THE IMPACT OF COVID-19 PANDEMIC ON WORK ORGANISATION

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Abstract:

In today's fast-moving environment, business organisations are faced with the need for frequent changes in order to overcome everyday challenges and improve their performance. Organisation of work is one of the key elements in the adjustment to the market changes, and the basis of enterprise transformation. Apart from continuous market competition, the COVID-19 pandemic and its consequences have brought about a special type of business challenge. The new circumstances require an even more pronounced alignment between management and employees, their full connection and understanding of necessary changes, in order to maintain business continuity in very challenging pandemic conditions. Emergencies and numerous changes in response to a challenging situation can very often disrupt normal arrangement or functioning of business. This study focuses on the role of remote work (working from home) during the COVID-19 pandemic. The theoretical framework of this paper is based on the relationship between technology, agile organisations and working from home during the coronavirus crisis.

Keywords:

work organization, organizational change, agile organisations, working from home, COVID-19 crisis.

1. INTRODUCTION

The COVID-19 pandemic is the most significant public health crisis in the last hundred years, which has also generated a multidimensional crisis. In only a few months' time the new circumstances have had a ruinous impact on almost every system and organization across the globe.

The need for change in crisis situations is paramount; otherwise, there can be long-term consequences. The continuity of many companies during the pandemic has considerably relied upon the readiness and capability of organizations to quickly shift to and accept practices that best match the new reality.

The first and most evident effects of the COVID-19 pandemic immediately produced a threat to every company's operating and business model. Everything became questionable: how and where employees worked, how they interacted with the customers, how to fulfil all the customer needs, which products and services were most advanced, and which could be quickly adapted. Besides, additional problems appeared due to every government's specific measures such as office closures, movement and traffic restrictions affecting supply chain and more.

In this article, we focus on some key points that are now fully incorporated into the new operating models of many companies. We also analyse some successfully implemented processes, which could be of use after the pandemic, and which could be a part of some future operating model.

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One of the most prominent effects of the pandemic has been finding a way of maintaining business continuity and, at the same time, keeping employees safe-by working from home.

2. ORGANISATION OF WORK DURING CRISIS

Historically, stability has always been identified as a success factor. Unfortunately, the continual change of contemporary life, the increased use of ICT technologies, economic fluctuations and even the global pandemic do not provide a good starting point any longer. More and more organisations are trying to remodel their operations towards agility, which will enable them to adjust quickly to emerging trends in their industries (Consultancy.uk, 2021).

In the time when everything is disrupted, companies that are uncapable of changing fast are at risk of being outperformed by those that do know why giving up the traditional processes could be a winning strategy. With the aim to cope with the actual situation, many companies turned to using agile practices, hoping to adapt faster to changing circumstances. Agile organizations are meant to be fast, resilient, and flexible. Companies with agile practices should be fully equipped to react to crises such as the COVID-19 pandemic.

A study by McKinsey Company showed that companies which were more agile before the pandemic, i.e. the companies which carried out major changes and had these practices deeply rooted across the whole organization prior to the pandemic, have been much more successful in managing the impact of COVID-19 crisis. These very agile enterprises secured business continuity and even improved their financial performance (McKinsey & Company, 2020).

During the crisis, agile leaders have avoided conventional organisational hierarchies and deployed cross-functional teams created to deal with specific projects (Figure1). These teams are established to focus on specific outcomes, especially operational challenges caused by the pandemic. Furthermore, the necessity for rapid adaptation leads to the decentralization of decision making, extending it to the teams themselves, which means that leaders should enable teams to make more decisions. Quicker decision-making calls for the team's increased empowerment.

Although agile operating models are something completely new for some businesses, the pandemic has caused many organizations to realize their significance and how they can deliver measurable business gains.

Figure 1. Traditional organization vs. agile organization
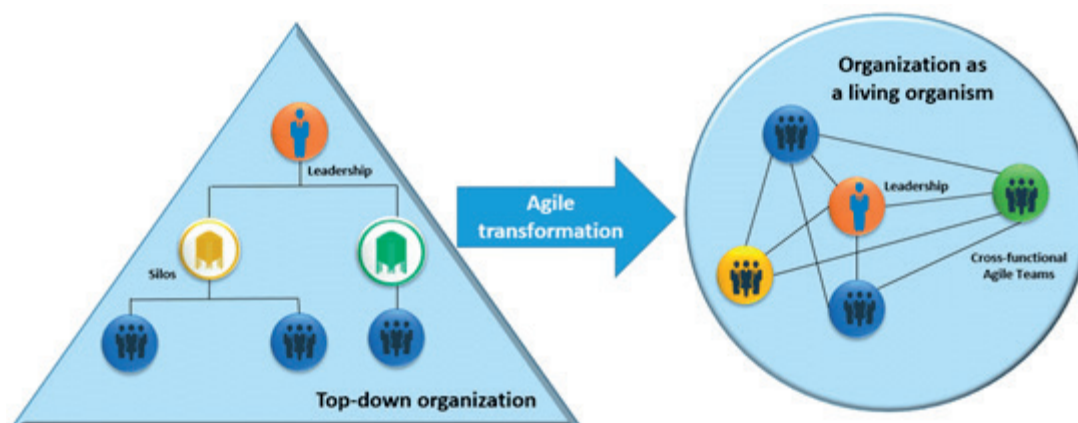
Source: Pereira et al. (2020, p.4)

How agile work helps organisations adjust to the pandemic is best illustrated in the study by Bearing Point consultancy (Consultancy.uk, 2021) (Figure 2). Seven out of ten businesses said that agile organizational practices helped them to adapt faster to the chaotic business environment of the pandemic period.

This allowed more than 60% of agile firms to maintain their pre-crisis performance during the 2020. Still, some companies were not able to reap the benefits of agile working practices, especially if they kept some traditional structures.

Figure 2. The advantages of agile organizations in times of crisis and beyond
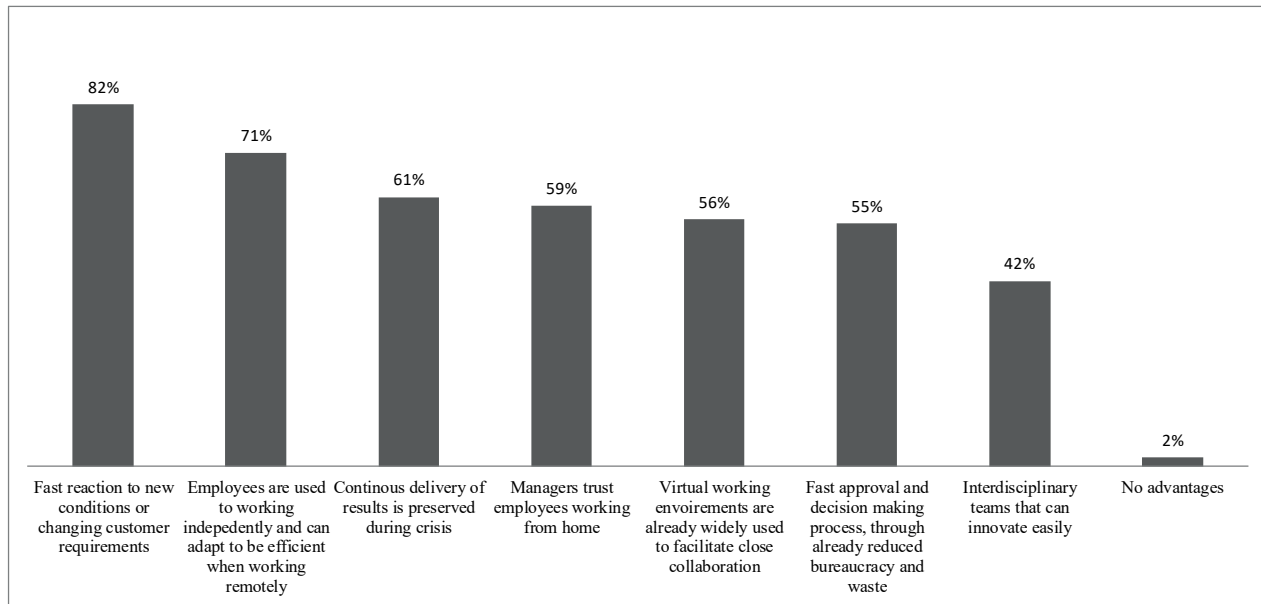
Source: Consultancy.uk (2021)

3. TECHNOLOGY AS ENABLER

To improve profitability and gain competitive advantage became the number one strategic goal of modern business. Strategies for continuous improvement include reducing costs, improving quality, and trying to identify and respond to customer needs in the fastest way (Deloitte, n.d.). Accordingly, companies today are striving to align their business management strategies with technological resources.

Fast advances in technology have dramatically transformed business management processes over the last several years. Due to technology, remote work has become more effective, and many companies have encouraged their employees to work from home to avoid personal contact with other team members.

Technology in this context is the key component to connect people worldwide. Starting from a simple phone call, back in 19th century, to the present day and many applications for video conferences (e.g. Zoom, Webex, MS Teams, etc.), many boundaries have been removed. People can be at different places and still stay connected and be efficient. Technologies are also used to develop many advanced tools that are improving processes, reducing manual work, increasing automation and apply analytics in daily work. These two features had a fundamental role in maintaining activities without interruption.

Finally, consumer behaviour during the pandemic period has been a driving force behind technology's increasing presence. Under lockdown, customers turn to digital channels, from food shopping to financial transactions, so the only access point to consumers shifts online.

As consumers warmed to the idea of using e-commerce, organisations have made their best effort to adopt to changing demands.

Consequently, in several months of 2020, increase in digital product and/or service offerings has soared by an average of seven years (Consultancy.uk, 2020).

4. WORKING FROM HOME

Under the immense pressure to ensure business continuity and safety of employees, many companies have resorted to remote working as a method to lower the risk of COVID-19 infection.

Working from home is a "working arrangement in which an employee fulfils the essential responsibilities of his/her job while remaining at home, using information and communications technology (ICT)" (Ilo, 2020).

Working from home itself is just the tip of the iceberg. In the COVID-19 crisis, it refers to a home-based alternative working arrangement, which implies sharing accountability and duties by employers and employees to preserve business continuity and people's jobs (Ilo, 2020).

Before the pandemic, the idea of working from home was not considered practical for many people, because it asks for a calm and quiet space and appropriate digital infrastructure.

Initially, companies have implemented working from home in response to anti-Covid government measures, in order to restrict face to face contact. Once in place however, working from home has changed the perspective of the traditional mode of working, thus becoming a new norm

for future operating models. These circumstances proved that people skills and readiness to work independently are more important than some formal processes, like working from office during strict business hours.

Companies and their business functions are being affected by digitalization and the constant need to transform. This has especially accelerated during the COVID-19 pandemic, with companies having to improve their digital infrastructure and provide facilities for their employees to work from home. Companies with higher level of digitalization were much faster in this imposed transformation and they secured higher level of business continuity (Nishant, 2021).

In addition to required digitalization level, as a main prerequisite to accommodate working from home, there is another crucial aspect. Organizational trust and trust by managers are important factors that have direct correlation with the working from home outcome. Together with digitalization, organizational trust is a key element to set-up working from home policy as the main drive to ensure business continuity, productivity, and job preservation.

Many companies abandoned traditional processes in order to quickly set up new organization model and permit thousands of employees to work from home. From a functional perspective, agile organizations are those that provide a way of working with maximum flexibility and minimum constraints, which allows their employees to work where, when, and how they prefer (McKinsey & Company, 2020).

Although organizational factors play a crucial role in organizing work from home, the individual and family factors should not be neglected (Baker, Avery, and Crawford 2007). Among individual factors, self-discipline, self-motivation, ability to work independently, tenacity, self-organization, self-confidence, time management skills, and computer literacy stand out (Baruch 2000). In addition, family factors, such as the size of the living area, the number of family members living together and the number and age of children, influence working from home (Baker, Avery, and Crawford, 2007). Pets have become an important factor as well.

Figure 3. Working from home
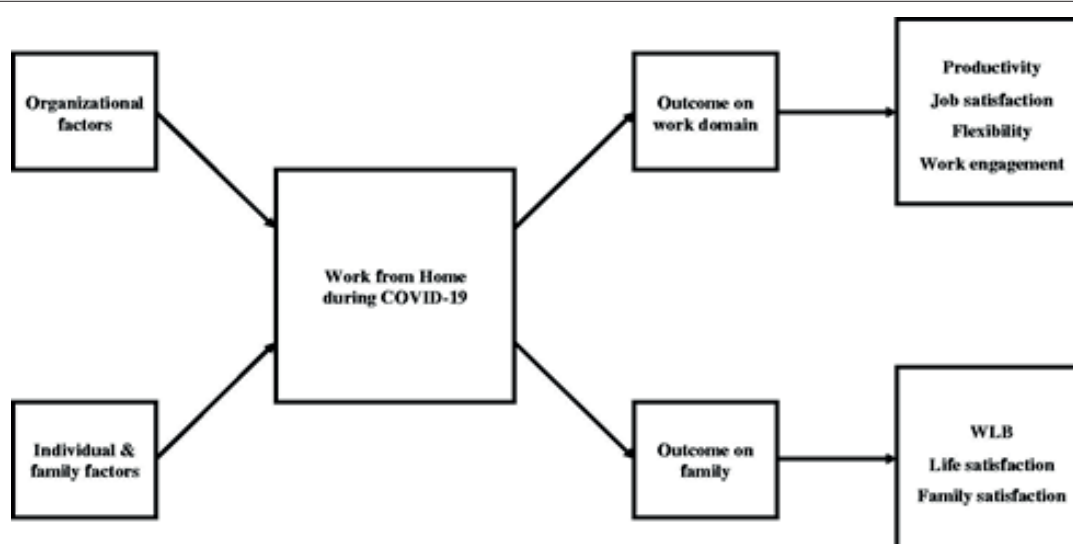
Source: Vyas Lina and Butakhieo Nantapong (2020)

There are two main outcomes stemming from working from home (Figure 3): "work domain outcome" and "life domain outcome". Working from home has a positive impact on work domain, providing flexibility, productivity, and job satisfaction thanks to flexible time to complete employees' tasks (Vyas and Butakhieo, 2020).

The outcome on life domain is both positive and negative. Working from home affects work-life balance, life satisfaction and family satisfaction. For example, it is difficult for many people to make a clear differentiation between working and non-working hours, usually causing burnout (Vyas and Butakhieo, 2020).

Considering all the above, working from home has both positive and negative sides, and more accurate assessment will become possible after the pandemic, when working from home is no longer mandatory.

In a survey of almost a thousand top managers carried out last year, about three quarters (74%) said they would maintain increased homeworking in place after the pandemic (Iod, 2020).

5. CONCLUSION

It is obvious that the world will never be the same after coronavirus pandemic. COVID-19 brought abrupt changes to people's lives, organisations and societies in many different ways. COVID-19 has accelerated working model transformation. Companies that were more conservative, in terms of change and IT transition, found it much more challenging to adapt to new circumstances. On the other hand, companies that were agile and advanced in technological infrastructure quickly adopted the practices that best suit the new reality. The spread of the coronavirus has forced all employers to provide alternative working methods that will not endanger the health of employees and at the same time ensure business continuity by practicing social distancing at workplace or implementing working from home. Working from home has modified the traditional way of working and created new long-term practices. It is believed that the changes that companies have made during the crisis period can give them confidence to launch broader transformations after the crisis.

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