess leadership skills and capabilities in these areas and invest in training and hiring as required**
2. **Use your Strategy, Purpose, Mission, Values and Brand to rally your teams behind a new common agenda of success**
3. **Use the 'return to workplace' and 'future ways of working' planning process to build commitment and excitement by including employees in the research and design process**

Section 6

The Shadow Side of COVID-19; Mental Health

These results however do not tell the full story and the noted positives did not come without a cost. Our research confirmed the heavily reported⁶ shadow side to our findings, with over half (56%) of organisations surveyed claiming increased pace and productivity had come at the expense of mental health and employee burnout.

Qualitative interviews with leaders went on to confirm that EAP usage was rising in many organisations, with increases ranging from 15% to over 100% overall, whilst the uptake is positive in that employees are seeking the assistance they need, the signal is one that Progressive Organisations are saying they cannot ignore.

“We've seen an increased uptake of EAP during this time with known reasons including working parents struggling at home and domestic violence cases on the rise. Our number one priority remains to be getting these priority individuals back into the workplace safely. **Household Goods Retailer**”

Interestingly, new data from the US⁷ indicates that productivity gains are unsustainable in their current state due to teams' declining mental health and sharp increases in stress and stress-related injuries. To add further complexity to the data, 62% of workers reported losing at least one hour a day in productivity due to COVID-19 related stress.

This highlights the importance of understanding all of data points in context and in relation to each other. Only with a full understanding of the potential performance impacts can we develop and sustain positive outcomes whilst ensuring the correct wellbeing strategy and duty of care is still being delivered to employees.

We Are Unity recommends:

1. **Get clear on what aspects of employee wellbeing are being affected and the specific impact this is having on employees by assessing root causes**
2. **Ensure insight is gathered on physical, mental, financial and social wellbeing to enable the design of robust strategies going forward and consider new data gathering methods including bio-data for health assessment and 'log on' and 'log off' data for work-life balance**
3. **Correlate business performance data with wellbeing data to get the full story as to the impact of productivity gains on mental health, in order to build the correct business case for investment in wellbeing going forward**

Section 7

Planning for the Future of Work

The future of work is the perfect opportunity for HR as a profession to showcase its depth and breadth of capability in designing culture to deliver commercial and wellbeing outcomes, as COVID-19 has inadvertently elevated the culture conversation to the boardroom table.

Not only is now the time to reimagine the world of work, it's also the time for HR teams to build and reinforce their reputation as a central pillar to both organisational efficiency and performance.

As organisations prepare for the new normal, the top three problem statements influencing planning are as follows;

- 1. How can businesses sustain a crisis mindset amongst employees in a way that is sustainable?**
- 2. How can businesses alter their processes and practices to embed and sustain the positive behaviours demonstrated through the COVID-19 crisis?**
- 3. How do stakeholders now view the traditional 'office space', following the COVID-19 crisis, and what are the optimal future ways of working?**

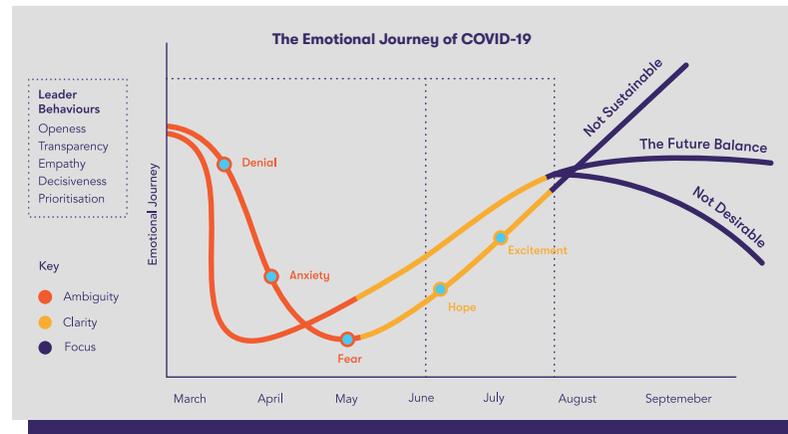
How can businesses sustain a crisis mindset amongst employees in a way that is sustainable?

Similar to theory from the emotional psychology of investing⁹ – which resulted in a comparable emotional journey due to similar high stake, personal risk associated with COVID-19 – humanity moved in unison through its emotional cycle from denial, anxiety and fear towards hope and excitement.

With Executives claiming these emotional lows are what drove the bursts of performance however, it begs the question, what should companies be trying to replicate in the absence of panic, fear and a crisis?

- Research highlighted three key ideas to sustain a positive crisis mindset (commitment and excitement) in addition to retaining positive leader behaviors;
- > **Establishment of a new burning platform for change**
 - > **A creative plan to sustain the type of leader behaviours as demonstrated**
 - > **Clarity for every employee on the critical role that each of them plays in delivering on the business strategy**

The emotional journey of the past ten weeks, overlaid with employee sentiment and leader behaviour is as follows:



*Based on interviews with over 30 executives

Typical investor strategies during times of crisis include taking a long term-view backed by data, maximising diversification and creating a rules-based approach to decision-making.⁸ This also bears an interesting correlation to the actions corporate Australia has taken and will need to continue to take moving forward into the next stages of planning.



Unity Dynamics™

We Are Unity recommends:

1. **Set a common agenda to succeed that is both well understood and well embedded (Purpose)**
2. **Establish a sense of measured urgency* to cut through red tape, empower decision making and deliver results (Vision and Strategy)**
3. **Drive sustained leadership behaviour as identified above to drive a culture of commitment, contribution and commercial performance (Culture)**

* but not so urgent that it places undue pressure which exacerbates wellbeing outcomes

How can businesses alter their processes and practices to embed and sustain the positive behaviours seen through the COVID-19 crisis?

Whilst research highlighted some commonalities, it's crucial that the design of return to work is tailored to an organisation's people, by way of demographics and working styles, in addition to balancing this with the organisation's current level of disruption and aspiration for change.

Depending on the industry, organisations are likely to be at different stages of transformation and disruption as a result of COVID-19. For some, it's been largely business as usual with the exception of working from home, whilst for others COVID-19 has driven the need for complete self-disruption, which now requires transformative thinking as opposed to solely 'incremental adjustments thinking'.

We Are Unity recommends:

1. **Develop the hypotheses you'd like to test in Phase One and set up pilot initiatives to test and validate any theories**
2. **Review your listening strategy and performance metrics, using this time to ensure you have (and are) gathering the right data and insights to support decision-making**
3. **Ensure you have the right capabilities reviewing and reporting on the data, in order to avoid data-bias or misattribution of root cause**
4. **Don't base decisions on single data points. Make sure to use correlation analysis to review all data variables whilst also considering the context (and timeline) in which it was gathered**

What level of change is required coming out of COVID-19?



The WAU 4 step approach to the future of work



Every organisation has surveyed its employees during COVID-19, however only 25% of those pulse surveys included questions relating to productivity and performance. Leading organisations are asking the right questions to fuel commercial decision making.

How do stakeholders now view the traditional 'office space', following the COVID-19 crisis, and what are the optimal future ways of working?

No impact on ability to do job

80%

of survey respondents say physical distance from colleagues is not impacting their ability to do their job.

The one non-negotiable for Senior Executives in planning for the future was permanent flexible work arrangements. All interviewees suggested they were reviewing policy, looking at optimisation of productivity and discussing training and technology requirements to enable this.

With the potential financial gains of remote workforce, Senior Executives have begun determining what the purpose of the office is. Based on interviews with 30 Leading Executives, whilst there's no hurry to return (with over half suggesting a staggered return between July and 2021) the purpose and re-design of the office is currently being reviewed through the lens of a place to;

- > Build brand connection
- > Reinforce culture
- > Come for mental health reasons
- > Be productive away from any remote-working distractions
- > Collaborate and innovate, together
- > Foster authentic knowledge and energy transfer
- > Build connections and foster a sense of community

“15% of our employees said they wanted to return to the office, yet now the office is open, only half of those 15% have actually returned.”
Major Retailer

We Are Unity recommends:

1. Train each Executive team member on how to role model flexible working and hold them to account for it
2. Consider allocating one day a week when A/B teams are invited to work from the office to ensure collective and equal connection
3. Consider the use of Augmented and Virtual Reality and the role of new technologies in fuelling collaboration in a virtual office environment

Principles for designing the future of work

In summary, research suggests building towards a sustainable future requires the following;

The right data and insight

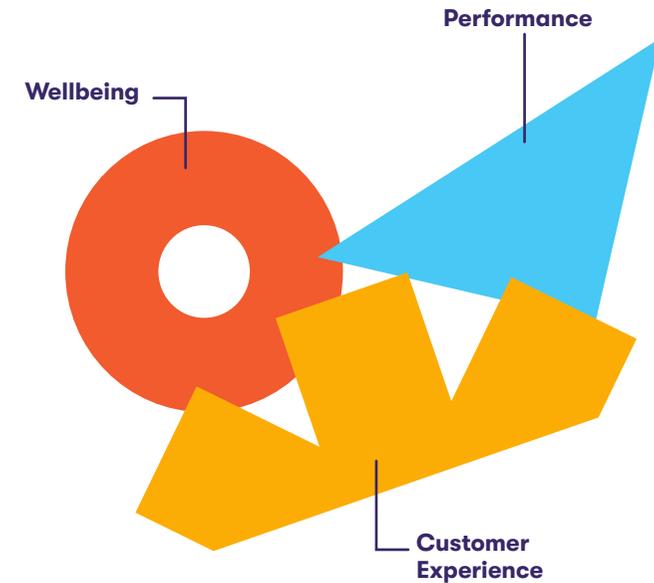
Surveys, focus groups and team meetings should be used to find out how your people are feeling, what they need now and what they want from the future. Leading organisations ask the right questions around impact on productivity and performance in order to make informed strategic decisions.

A test and learn (unbiased) mindset

It's hard to escape unconscious bias, especially when self-assessing. So ensure you use any time where the workforce is split between home and the office to gather the two data sets and test your hypotheses in both environments.

Balanced decision making

Take into account all variables of your data, as well as the context in which it was gathered. Use predictive analytics to understand the impact of decisions customer experience, performance and employee wellbeing.



**“We’re going well beyond surveys by conducting network analysis with metadata and even considering bio-data to better understand how our people are feeling when at work.
Leading Technology Company**

Now is the time to listen, learn, experiment and adapt...

About Us

We Are Unity is a privately owned organisation that specialises in the science of workforce productivity. Our mission is to drive commercial results with our clients by maximising their investment in people, culture and brand.

To discuss the insights from this report or make suggestions for the validation study in September, please get in touch:



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