

Pandemic lessons for management

by Yujie Cai and Chris Rowley

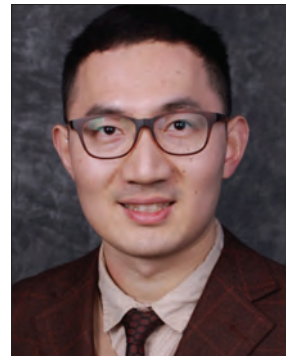
COVID-19 could lead to high-performance work systems and a healthier employer–worker relationship

The COVID-19 global pandemic led to a variety of containment measures, such as “social distancing,” “work from home,” and even degrees of “lockdown” at workplaces all over the world. These all affected the world of work and necessitated a range of supports for individual workers (in the form of furloughs, for example) and businesses (in the form of grants). Some businesses still failed. Others succeeded because they were strategically resilient — a complex mindset that is valuable, rare, and imperfectly imitable by competitors.

Given this brave new world of work, it is useful to explore organizational resilience. First, resilience is a dynamic process that organizations can develop to combat crisis, support recovery, and preserve and improve productivity. Second, resilience has a positive effect on organizational recovery in the short run and the ability to thrive in the long term. Here, we explore how a bundle of work practices in the labor relations system enables such organizational resilience.



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Ten high-performance resilience practices

There are three primary characteristics of organizational resilience — flexibility, problem solving, and interpersonal/social relationships. A high-performance work system (HPWS) works through abilities, motivation, and opportunities to perform.¹ The following bundle of 10 beneficial, mutually reinforcing, high-performance work practices foster resilient organizations:

1. **Flexible job assignments** and design ensure sufficient time and energy to deal with unusual tasks during crises. For example, “blended” work — combining a mix of working from home and going into the workplace — is being considered by many firms, such as HSBC, Lloyds, NatWest, Santander, Deutsche Bank, Virgin Media, BP, BA, and Centrica.
2. **Extensive training and development** cover new tasks and working conditions (such as internal communication systems and cyber conferences) and competencies (such as time and project management in remote working settings). Resilience training in areas of risk management, problem solving, efficacy, and interpersonal communications is key. Employees can be developed through job rotation, job enlargement, and participation across different work sites. Professional skills, especially management and coordination skills, can be developed for working in uncertain environments.
3. **Developmental performance management** requires businesses to rethink the “what,” “how,” “who,” and “how often” questions to align them with resilience and to develop procedures to ensure awareness of the norms and regulations of performance and organizational direction. Facebook, for example, granted \$1,000 to each full-time employee during the pandemic, canceled appraisals in the first half of 2020, and added a performance bonus based on the “exceed expectations” rating. Talent management can also be (re)examined, as it was at IBM, Unilever, Infosys, and Microsoft.
4. **Competitive compensation and extensive benefits** ensure similar living standards as in normal conditions. According to China Europe International Business School survey results, most China-based firms did not lay off employees or reduce wages in 2020. Some firms indicated that they would raise their employee salaries normally, especially for key employees in important positions.
5. **Employee involvement** promotes participation in job-task design and fulfillment, finances (through employee stock ownership plans, for example), and decision making. W. L. Gore and Associates moved from following chains of command to forming teams to achieve specific objectives and allowing leaders to emerge naturally.
6. **Teamwork and information sharing** builds teams and allocates collective work tasks to encourage collaboration and cohesion. It can involve sharing information resources and even human resources within teams and with other organizations. FresHippo, Alibaba’s retail platform, shared its labor with other companies in the catering industry to solve employment needs in a challenging period. Danone in Mexico dealt with a complex project to retool and introduce a new bottle shape, brand image, and production process with Italian machinery provider OCME.
7. **Work-life balance** encourages identification of work-life conflicts, provides support to those with caring or similar responsibilities, considers employee emotions, and creates forums for discussion.
8. **Employee diversity initiatives** seek to provide an integrated and inclusive workplace and support to underrepresented groups. This includes making resources accessible in a timely manner and removing roadblocks from work processes to alleviate negative impacts.

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Sky, the UK broadcaster, tracks diversity on a quarterly basis, with monthly surveys to assess whether they need to tailor company practices.

9. **Employee assistance** provides practical help, such as adequate disease-prevention and -control equipment, social support at work, assistance in the promotion of knowledge of health and epidemic prevention, and counseling for those who need to be medically observed or quarantined to protect their rights and interests. Sky, the broadcaster, has monthly surveys to monitor employee well-being, for example.

10. **Crisis management systems** establish emergency management teams with personnel who can be held responsible to develop emergency response plans, follow national emergency management policies, and promote internal learning and training in emergency management. Siemens has an emergency management system and has set up a crisis management team to oversee employee health, financial security, procurement stability, production adjustment, and recovery preparation.

The employment relationship and leadership

A healthy employment relationship offers important support for the HPWS's positive influence. Given the importance of labor relations, we recommend that firms provide labor and social security for employees, especially for those temporary, vendor, and contractual employees, as promoted by a group of employees in Google in 2020. "Workweek" laws should be enacted to provide stability for stressed, often disengaged, less productive employees in insecure jobs or on zero-hours* contracts — often in retail and fast food — as exist in places such as San Francisco, New York City, Chicago, and Oregon. Of course, enforcement needs to ensure compliance.

Firms should consult with lawyers and legal personnel to address labor contracts prudently and to minimize the negative



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influence of the pandemic on all employees. Firms need to make arrangements for adjusting or extending holidays and to delay the resumption of work and production in places where the epidemic is still ongoing or flares up. Organizations should provide special care for employees working on the front line in businesses related to combating the epidemic. Management should provide labor protection and proper labor conditions following relevant laws and should properly maintain employee insurance, such as medical and industrial injury.

Finally, to maximize the impact of the bundle of practices requires effective leadership.² This, in turn, requires not only taking into account the "3Cs" of context, culture, competence, but also ensuring the judicious use of critical thinking and its application by leaders and managers, especially during uncertain times. ■

Notes

- * Zero-hours employment contracts, primarily in the UK, do not require employers to guarantee a minimum number of working hours for employees.
1. Eileen Appelbaum, Thomas Bailey, Peter Berg, and Arne Kalleberg, *Manufacturing Advantage: Why High-Performance Work Systems Pay Off*, Ithaca, N.Y.: ILR Press, 2000.
 2. Chris Rowley and Dave Ulrich, "Conclusion: Lessons Learned and Insights Derived from Leadership in Asia," *Asia Pacific Business Review*, 18, no. 4 (2012), 675–81.



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