



# RESPONSIBLE BUSINESS THROUGH CRISIS

Senior leaders on trust  
and resilience during  
COVID-19

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## Report

# Responsible business through crisis: senior leaders on trust and resilience during COVID-19

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### **Interviewed organisations included:**

Arup, BAE Systems, BMT, Buro Happold, Capita, Dassault Systèmes, Day Lewis, EDF, Foxtons, Handelsbanken, John Lewis Partnership, McCarthy and Stone, Microsoft UK, Nationwide, Northumberland County Council and Santander.

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## 1 Foreword

The ongoing pandemic has brought about a once-in-a-generation crisis that has far-reaching impacts for public health, our economies and workplaces. Bringing together insights from senior leaders from a variety of organisations and sectors, this report provides a unique insight into how they led responsibly during the onset of the COVID-19 pandemic.

Their reflections on the decisions they took to protect employees while delivering for customers and service users in exceptionally difficult circumstances (often while managing daily changes to government guidance) demonstrates the resilient and responsible approach these businesses took through the early months of the pandemic.

Being a responsible business does not mean avoiding difficult decisions, but rather balancing the needs of different stakeholders and business sustainability for the long term. The organisations featured had built responsible business into their core purpose prior to the pandemic, and the research shows how this helped them through the crisis and will sustain them beyond.

The level of scrutiny and expectation about how businesses and business leaders act has been heightened through the crisis. They need to show compassion, fairness, and inclusion, even while making tough decisions, and operate ethically, understanding their role in

our communities and society more broadly. Their experience demonstrates that these principles have been a guiding light from which to make decisions and, importantly, to communicate these in a fair and transparent way to all stakeholders. That in turn helps to build trust and reputation in positive ways that is vital for any sustainable business.

We can see this in how leaders have recognised the issues of wider societal inequalities. While COVID-19 has impacted all of us, it has not impacted us all equally. Responsible businesses need to take the lead in addressing this and ensure workplace changes tackle inequality, not deepen it. Taking meaningful action on racism, addressing issues of low pay for those in front-line roles and making sure flexible working including homeworking is inclusive for all are just some of the areas that organisations will need to prioritise.

This has meant putting people at the heart of the business agenda and response. For many, this has created a new sense of camaraderie, reinforcing connections even while people were working remotely, and a sense of caring and support for people's wellbeing. But there have been many challenges, and as the pandemic continues to impact all our lives, there is a real concern from leaders about the longer-term impacts of the initial crisis and the resilience to deal with future spikes in COVID-19 infection rates. Many people are becoming exhausted by the pressures of work and the uncertainties, but also the real concern of restructuring and loss of jobs creating many different issues for people. These impacts won't be evenly spread, either, so again questions of fairness and providing positive support become really important.

It is clear then that while we all recognise how challenging these times have been in so many different ways, there have been positive learnings through the pandemic. Leaders have not had all the answers and have often needed to make decisions without a clear picture of what will happen next. They have to deal with the paradox of maintaining a positive belief about the future, while being realistic about the current circumstances and challenges. Cross-organisation collaboration and humility have been key factors in successfully responding to these challenges, and leaders need to consider how they sustain new ways of working beyond the pandemic to better respond to change.

The COVID-19 crisis is far from over. But we believe that COVID-19 can and must be a catalyst for positive change. However, that won't happen without sustained focus, belief and leadership. The HR profession has a profound role to play in this, just as they have throughout the crisis, to support business leaders and their organisations in taking forward the many learnings. We must seek to embed new paradigms of work, much more flexibility in how and where people work, a central focus on wellbeing, and reinforcing inclusive and supportive cultures, which in turn will help us be more agile and resilient in the future. This is an opportunity to build back better and cement responsible business practices to better equip business as well as our societies to face the challenges ahead.



**Peter Cheese**  
CEO, CIPD

## 2 Introduction

Responsible business has been climbing up the agenda. This has been driven by growing investor and regulatory interest in responsibility and sustainability, and an organisational focus on values and purpose. There's also been a recognition that a shift in business practices is needed to ensure work is a force for good across multiple stakeholders. The CIPD has called for businesses to hold needs of stakeholders in equal balance, ensuring employees benefit from the value created in our workplaces.

With COVID-19 putting immense pressure on organisations, there's a risk that responsible business falls back down the agenda. But, it's more important than ever that organisations respond to the crisis responsibly. We've already seen the negative impact of the pandemic on the economy, and subsequent job loss and insecurity. It is also a very human crisis, with wellbeing and health at its heart, that has shone a light on the importance of employee-centric, responsible practices that protect employee and business sustainability for the long term.

How, then, have senior leaders taken decisions and maintained trust and resilience through this crisis? In this report, we explore exactly that.

As the full impact of COVID-19 became clear, C-suite teams were faced with two pressing objectives: one, keep their businesses and organisations functioning; and two, address the issue of where their responsibilities should lie – while considering workforces, customers, suppliers, communities, government and, of course, society as a whole.

We look at the lived experiences of being a C-suite leader during the biggest crisis the world has faced since the Second World War. How did senior teams maintain their commitments to being a responsible business through their leadership during COVID-19, a crisis that placed the issue of trust – in all aspects – front and centre stage? We already know that employee trust is a hard-won but worthwhile reward for a responsible business; so what did they do and how did their actions either replenish or drain their levels of trustworthiness?

We interviewed 43 senior managers/C-suite members, a mix of CEOs, deputy CEOs and HR directors (HRDs), and conducted a series of focus groups with HRDs and chief people officers (CPOs) from 20 organisations. We thank them for their candour and courage in sharing their challenges, both professional and personal.

We look at how they tried to keep their organisations operational, outline how some kept their front-line services going and summarise everyone's financial decision-making at that time.

We look at the unexpected challenges they faced and their solutions as they tried to balance behaving with integrity against a climate of uncertainty.

This is not a report that judges. Instead, it tries to capture and reveal their experiences as lived through COVID-19. Like so many other things during COVID-19, the research has been conducted and written up at speed in order that the learnings can be shared as quickly as possible.

The sample is skewed by only being about those organisations that were willing to subject themselves to scrutiny and to share; bad apples seldom offer themselves up to be researched, except in retrospect. Nor did we set out to capture how workforces felt at this time. It is solely a window into C-suite deliberations and thinking, and seeks to be both authentic and of the moment.

Here are some key learnings from the report that businesses should consider when seeking to become a responsible business themselves:

- When reshaping the organisation's purpose to survive, look to play a more responsible role within its communities.
- Leaders must communicate honestly and clearly with stakeholders about difficult decisions.
- For new skills bring in new talent – innovation requires diversity of background.
- Actively address inequalities, particularly low pay for those in front-line roles.
- Maintaining your business value can build a bridge between the past and the future.
- Maintain the humane and personal leadership shown through COVID-19.

### 3 Leading a responsible business through COVID-19: trust is everything

The scale, speed and universality of COVID-19 has tested C-suite teams as never before. For individuals, it has heightened a sense of personal vulnerability and risk. The more vulnerable we feel, the more we seek leadership from organisations or individuals. We want to be able to trust the top team to lead us through the unknown.

If we do make that 'leap of faith', our willingness to trust in that individual or that organisation makes us also willing to embrace both risk and change ([Farndale et al 2011](#)).

Trust matters in a crisis for two reasons. First, vulnerability drives both a need and a propensity to trust. The Edelman Barometer survey in April 2020 showed our willingness to trust had increased during the initial weeks of the COVID-19 outbreak.

Second, trust helps organisations generate resilience to deal with the volatility and uncertainty. As the author and journalist Margaret Heffernan has said: *'Trust makes everything easier and its absence makes everything harder'* ([Hope Hailey et al 2020](#)).

So, what is trust? US academic Professor Denise Rousseau describes trust as *'a psychological state comprising the intention to accept vulnerability based on positive expectations of the intentions or behaviour of another'* (1995). Another definition of trust looks at the expectations of systems: *'An individual's expectation that some organised system will act with predictability and goodwill'* ([Maguire and Phillips 2008](#)).

But trust is hard to win and easy to lose. Decisions on who or what to trust are usually reached after a period of consideration.

The core elements we use in deciding whom to trust are: ability and competence; benevolence; and integrity. We place our trust in those who display these qualities on a reliable, long-term basis such that they become predictable ([Mayer et al 1995](#), [Dietz and Den Hartog 2006](#)).

#### **Trust doesn't just happen**

When a crisis occurs, organisations cannot create a trust culture overnight. As one C-suite respondent said to us: *'We all know that you don't have cultures just for COVID and you can't have cultures that are just written down on paper. You either live something or you*

*don't.* My own research has consistently shown that the levels of trust going into a crisis determine how well they are maintained ([Hope Hailey et al 2012](#), [Hope Hailey and Abbey 2014](#), [Hope Hailey and Cleaver 2020](#)). The greatest risk to organisations in crises is losing trust, whether among employees, customers or communities; and when distrust is a starting point, repairing it takes longer than building it in the first place ([Dietz and Gillespie 2011](#)).

If we think about the key elements of trust – ability and competence, benevolence, integrity, and the honesty, consistency and predictability with which leaders live up to expectations – it is clear that they are also the qualities that drive responsible businesses. What is also clear is that the COVID-19 crisis has been the acid test of corporate and organisational responsibility.

### **Trust pre-COVID-19**

Going into COVID-19, did organisations and leadership teams start from a strong point or not?

I have been measuring trust levels in major UK employers since 2006. The Forward Institute, whose aim is to develop the next generation of responsible business leaders, surveyed 3,700 fellows and other public, private and third sector employees in January 2020 ([Hope Hailey et al 2020](#)).

#### **The headline findings included:**

- Trust levels in senior teams had not altered significantly between 2012 and 2020.
- Across public, private and third sectors employees believed their organisations had good motives and behaved with integrity.
- Employees did not believe their organisations to be open and up front with them.
- Employees gave low scores to the notion that top teams thought their (employee) needs and desires were important to them.
- Employees also gave low scores for the consistency with which top teams' behaviours matched their words, but strong scores for sincerity.
- Employees felt supported to do their jobs better but rated the organisations poorly for knowledge and information-sharing.
- And local line managers enjoyed high levels of trust compared with top teams.

These findings suggest that, even amongst those organisations that self-identify as responsible businesses, employees were not sure that top teams were bothered about their needs; they weren't convinced they always walked the talk; and they did not believe they were open with them. And it is on these three areas that COVID-19 has shone a light.

This report examines how well C-suite teams managed to reverse those general perceptions and show themselves to be both responsible and trustworthy during the COVID-19 crisis.

### **Dealing with multiple, unusual and unexpected challenges**

The early days of COVID-19 brought many challenges, most of them new and/or unforeseeable. And as COVID-19 went on, new challenges emerged, including the exposure of social inequality and Black Lives Matter. Here we list the main challenges:

- **The crisis brought shock, the need to act at pace and meant prolonged uncertainty.** Senior teams were as shocked as anyone else. A co-CEO of Day Lewis, an independent pharmacy chain, recalls: *'On 1-2 March I was doing pharmacy visits in Devon and Cornwall. We were told two or three surgeries around one of the pharmacies we were*



*going to visit had been told to close because of suspected COVID. We knew that our colleagues would be looking to us for answers. "Do we close the pharmacy? Do we send people away?" I said: "Just pause, okay, if you need to close the front door, that's fine. Just don't make any quick decision now." We quickly set up a COVID Management Group to support with guidance and decision-making.'*

- **The realisation that COVID-19 was here to stay** meant phasing, prioritising and planning became vital.
- **No data with which to take decisions** saw organisations operating out of their comfort zone. The CEO of BMT, an engineering and design consultancy, says: *'You need judgement as well as data. You'll get things wrong – [you have to] decide and move on rather than [wait for] a perfect set of data.'*
- **The hybrid workforce**, where some staff were working from home or furloughed, but with key workers left on the front line. The HRD of Capita, a major provider of outsourced services including front-line staff to the public sector, says: *'To deal with COVID risk, we need[ed] to put in the right behaviours and processes like shift working, one-way systems, hand washing. But you can't just shut the business to protect employees – you still need to serve customers... you just chose what services you can/can't do. For those going in [to settings] the question was: how do you make it as safe as possible? To do this, we put employee safety and wellbeing first and went above and beyond government guidelines.'*
- **Senior teams had to trust the workforce** and local management to make the right decisions because there was no time to send decisions back up for central consideration. The Nationwide Chief Marketing Officer (CMO) says: *'In times of such uncertainty, people look to you for answers. For them, what the branch manager says on hand sanitiser is more important than what Boris Johnson says on hand sanitiser.'*
- **Protecting the health of workforce and customers** and supply chains within a fluid situation; trying to source PPE.
- **Balancing the needs of your particular ecosystem**, including employees, customers, shareholders, supply chains, communities and government. The MD of BAE Systems, aerospace and defence manufacturer, says: *'You have to absolutely put first and foremost the employees number one. In COVID [our] messaging was very clear that we were going to keep our employees safe; that gives a level of assurance, but it also then starts to build a whole new level of trust. [But], you've got customers, the supply chain, the community and I would add, the shareholders as well. We're all taught in business school that the prime objective is to deliver for the shareholders, but I think you learn when you get into practice, and I think [we] really epitomise this, that it is the broad spectrum of responsibility.'*
- **Achieving financial sustainability** – involved many decisions, ranging from maintaining cash flow, salary cuts, job protection, furlough schemes, and whether to defer dividend payments to shareholders. One C-suite member says: *'By the end of March [we knew we needed] to get ready. Our priority was to save as many jobs as possible and protect families and livelihoods. So we put our staff into consultation because in order to change people's contracts we need to do that.'*
- **The emergence of social inequalities** – where many of those taking the greatest risk were the lowest paid. This required leaders to find fair ways to recognise and distribute reward. At Nationwide, the CEO cut his pay and the leadership team declined their bonuses.
- **The sudden materialisation of Black Lives Matter** took many by surprise and required leaders to respond thoughtfully, sensitively and with respect. The CEO of engineering

consultancy Buro Happold says: *'It caught me unawares. I hadn't appreciated the emotions it had stirred up. I took a while to think it through and ended up writing a piece jointly with junior staff in the US office as I was out of my depth. It has opened my eyes and changed my thinking.'*

- **Burnout of C-suite team** – says one C-suite member: *'I hate being a grown-up! It's a horrible job. There are nearly 1,000 people whose lives I'm screwing around with.'*

### Solutions and silver linings emerge

As the crisis developed, organisations found solutions, areas of resilience and hidden strengths.

- **The quality and mindset of the senior team** emerged as a critical factor. The CEO of BMT says: *'This can't be about lone leadership. The resilience of the executive team is important, especially as staff may blame the SLT for decisions made. [You need] to give permission to feel upset, tired and burdened, and airing it in an exec meeting is important.'*
- **Organisations with an established commitment** to being a responsible business found that C-suite decisions could be more easily understood. The CEO of Buro Happold says: *'Our culture is strong. The founder was a Quaker and some of that remains. [Our] decision-making is on the principle of "discuss and agree"; it is just about feeling what the right thing to do is.'*
- **A massive upsurge in two-way communications emerged.** Conscious they needed the experience and intelligence of local teams, employers prioritised employee engagement and listening to learn. Microsoft UK's HRD notes that it polled staff every day to check areas such as support, connectivity and work-life balance. *'We used the feedback to make sure that we were living up to our values,'* she says.
- **Empowerment and decentralised decision-making worked well,** demonstrating to the C-suite that they could trust their workforces, working from home could be productive and decision-making could be pushed downwards. The former group HRD of McCarthy and Stone, developer and manager of retirement communities, says its experience was positive: *'[It was clear] people can be trusted to do the right things. They don't need to fill in time sheets. People do the right thing if you do the right thing by them.'*
- **An understanding that being a responsible business** is about sustainability and requires sharing information to justify tough decisions. The HRD of Capita says: *'Sometimes people want to take the nice, positive aspects of responsible business and not deal with the less positive. But you need to take difficult decisions, otherwise it's not responsible.'*
- **Strong and long-standing, trusting relationships** eased decisions and operations throughout the system. If the leaders and organisations are already trusted, employees and customers, suppliers and shareholders are more likely to take the risks that were asked of them. Microsoft's HRD says: *'What makes the difference is the fact that I trust my colleagues, I trust my peers. I know they've got my back, I know I've got their back. We've pulled each other through.'*
- **Human leadership, where the personal or vulnerable** sides of the C-suite were visible, helped build empathy and trust. Leadership became less about managing and more about leading. *'It was incredible how visible the executive directors had to be,'* says one of Day Lewis's co-CEOs. *'While speaking to a colleague, she was almost in tears when she told me they had eggs thrown at their pharmacy. I really felt for what my colleagues were going through.'*

### But it ain't over yet: what's coming next

It's clear, however, that 'long-COVID' effects will continue to be seen for some time across business, organisations and society as a whole.

- **Complexity and uncertainty will continue** with almost certain economic downturn and job losses, and some industries won't bounce back: *'COVID-19 will affect our lives for a long time'* (HRD, Capita).
- **A health crisis turns into an economic crisis**, potentially leading to a social crisis. A C-suite member says: *'When measures lift – like eviction notices – it will be challenging; homelessness [for example] was effectively put on pause. A lot of things have been hidden, bubbling [under] and getting worse.'*
- **Traumatised workforces**, either on the front line, working from home in sub-optimal ways, or suffering from loss of work-life balance, may require enhanced mental health first aid and counselling services. Workforces are exhausted, says one HRD. *'There's only so long you can ride on goodwill. It will be a big challenge to give staff some work-life balance back.'*
- **Ongoing hybrid working** may lead to tensions between front-line staff, those returning to the office and those continuing to work from home: *'How do you keep this going when you're not on a war footing?'* (Former group HRD, McCarthy and Stone).
- **The sustainability of the new 'human leader'** as redundancies and cuts and other difficult decisions are made. *'[Microsoft] Teams screens are very democratic and we've broken down many of the traditional hierarchies – the staff are effectively in your home,'* says one C-suite leader. *'But how do all those conversations about redundancies play when you've crossed a Rubicon in a traditional relationship?'*
- **Burnout of senior team gets worse.** *'Personally, I'm very, very tired...'* (C-suite member).

### Putting learnings into practice

It is of course difficult to preach the counsel of perfection, especially to organisations and individuals who may still be dealing with COVID-19 issues for some time to come, but as with any crisis, there are always lessons to learn and ways to do things better.

- **Learn from previous crises** about how to maintain trust.

### How to maintain trust through downsizing and restructuring ((Gillespie et al 2020) based on CIPD-funded research 2012, 2014)

#### Practice 1 – Building bridges to the future founded on continuing core values and purpose

**From:** 'The future is uncertain and unpredictable – I am fearful.'

**To:** 'I understand as much as I can about what is going on, how we are navigating the changes and these will protect our organisation in the future.'

- Develop a shared understanding of how the organisation will navigate these crises – why, what, how.
- Communicate in a reliable, timely, two-way, open, transparent, honest and respectful manner.
- Senior leaders should be accessible, visible and active in delivering communications.
- Draw upon and reinforce existing foundations of trust – values and purpose, symbols, role models.

## Practice 2 – Care for and support employees emotionally and practically

**From: ‘I am feeling overwhelmed and worry I will lose my job.’**

**To: ‘My employer cares and is supporting me through this difficult time and will do everything they can to protect my job.’**

- Demonstrate care and concern for employees.
- Help employees to emotionally cope with the crisis.
- Support supervisors and managers to care for their teams – points of contact, toolkits and knowledge.
- Empower local managers to respond.
- Protect jobs as much as possible – cost-cutting, pay cuts, reduced hours, skill development for redeployment.

## Practice 3 – Empower employees and treat them fairly

**From: ‘I have no control or input into what happens.’**

**To: ‘I am treated fairly through these changes, have a say in decisions that affect me and I am playing a role in helping us navigate through this crisis.’**

- Involve employees in changes and decisions that affect them – listen.
- Ensure changes and decisions are implemented fairly – explanation, show fairness in the distribution of pain of cuts and losses.
- Use fair and transparent procedures and processes.
- Clarify and recognise employee efforts and contributions to navigating the crisis – thank and acknowledge.

- **Learning while working.** In any new and fluid situation, we need to engage and create space for C-suite members to engage in constant learning from outside their organisations.
- **Seek to redress social inequality.** One clear outcome from COVID-19 has been the recognition that businesses can play a wider role in society.
- **Replenish the trust fund.** If businesses and organisations have exhausted the benevolence of people within their ecosystems by asking them to make great sacrifices, now is the time to focus on replenishing trust and goodwill: *‘We have been borrowing from employees – trading on the equity we have in hearts and goodwill’* (C-suite member).
- **Reconsider purpose in the light of COVID-19.** In recent years many organisations have sought to adopt a sense of purpose, sometimes narrow, sometimes wide. A senior leader at the John Lewis Partnership says: *‘COVID highlighted the need to be more externally focused – feeding people, equipping hospitals and so on. [It’s a] much more expansive and hopeful manifestation of what the Partnership is and could be.’*
- **Move from words to actions on BLM.**
- **Create different cultures and practices to rewire the new world of work.** As *The Economist* noted (2020b), *‘Pour yourself a cup of “new” ambition.’*
- **Sustain empowerment but decentralise and increase the sense of accountability.** Swedish-origin bank Handelsbanken has 200+ UK branches. Its deputy CEO says: *‘To be empowered, you need to have some freedom to act. You need to have the space to make decisions, think for yourself. But there’s also another component to that, which is you need to be accountable for the decisions you take.’*

- **Ensure greater board connection with responsible business, remembering that commitment to the concept starts at the highest levels.** Writing in the *Harvard Business Review*, George Serafeim (2020), Professor of Business Administration, Harvard Business School, said: *‘Moving from intention to results is the next evolution that investors are looking for. The only way to outperform... will be for companies to make material ESG issues central to their strategy and operations and go above and beyond their competitors.’*
- **Renew energy and thinking within the C-suite** in the event of burnout. Offer respite sabbaticals, devise ways to renew energy, renew thinking for a long-haul flight and rethink talent pools.

### **The implications for responsible business and trustworthiness**

The data collected in the course of these interviews demonstrated a level of serious intent on the part of C-suite members to display benevolence and integrity towards their broader organisational ecosystems. However, it is also clear that there is no going back from this crisis – we can only go forwards into a ‘new normal’. A new normal may also require a rethink on the foundations of trustworthiness – ability, benevolence, integrity and predictability.

This will require C-suite members to display new competencies. For instance, they will need to show they can thrive in a different form of economy, and that they can adapt to new, decentralised cultures driven by technology and built around a distributed hybrid work environment.

But, at a higher level, what does being benevolent really mean if a CEO truly thinks through the interdependency of the ecosystems in which their business or organisation operates? For leaders, achieving predictability while maintaining the trust of all stakeholders as they pursue sustainability is a tricky balancing act.

Equally, however, what are the obligations of citizens and employees in creating high-trust environments? And do we need to adjust our expectations of leaders? One consequence may be the emergence of a new moral code that provides a benchmark by which aspirant responsible business leaders will be judged.

## **4 Defining responsible and trustworthy business: a North Star through COVID-19**

Over the last few years, the concept of responsible business has gained momentum. Microsoft UK’s Corporate Affairs General Manager sees it in clear terms: *‘Businesses should be part of the society in which they operate. The relationship between business and society is a two-way street. The purpose of a company is to serve the society in which it operates – do that well and you will be rewarded with good revenues.’*

Once framed through the narrower lens of corporate social responsibility (CSR), wider definitions have emerged. In 2011, Michael Porter and Mark Kramer put forward the theory of shared value, whereby companies could *‘gain competitive advantage by including social and environmental considerations in their strategies’*. This has given impetus to the idea that responsible businesses have a wider set of stakeholders beyond the standard triangle – employees, shareholders and customers – to whose interests they must also be attuned.

While there is no agreed definition of responsible business, consensus is that a responsible business is one that operates ethically and sustainably, with consideration for multiple stakeholders embedded into every aspect of business decision-making and process.

Today, debates around responsible business are mainstream. In August 2019, the influential US business group Business Roundtable, whose members include Amazon, BP and General Motors, announced *'the end of shareholder primacy'*. It said: *'While each of our individual companies serves its own corporate purpose, we share a fundamental commitment to all of our stakeholders.'*

Institutional investors are broadening their thinking, demanding businesses provide data on areas including ESG and D&I. Regulators are following suit. The recently updated UK Corporate Governance Code requires UK-listed PLCs to provide information on employee engagement and how they are capturing employee voice.

Organisations have responded to these external shifts and pressures by focusing on purpose. Alison Rose, CEO of the NatWest Group, has said: *'Purpose has to be the driving force in all we do. It is about making sure that in how I lead, I'm thinking about the wider positive impact that we can have on all our stakeholders when we are making decisions.'*

### **How do leaders define responsible business?**

The business leaders we spoke to understand that businesses do not exist within a vacuum, and that they are part of a complex ecosystem of stakeholders. At Microsoft, this ecosystem covers employees, customers (organisations and individuals), shareholders, a community of partners (that sells most of Microsoft's technology), as well as government and the communities and societies in which it sits. Microsoft's broader aim is to empower every citizen and organisation on the planet to achieve more.

The UK Managing Director of Buro Happold describes responsible business as *'sustaining the partnership, responsibility for staff, looking after wider stakeholders like clients, collaborators and families of staff members. It means "do no harm" and making responsible decisions.'*

For Day Lewis, a family-owned company, responsibility is about long-termism and organisational sustainability. It looks to make, says a co-CEO, *'sensible business decisions that don't put any part of the business into jeopardy and might effectively cause people to lose their job'*.

For some like Capita, it can mean making commitments that benefit society but which involve a hit to profits, such as paying the Real Living Wage. Others align themselves with the UN's Sustainable Development Goals.

At Dassault Systèmes (the '3DEXperience company'), a French software company, the ethos is *'to leave the planet in a better state than you found it'*, which it uses to help its customers develop more sustainable products and services. It sees COVID-19 as an opportunity to accelerate that change, to *'harmonise product, nature and life'* as per their CEO's mantra.

Buro Happold, in common with others, is working towards carbon-neutrality by 2050, including through its client base.

For businesses that are not beholden to shareholders, it can be easier to take a responsible approach. A partnership or mutual model naturally places employees and customers at the heart of decision-making, with a focus on listening and responding to employee or customer voice.

As a mutual, Nationwide is member-owned (customers are called members) and not driven by short-term profit-making. Profits are reinvested back into making the building society sustainable for the future. A member of its C-suite says: *'When you're thinking about how you give back to society, you've got a bit of a head start. Your business model takes you to that kind of territory anyway.'*

This is echoed by previous CIPD research ([Hope Hailey et al 2012](#)) on responsible business and trust, which highlighted that leaders within non-traditional structures (like partnerships or mutuals) have 'more room for manoeuvre' when it comes to doing the right thing by their people. A good example of this is John Lewis, where good employment is a core part of their partnership principles. But, as we explore in this section, balancing employee and other stakeholder needs is key for a multi-stakeholder approach.

### Beyond shareholder primacy to a multi-stakeholder approach

Stakeholder	Approach
<b>Customers</b>	<i>'We have a responsibility to our customers and proactive opportunity to help them understand risk.'</i> (Handelsbanken)
<b>Employees</b>	<i>'In our materiality audit, employees came top. Without our employees being motivated, empowered and engaged, they won't serve our customers the right way.'</i> (Microsoft)
<b>Communities</b>	<i>'Staying constant to our principle of local branch devolution creates the conditions for true investment in local communities, collaborating [with] and supporting local businesses.'</i> (Handelsbanken)
<b>Partners</b>	<i>'It's looking after our wider stakeholders, our clients, collaborators and the people who interface with the business.'</i> (Buro Happold)
<b>Supply chains</b>	<i>'We have a global set of standards for the on-boarding of suppliers which are localised to ensure that they account for geographic specific risks and potential mitigants to these.'</i> (Santander)
<b>Shareholders</b>	<i>'Investors are starting to consider these things [ESG considerations] too, not just thinking about finance.'</i> (Foxtons)

### Responsible businesses and tough decisions through COVID-19

If being responsible comes more easily in benign times, what about when a business is tested and when decisions are tough and involve difficult trade-offs?

For some, a strong sense of purpose, values and culture will have helped steer COVID-19 decision-making. Microsoft's HRD says: *'You let your values guide your actions. Our mission is to empower others, and that's really what has guided us.'*

Nationwide's core sense of purpose as a member-owned mutual has been 'the wrapper' to enable responsible decision-making during crisis. *'Whenever we talk to people, the board, externally, it's the frame of reference we use. It means that you're always more easily tuning back to the core essence of the business,'* says its HRD.

Often in COVID-19, that core essence proved to be the staff, and their safety became a priority. This meant embracing new ways of working, either remotely or, for those who could not, the application of stringent health and safety measures.

Some leaders chose to re-orientate their business priorities, switching on support to front-line industries and workers – ‘doing good’ – rather than chasing profits. Nationwide committed to no compulsory redundancies and forswore use of the furlough scheme. BAE also chose not to furlough any employees, a decision its HRD described as ‘challenging’. She justified the decision by saying that BAE did not believe it was right to take government money for furloughing when the government was also a major customer.

But, as one C-suite member said, *‘being a responsible business isn’t being a social enterprise. You want to make money but do it sustainably.’*

### **Dealing with stakeholders**

Considering the needs of such a diverse group of stakeholders is a complex task, as demands may be conflicting. It becomes even more challenging during times of crisis. C-suite leaders struggle to balance the sometimes clashing needs of multiple stakeholders and have to make difficult trade-offs. Not everyone can emerge a winner, although leaders spoke of trying to do no harm where possible.

Below we briefly examine the different stakeholder groups and needs that leaders were attempting to balance at the peak of the pandemic.

### **Wider society**

Some private sector businesses took the view that during crisis, focus should be on making expertise available to society as a whole. Microsoft, for example, saw its responsibilities defined by how organisations rely on its technology, directly or indirectly, to deliver products/services to others. It prioritised support to customers critical to the national infrastructure: front-line health workers; food and drink retailers and manufacturers; transport and distribution; and education. It has also launched education initiatives, working with the Department for Work and Pensions to provide free digital skills training to people made redundant or furloughed, and increasing places on its apprenticeships and partner training schemes.

### **Local communities**

Local authorities are naturally anchored in their communities, but must balance that with the need to align to national government directives. Northumberland County Council issued 7,000 grants to local businesses under central government direction, a technically challenging exercise requiring staff to work seven days a week. Businesses ineligible for grants sometimes expressed their disappointment with staff despite the fact that the council was following central government policy. Re-opening local facilities post-lockdown has also involved careful relationship management within the local community.

Santander collaborated with charity partners to benefit local communities. They launched a customer ‘reaching out’ exercise to contact customers most at-risk and identify potential needs with a focus on customer wellbeing. This resulted in various non-banking outcomes, even the provision of emergency food packages.

French energy company EDF is building the Hinkley Point C power station in Somerset. At the start of the project it committed to work with local suppliers to provide local long-term economic benefit to the community. It concluded during COVID-19 that cutting wages or furloughing staff would risk damaging community relations and could exacerbate local economic damage.

### **Trade unions**

Good relationships with trade union colleagues were critical. Northumberland County Council’s leaders decided trade unions should receive exactly the same information as they themselves did. The unions became part of the emergency response structure, receiving



briefings from the director of public health alongside middle and senior managers. We have not interviewed the unions but the relationship has been dispute-free and senior council officers regard the decision to over-communicate as a positive one.

### **Suppliers**

Defence contractor BAE System's supply chain is a key component of the UK's national security infrastructure. One of BAE's main customers is the UK Government and as COVID-19 took hold, it was quick to alert it to the importance of cashflow for vital supply chains to continue to operate. BAE emphasised the need to keep supply chains healthy, reaching agreement on how it could continue to pay suppliers as quickly as possible, as well as ensuring tier two and three suppliers had support, and monitoring for any stress or distress in the system. In a minority of cases, it took the unusual step of paying suppliers regardless of delivery. *'It's not altruistic,'* says the CFO. *'It's good business to protect our supply chains.'*

Santander also used its greater financial resilience to help the supply chain, reviewing payment data for smaller companies to help their cash flow.

But it's not always easy to balance supply chain resilience with other stakeholder demands. In one case, a business avoided making any staff redundant – but only at the cost of harming suppliers when it brought previously contracted-out services in-house.

### **Customers**

One key trade-off to navigate was between the need to serve customers and keep customer-facing staff safe. Nationwide's customers, known as members, needed continued access to branch banking services to provide cash or third-party arrangements for friends and family who were shielding. Other steps included protected 8–9am opening for members over 70 and introducing a service to courier money to members' homes to stop the vulnerable having to travel into towns.

Nationwide also unveiled a home support package for people who were under financial pressure due to COVID-19 to help them keep their homes. But, with house prices expected to fall and negative equity a possibility, it took the difficult decision to pull back from offering high loan-to-value mortgages to first-time buyers for a few weeks, although it was the first major provider to return.

Handelsbanken asked its staff to prioritise protecting customers from fraud over sales.

### **Employees**

While Nationwide needed some employees to continue to work in branches, leaders ensured no staff who felt unsafe would have to go in, and staffed branches only with colleagues who were happy to continue serving. It also asked staff what they needed in order to feel safe. Those who went in were provided with PPE and hand sanitiser.

Capita had made a prior commitment to pay its staff the Living Wage. Doing this required making savings elsewhere, including ask their highest paid employees to take a pay reduction for six months. *'We have not changed [our] purpose or strategy,'* says its director of transformation, *'but there is the issue of affordability to get through end of year. We owe it to all stakeholders to get through that. It's a necessity.'*

### **Shareholders**

BAE was one of many PLCs to defer its dividend, along with oil companies like Shell. Banks, under pressure from the Bank of England, followed suit. But the issue is not clear cut. Tesco came under fire for paying a dividend when it also received £500m+ of rate relief during COVID-19. It defended the payment on the grounds that many shareholders relied on it for income and the dividend itself related to 2019 performance.

Balancing the needs of multiple stakeholders is a key tenet of being a responsible business, but it requires complex relationship management skills and is not easy even when leaders are not in crisis mode. Well-intentioned C-suite leaders tried their best to navigate their ecosystems without doing harm, but they still found it was impossible to manage all stakeholder needs equally. Walking this tightrope is going to become far more challenging over the next six months, as the UK plunges into a deep recession. Difficult decisions will have to be made, and there will be winners and losers.

## 5 Not 'all in this together': addressing trust and fairness

In April 2020 the Secretary General of the United Nations published a report called *We Are All in This Together: Human rights and COVID-19 response and recovery*. But we weren't, and the media was quick to pick it up. An early May Sky News headline reported: '*Coronavirus: We're all in this together – but some more than others.*'

Of course, COVID-19 emerged into a world where neither salaries nor wellbeing among workforces were equally distributed. In 2019 the CIPD highlighted the imbalance, finding that UK bosses earned 117 times the average salary.

As COVID-19 took hold, differences were quick to manifest themselves, between those – mostly lower-paid – required to staff the front line, and those who could work from home (WFH). For many, WFH has been a positive experience, but others have been exposed to domestic abuse or violence with little prospect of escape.

As time went on, deeper fissures revealed themselves, as if COVID-19 ripped off a plaster, laying bare the gaping wound of inequality. Responsible leaders in the C-suite have been required to face the consequences of these inequalities. With everything in the public eye, and their reaction potentially the difference between life and death, how could leaders steer a path and ensure a fairer distribution of risk and reward?

In this section of the report we look at how working experience varied according to sector, by role, age, and geography, and outline the challenges that C-suite executives face in addressing the social consequences of these varied experiences.

### **Variations in the front-line experience by sector**

Like all retailers, the John Lewis Partnership was from the outset focused on keeping its staff, also known as partners, safe. As a retailer, it was able to source PPE relatively easily.

But while Waitrose food stores remained open, John Lewis department stores were shut (some permanently now), although its online shopping activity increased rapidly. Some John Lewis staff were furloughed, but Waitrose staff weren't.

To reduce the partners' sense of vulnerability, senior management instigated daily forums to bring staff together, made food and drink in depots and shops completely free (usually it's subsidised), and temporarily enhanced the staff discount from 15% to 25% (now at 20%).

As an employee-owned partnership, Waitrose and John Lewis already have well-established democratic structures that ensure that partner voice is heard. However, it recognised the need to understand the employee sentiment around COVID-19, not just

through the normal voice mechanisms but by increasing two-way communication on physical and mental health. Partners who had to self-isolate were paid fully for 14 days.

This increased two-way dialogue between employees and senior leaders was a common theme across many organisations we spoke to. This ranged from formal voice mechanisms – like consulting with employees via trade unions on safety concerns – or having honest conversations on health and wellbeing with managers. Previous CIPD research (2019b) links employee voice with job satisfaction. Maintaining this focus on employee feedback will be important as organisations continue to navigate COVID-19 challenges, especially when working remotely. As one C-suite member said, *‘How do you maintain those [conversations] through unstructured settings? Online tools are good for Q&A, but nuanced reactions and emotions don’t come through.’*

Day Lewis is a 45-year-old family business with 270 pharmacies across the UK, a distribution centre in Croydon, and about 2,500 staff. Most are field-based in local pharmacies and work part-time. While some GP practices shut their doors early in the crisis, pharmacies were required to remain open. In the first weeks, about 10% of Day Lewis employees self-isolated. Some pharmacies closed for half-days. Sourcing PPE was a priority, but it was frustrating for senior leaders when the NHS ring-fenced supplies: *‘My staff are NHS workers too,’* says the CEO.

Day Lewis also had to move staff around to ensure the warehouse could distribute PPE and pharmacies could dispense them safely. In addition, the Day Lewis senior team took extra measures to support staff, including: regular video messaging and bulletins from the CEOs, an extra week’s full sick pay for staff isolating; lobbying for and obtaining a government option to close an hour early to ease burnout on staff.

For Nationwide, the biggest question was the trade-off between members (customers) and employees. Members needed high street services such as getting cash or managing third-party arrangements to help those who were shielding. But offering this service could put colleagues at risk, the senior team recognised. Prioritising safety, branches were staffed by volunteers, with no one forced to work in branches if they felt unsafe. In fact, branch turnout was high thanks, C-suite leaders believe, to a loyal and long-serving workforce.

### **The divided workforce: the front line vs working from home**

Many employers’ workforces have been split between those on the front line and those working from home (WFH). Nationwide was conscious of a possible ‘us-and-them’ division, says its HRD: *‘We minimised this by supporting people and recognising that going into work was tough and scary.’*

Nationwide provided branch staff with free lunch and coffee, but the senior team realised also that for those WFH there was not necessarily an end-of-day ‘finishing line’.

To help bridge the gap, the senior team adapted a long-standing internal recognition device called PRIDE that could be sent electronically to recognise effort and promote unity. *‘Acknowledging and moving beyond something that could have been highly divisive was a powerful cultural signal,’* says its HRD.

For one care charity, many of whose front-line staff continued to work in risky situations, there was a combination of issues. If staff were shielding or unwell, others had to be redeployed, sometimes from services that had had to close. Furloughed staff, meanwhile, faced isolation and uncertainty, further complicated by constant changes to the rules. Administering a large volume of staff on different contracts was complex.

### **Variations by age and geography**

Of the different inequalities revealed by COVID-19, those by age and geography were clear.

London-based estate agency Foxtons employs around 1,000 staff, mostly young and hardly any vulnerable. But young, London-based workers often live in shared homes without a homeworking space and were forced to work from their bedrooms or a communal kitchen table. Unsurprisingly, many of the Foxtons staff missed the strong culture, social life and inclusivity of their offices, and were keen to return as soon as it was safe.

As well as different attitudes, some employers reported antagonism when different generations were required to work together in the workplace. Older employees, perhaps more fearful of the virus, got annoyed by more cavalier attitudes among younger staff, potentially putting them at risk.

Other employers with long-tenured workforces found some staff resistant to WFH. Northumberland County Council's deputy CEO saw a range of sentiments:

*We had some of our teams saying, 'I'm off home,' and other people saying, 'Well, I can't work from home.' Then we had some people saying, 'I don't want to work from home, because I've worked at the same desk for 30 years.' So that, culturally, was probably one of the biggest changes that we had to make. I remember having to comb the building, and I had to pull teams together, and I had to say to them, 'Go home. It's not safe for you to stay at work.'*

For multinationals there was the recognition that the workforce experience will vary by country or region. In the US, BAE's group HRD explained, it allowed staff to bank untaken vacation days or overtime and draw on them later.

Buro Happold faced a different challenge, dealing not only with different country legislation but also having to make job and pay cuts in some regions, including the US and the UK, but not in Europe.

### **Variations between core staff, contractors and partners**

For many employers, responding to COVID-19 involved collaboration with partners, contractors and suppliers.

In common with many tech companies or employers with large IT needs, Microsoft uses contractors. Its standard practice is to cap them after 18 months, and then leave a six-month gap before they can be rehired. Deciding, as a C-suite member puts it, that *'this felt wrong'*, and concerned that they would struggle to find other jobs, Microsoft extended the 18-month period during lockdown.

BAE's contracted or contingent labour force runs to the thousands. Getting it right – *'making sure they are looked after'*, as its group HRD describes – was therefore vital. But it was not straightforward, requiring debates with agencies on how they would be looked after.

While EDF could not guarantee how suppliers and contractors working offsite would operate, it enforced safe workplace behaviours for those working on its sites and by getting all different contractors to enforce/sign up to new ways of working.

### **How work during COVID-19 changed over time**

There is no doubt that as COVID-19 progressed, lockdown eased and some (but by no means all) businesses and organisations tried to find a path back to normality, work and working practices evolved.

In the early stages BAE suspended some operations at some sites to reconfigure to COVID-safe environments. Operations at defence sites returned to near normal levels within months. Other BAE staff are at home still. How does it seek a fair balance? Asking shop-floor staff, it says their biggest concerns were job security and workplace security. BAE's response was to prioritise the latter, and it installed thermal temperature testing and other procedures to maximise safety.

Foxtons' experience over COVID-19 is perhaps atypical. It started by furloughing 75% due to the government directives that shut down elements of the property market and certain retail-based operations. As soon as restrictions lifted, they started to return employees back to work, and within several weeks, the vast majority of their people were back at work. Today, no one is on the furlough scheme.

Decisions on furlough were made by monitoring demand and matching that against government rules on estate agents. But even when estate agents were allowed to open, Foxtons took it slowly, despite the potential loss of business. Its CPO says:

*We wanted to reassure our staff that we're doing this properly, so we delayed opening for two weeks after restrictions were lifted to ensure we were COVID-19 secure. We tried to do everything and then a bit more – extra coffee stations, extra microwaves, no queue to get in the building, staggered start times.*

As Foxtons entered into the lockdown period with high levels of engagement, it made the transition of returning from furlough much easier, as employees had reasons to return rather than reasons to stay working from home. Foxtons also ensured its health and safety COVID-19 committee met regularly to review the situation and that all staff, including its D&I groups, were represented: *'That's important because all the research tells us that the BAME community are more negatively impacted by COVID,'* says the CPO.

### **The future brings more challenges**

As autumn and a second wave loom, there's more hard and difficult work to be done as new challenges emerge, and *'the previously established camaraderie during lockdown may be altered,'* as one CEO commented. It will be apparent that people have had different and unequal experiences, and even during the early months of lockdown, the C-suite members we talked to did not underestimate the enormity of this challenge.

In the same workforce, it will be possible to find huge differences: lockdown will have been an unsafe or dangerous experience for some, who have carried a huge amount of health risk by working on the front line; others have struggled at home with mental health, work-life balance, looking after children or others needing to shield; some will be dealing with the grief of bereavement, and some with long-term COVID-19 after-effects.

There was a real concern amongst the organisations interviewed that these health and wellbeing challenges are only just beginning. One HRD reflected that many working on the front line have experienced traumatic events that they haven't come to terms with yet due to high workload. With COVID-19 cases on the rise, there's a danger that already overworked staff will need to continue to work in difficult conditions. As one HRD noted earlier in this report: *'There's only so long you can ride on goodwill.'*

And, while some will feel secure in their jobs, many have experienced or fear imminent redundancy. And the end of the furlough scheme is compounding already profound differences in the COVID-19 work experience. With uncertain economic futures for many organisations, it's inevitable that difficult decisions will need to be made. One C-suite member noted that for many, COVID-19 has brought the 'human' back into our workplaces,

and questioned how conversations about restructuring or redundancies will be better for this increased human connection (albeit often through virtual), or be more challenging. Either way, the continuing pandemic will undoubtedly mean leaders will need to grapple with complex and challenging decisions.

As another HRD puts it:

*We're going to face inequalities in society, and as employers, we need to facilitate equal access to discussions, to decisions, to information, to resources... And you combine that with the mental health impact of people facing a global pandemic and who have been, essentially, separated from society or community for such a prolonged period, coupled with the economic pressures that are going to follow us for the next God knows how many years. Yes, it's tough times.*

## 6 New ways of working through COVID-19 and beyond

As organisations emerge from their initial response to COVID-19, there is an opportunity to reflect on how the pandemic has changed our working environments, and how businesses can build back better.

One debate centres on remote working. Recent [CIPD \(2020a\) survey data](#) shows that 39% of workers would like to work from home more regularly post-pandemic and 40% of employers expect more regular homeworking. But remote working is just one facet. Changes to decision-making, collaboration, and health and safety accompanied by wider strategic shifts in thinking around organisational purpose, sustainability and values are also subjects for debate as businesses and organisations reflect about what is possible, what is advisable or constitutes good practice, and what is good for wider society.

*'Some of the decisions [we've had to make] have completely changed the working practice of the entire organisation,'* says the CMO of Nationwide.

Dassault Systèmes is focused on sustainable innovation, says a member of its C-suite. *'People have to think about how they live and travel now. What choices do you make, do you need to travel as much for work? It's obvious that the only way forward is sustainability. COVID-19 has sped up our conviction that leadership on sustainability is the only option.'*

At Day Lewis one impact of COVID-19 has been on organisational strategy and the need to better embed pharmacies in their communities.

### Health and wellbeing in a COVID-19 world

Health, safety and wellbeing have been paramount during COVID-19. With the risks still very much a concern, new practices and workplace health and safety procedures have been put in place. But the pandemic has also highlighted the need to focus on workforce wellbeing, whether through stress, loneliness, isolation or COVID-19's disproportionate impact on minority ethnic communities.

*'A few years ago,'* notes the CEO of Nationwide, *'the narrative was engagement. Now [it's] I&D [inclusion and diversity] and wellbeing, which are all interlinked issues. These all need to feature in the narrative alongside the environment.'*

At Capita, it became clear that decisions about safety should intersect with company values, leadership, communication and staff engagement in a continual drumbeat.

Pragmatic conversations about risks and ramifications of decisions to understand the impact on different communities is also key to ensure health and safety measures are sufficient; at Capita, a planning framework was published so employees can have sight of the plan and engage with it.

At BAE Systems, frequent engagement calls with teams was vital to understand how individuals – whether WFH, living alone or dealing with childcare – were adapting to new ways of working from a wellbeing perspective. BAE worked with trade union stakeholders when it came to safety to ensure everyone felt confident going back to work, with enhanced cleaning, PPE and reconfigured workspaces to incorporate social distancing all carried out.

### **Remote and flexible working**

Pre-COVID-19, barriers to remote working included lack of trust, willingness and appropriate technology. But with COVID-19 the change was rapid, with organisations moving staff to remote working virtually overnight. One HRD described the quick turnaround to remote working as a ‘leap of faith’.

Those businesses with little experience of remote working found the shift challenging, with security, technology and cultural issues around trust and productivity emerging.

But many preconceptions have been demolished. One HRD said: *‘Traditionally the business hasn’t trusted in flexible working. But IT systems held up. Productivity hasn’t fallen off. Clients are happy. We’re meeting deadlines. People are looking out for each other.’*

Challenges remain, however, including wellbeing and leadership. Foxtons’ CPO says: *‘Because they’re all working from home, it’s been a really good opportunity to say [to managers], “You can’t eyeball your teams anymore.” It’s much harder to see if they’re engaged, happy or stressed.’*

Remote working also demands more communication around objectives, as one HRD noted that *‘if you’ve got someone working from home you [need to be] clear on “I need you doing this this week and can we review it?”’*

Many interviewees see the impact of remote working on diversity and inclusion. Santander notes that parts of its contact centre operation moved from office to remote working, and delivered a broader range of services during the pandemic to help customers in need. Sustaining this in future could provide more opportunity for flexible hours, and more rewarding roles for colleagues, with broader benefits for communities.

For Nationwide, less reliance on fixed office space and headquarter locations could also open up internal mobility and progression. *‘It doesn’t matter now where you live,’* says the Nationwide CMO, who hopes that colleagues’ careers will no longer be held back by location or distance from its head office in Swindon.

But the increase in remote working has also shone a light on the need to be more flexible in location, working arrangements and allowing a better blend between work and life. Buro Happold sees remote working and the greater flexibility as a tool to get more women into its sector.

Not least, the rise in remote working also means there is an opportunity to build back different, whether that’s the workplace itself or the way work is done. *‘What is the next stage going to look like? What do we want offices to be like?’* asks the UK HR Lead at Buro Happold. *‘How does this work in terms of a future workplace? Are our flexible working policies completely up to date for this new normal now?’*

### **New working practices, new behaviours and mindsets**

New working practices require more than a change in policy or procedure: behaviours and mindsets also need to change. Throughout the interviews contained in this report, senior business leaders highlighted that behaviours, culture, collaboration, decision-making, empowerment and client interaction have had to shift in response to COVID-19. But learning from these changes and making a sustainable difference is a challenge and an opportunity.

**Behaviours:** In businesses where regulation and compliance are paramount (for example, nuclear energy at EDF), a huge element of the crisis was the behaviour change and ensuring employees complied with health and safety measures. On the whole, EDF found that willingness to enforce health and safety measures was strong – people wanted to do it. Re-educating contractors about new behaviours on returning from furlough was a key concern, as it will be for other businesses as they gradually reopen or move staff back to physical workplaces.

**Culture:** Virtually all organisations interviewed in this project spoke of the immense speed at which they had to make complex decisions, often while dispersed and working remotely.

This was not only a practical challenge, but a cultural one, as Nationwide's CMO recalls. It was, she says, *'an extraordinarily face-to-face business until the beginning of March. We'd only just had Teams installed. So, it's a massive cultural change... to face into for an organisation that just didn't think virtual management would work and was so face-to-face.'*

**Decision-making and empowerment:** Making decisions at speed means empowering managers to make decisions. For some organisations, like Handelsbanken, decentralised decision-making is part of its DNA: *'[We have a] fundamental belief and trust in human nature. We believe the best of people, we believe people want to take the right decisions and do the right thing. And that's really important for our business model, as I say, where we have decentralised decision-making, accountability and responsibility to our branches,'* says its deputy CEO.

Avoiding a return to old ways is critical, says Handelsbanken's CPO. *'We've proved we can be much quicker about the way in which decisions are made. Some of our meeting structures have proved to be so much more efficient. That will happen a lot more going forward.'*

Even those in traditionally more centralised decision-making organisations see benefits from the COVID-19 experience. The HRD at Northumberland County Council is one convert:

*One of the things this crisis has enabled us to do is really to see stars shining and some great talent spotting, and people developing into really confident operational leaders... I don't want those things to go backwards, because I think that gives us an inkling of how our talent management processes could develop better in the future. Because we've seen people, we've given them authority to act, we've given them resources, and they have delivered for the county.*

**Collaboration:** Working through a crisis has meant that collaboration has been paramount, both externally and internally. Financial services organisations, for example, collaborated with community bodies to ensure customers had the resources they needed. And Northumberland County Council saw local public sector organisations exhibiting common purpose. Its HRD says:



*What this has shown is, we have some collaboration and some working together, and that it shouldn't matter who pays your wages. Where you come together to deliver something, there is something about sharing those experiences and those resources, in a way, and sharing that leadership. You don't need three managers to cover one area.*

Many organisations spoke of how COVID-19 drove greater internal collaboration, and the benefits of speed and greater mutual support when senior teams met more regularly. One C-suite member explains: *'From meeting quarterly for one painful, excruciating day, we were then meeting every Thursday morning at 8 o'clock... All of a sudden, there is now this feeling around, "Wow. Actually, working together is really good." There is a benefit.'*

### **Challenges to new ways of working**

While new ways of working can bring about positive change, interviewees say the speed and circumstances with which these changes have happened mean there is a need to reflect and understand first. For example, remote working has meant a more personal view into colleagues' non-work life. This blend of the personal and the professional has often meant people feel more connected, but does this then make difficult conversations or decisions harder? One C-suite member asks:

*Have people exposed themselves too much in terms of mental health and wellbeing? Sharing one's vulnerability has been encouraged but we must not use that greater understanding of the fragility of some people's lives to inform redundancy. Having peered into the balancing acts of single parents, can we be trusted to not use that information for other ends?*

Others spoke of the challenges of reuniting a polarised workforce – where some have worked at home, some on furlough, and others put themselves at risk on the front line. As discussed in [section 5](#), working through the pandemic has varied between individuals within an organisation, with a potential to create tension and perceived lack of fairness.

Many also identified the difficulty of maintaining the benefits of new ways of working – trust, collaboration, speed of decision-making and so on – when, as McCarthy and Stone's former group HRD put it, *'you're not on a war footing'*.

Other HRDs noted that decisions that would have taken years were made in days, but lessons need to be learned and the focus now needs to be on thinking strategically about the future so as not to lose momentum or to slip back into ineffective ways of working.

Technology is one key aspect of this debate as digital transformation becomes a key issue. In terms of technology, COVID-19 has both highlighted organisational gaps and weak points, but also opportunities. As co-CEO of Day Lewis says:

*Pharmacy is not very innovative; the tech isn't there. COVID highlighted this, with phone lines jammed, emails can't be answered. New tech needed to come in – but doesn't usually get the funding. Now people are getting behind a project that you decide in a week [when it] usually would have taken a year.*

Finally, many were aware that workload and work pressure, especially through the initial months of the pandemic, have had a large impact on staff – especially those on the front line. A key concern for many will be the longer-term impact on wellbeing and maintaining morale in the coming months.

## 7 BLM in the boardroom

In June, as organisations continued to deal with COVID-19 and its economic and social fallout, another crisis emerged: the killing of George Floyd. The subsequent rise of the global Black Lives Matter (BLM) movement placed the issue of systemic racism firmly at the door of business leaders.

The movement was a reminder and a challenge of how deeply rooted racism sits in society and how it remains a lived experience for all ethnic minorities, but particularly black people. It forced leaders to confront an uncomfortable truth: that there is still a long way to go on building fair and truly inclusive societies and organisations, and that we all, but particularly those leading organisations, have a responsibility to take action and commit to positive change.

Stamping out racism in all forms, whether covert or overt, should be at the heart of responsible business.

### Shock and anger

The CEO of Buro Happold says: *'It caught me unawares. I hadn't appreciated the emotions it had stirred up in people. I was out of my depth. I needed help.'*

Like this CEO, the strength of feeling coming through the Black Lives Matter movement caught many leaders off guard. As black people only hold 1.5% of leadership positions in the UK public and private sector ([Business in the Community 2020](#)), it is perhaps unsurprising that shock was the emotion leaders most experienced. Leaders knew that they had to respond but most were unsure of how to do so.

One female leader, who had previously been open about being a female leader in a male-dominated industry, about LGBTQ+ issues and about mental health, says: *'I thought, I've got to say something because if I don't say something then that is even worse. That says: "She cares about everything else but not this." It was really important I was seen in this space too.'*

Realising that he needed help from those with lived experience, Buro Happold's CEO wrote a joint article with black, more junior, members of staff from the US office: *'It really opened my eyes to the issue and what it meant for them. It has dramatically changed my thinking going forwards,'* he says.

Some leaders found themselves unnerved by the immediate anger and frustration among their workforces and customers. *'It was like there was two or three weeks of anger in the system,'* says one leader. *'I don't know whether it was a consequence of lockdown but anger was coming through. We were seeing a few cases of aggressive behaviour towards our customer-facing colleagues. You could see the anger out there.'*

For leaders, then, the question was how to personally and from an organisational perspective address the issue.

### Listening and learning

*Our CEO didn't rush the day it happened, or the day after, to send out a note. She took the time to spend time with the black community at Microsoft to really learn and understand what and how they felt. Just acknowledging what was going on in society was what people needed. People were raging inside and didn't know if it was okay to bring those feelings into the workplace. (HRD, Microsoft UK&I)*

The importance of listening and learning rather than jumping to immediate action was a common theme across the leaders. Leaders were wary of making personal or organisational statements that could be seen as insubstantial or inauthentic.

Leaders dedicated time to actively listening to the black communities within their organisations, creating space for colleagues to share their feelings and experiences, within a closed group or more widely with the organisation at large.

This listening enabled them to share more authentic communications, even if there was frustration from some parts of the employee base (often beyond the black community) about the time it took to release a statement or communication.

For Foxtons, diversity and inclusion has been on the agenda long term. Forty-five per cent of employees are from black or minority ethnic backgrounds, reflecting the customer base it serves. It has built up strong employee network groups, including Afro Foxtons. Working with this group allowed them to have honest and constructive conversations about their response to Black Lives Matter.

*We didn't do the Blackout Social Media Tuesday because we felt that was a bit contrived. It's a bit like International Women's Day. Every day should be diverse and equal. We thought doing an hour-long podcast explaining our viewpoint was much more authentic and meaningful. We wanted to do something that would fit with our values and a black square didn't seem to fit. I think we have to have the courage to go: 'We are open. You tell us what you need from us and we'll do it. We will be led by you.'* (CPO, Foxtons)

Focusing on listening allowed organisations to *'not jump to solutions but rather understand the problem'*, as John Lewis's mission director says. Rather than burdening black colleagues, some organisations encouraged their workforces to educate themselves about the importance of being actively anti-racist.

At Microsoft, there was an entire day of company learning, with all staff receiving a curriculum of resources built by the D&I team and the global BAME employee network. *'Everyone was asked to do some form of learning, whether that was watching a movie, doing training or reading an article. We had 130,000 people doing one learning day together,'* says the HRD.

### **Taking action**

*We were under pressure as a company to be able to say what we believed and what we're doing. Knowing that we already had authentic things in action, and we were working hand in glove with the black community at Microsoft to already understand issues, it has been a great catalyst. We've moved things on as a result faster than we had planned.* (HRD, Microsoft UK&I)

While responsible leaders will have had inclusion on their agenda for some time, the BLM movement has both served to speed up the pace of change around certain projects and shine a light on the need to address anti-racism as a distinct topic rather than group it under the general bucket of 'inclusion'. The external environment has given others a platform to commit to an ethnic diversity pledge, with one UK CEO making a personal pledge. This pledge is to ensure 12% of the executive team come from a black or ethnic minority background, reflecting the UK population.

After feedback from the black community, Microsoft has accelerated by six months plans to track data around ethnicity, in the same way it does for gender, rolling out self-ID and self-reporting initiatives.

BLM has also caused some organisations to rethink their ways of working, focusing on recruiting to attract more diverse candidates and thinking carefully about retention, progression and promotion, with a commitment to diversifying at senior levels. To show the importance of action, one large global company swiftly fired three employees in the US for reacting to BLM inappropriately.

### Reflections and challenges

*Black Lives Matter was one of those crystallising moments where we needed to respond [and] engage in the conversation. Culturally it has propelled forward the right conversations and the right behaviours in the organisation. I, of course, wish the event itself hadn't happened. But what it has achieved in the organisation, in terms of the focus, the attention, the dialogue, the conversations, is all incredibly positive. (HRD, Nationwide)*

It is clear that the combination of COVID-19 and BLM has triggered the exposure of wider social inequalities. The strength of public feeling and external pressure means that leaders and organisations can no longer ignore such issues.

The acid test now will be not just action, but action that leads to genuine change. Organisations that participated in Black Out Tuesday may have, quite fairly, found themselves under pressure for the lack of black and ethnic minority leadership representation at executive and board level. Statements are meaningless without action.

BLM also intensified the pressure on leaders to accelerate the pace of change in their organisations around diversity. As Microsoft's HRD puts it: *'It's hard not to be defensive, because I felt we'd been doing some really great work. But the feeling in those moments is you're never doing enough. No matter what you're doing, how deep you're going, how fast you're doing it, you'll never be doing enough. It's just reconciling those moments.'*

## 8 Cometh the hour, cometh the HR team

Back in March, as the pandemic became very real for the UK, *The Economist* published an article headlined 'The coronavirus crisis thrusts corporate HR chiefs into the spotlight' (2020a). The article began:

*When the financial crisis rocked the business world in 2007–09, boardrooms turned to corporate finance chiefs. A good CFO could save a company; a bad one might bury it. The COVID-19 pandemic presents a different challenge – and highlights the role of another corporate function, often unfairly dismissed as soft. Never before have more firms needed a hard-headed HR boss.*

The article went on to explore the multiple demands in the CHRO's 'bulging' inbox: *'keep employees healthy; maintain their morale; oversee a vast remote-working experiment; and... consider whether, when and how to lay workers off.'*

Then in June, *Harvard Business Review* published a piece by Arianna Huffington exploring 'how CHROs have met the moment'. She wrote:

*In the past, at big company moments, it was often the CEO and CFO breaking the news to employees, shareholders, and other stakeholders. A distinctive feature of the coronavirus pandemic has been to elevate the role of the CHRO, who is often visibly helping CEOs manage the present and lead their companies into the future.*

Huffington continued:

*CHROs are helping employers and employees navigate this new era together... It is CHROs who are stepping up to create agile cultures, not only responding to employee needs but seeing around the corner – giving permission and support, and role modelling empathy, compassion and inclusive leadership.*

For a function often seen as a support function, this is some turnaround in positive recognition. As recently as January 2020, the CIPD's [People Profession Survey](#) identified that there were mixed opinions on the ability of the function to adapt – 36% of business leaders believed the function was too compliance focused and unable to flex in challenging situations.

The debate about whether HR should have that mythical 'seat at the table' is old hat and tired, but there is no doubt that the COVID-19 pandemic has parachuted leaders in the function right to the head of the table.

This section explores the impact of the COVID-19 pandemic on HR teams and specifically HR leaders. It reflects on how HR teams have been right in the thick of this very human crisis and reveals how business leaders have developed a renewed if not completely new admiration for their HR teams and chief HR officer.

### **HR in the thick of it**

*Well, it's been a very busy few months for HR, let me tell you. I am shattered, I have to say. I've never worked so hard. (CPO, Foxtons)*

As we found in our interviews, the above statement could have come from any of the HR leaders we spoke to. The immediate personal reflection of most HR leaders is that they have never been so busy, but also never been so valued by the organisational leadership. HRDs spoke of working regular 14-hour days, if not longer, with their teams doing the same.

The COVID-19 pandemic is a public health crisis and as such many of the impacts have been human-centric, meaning they fall at the door of HR. Even the knock-on economic impacts, such as the need for the furlough scheme, have been centred on people and jobs. The number of issues the average HR team has had to deal with over the course of the pandemic has not been for the faint-hearted. It includes:

- collaborating with IT and facilities colleagues to move large numbers of previously office-based workers to homeworking, often within only a few days
- ensuring the health and safety of those who continued to travel to a place of work, including sourcing PPE during a national shortage
- dealing with the physical and mental health issues connected to long-term homeworking or working on-site in the midst of a pandemic
- workforce planning when a high proportion of staff could suddenly be off sick at any one time
- keeping up to date with fluid government guidance and making sure all policies and procedures were aligned
- getting to grips with the ever-changing Coronavirus Job Retention Scheme (government guidance often being updated at 6pm or later on a Friday) and deciding whether and how to furlough staff, and then how to bring them back
- updating or rewriting policies around sick leave, bereavement leave and so on
- implementing changes to contracts, such as short-term pay or hour cuts, at short notice and often within unionised environments

- setting up internal communications to keep staff updated, while understanding the huge variance of experience within the workforce (see [section 5](#))
- upskilling and helping managers and leaders to best support their teams remotely
- trying to maintain a sense of culture and connection amongst suddenly dispersed and remote workforces
- making offices and workplaces 'COVID secure', for a more widespread return to workplaces
- keeping 'people issues' on the leadership and board agenda at a time where financial considerations might take precedence
- thinking about the long-term health of the company and having to consider or implement downsizing programmes and site closures
- trying to find time to think longer term about the future of organisations, work and workplaces in a post-COVID world.

Several of the HRDs we spoke with had been leading or jointly leading (with the chief operating officer perhaps) the organisation's COVID-19 response. They have needed to balance the highly operational and tactical (what's our stance on holiday allowance during a pandemic?) with the strategic (what is the appropriate future operating model for our organisation?).

The unprecedented nature of the crisis meant HR leaders found themselves down in the weeds, for example trying to decipher the small print on changing furlough legislation. In uncharted territory, HR teams had to figure it out as they went while remaining inside the boundaries of employment law. One charity sector HRD described it as *'keeping up with constant advice changes and making decisions on the hoof constantly'*.

John Lewis's mission director described the height of the pandemic as being plunged into a warzone, with HR dealing with the *'muck and bullets operational implications'* of shutting 50 stores, while Waitrose was running at 130% with between 10% and 20% of its staff off sick at any one time.

HR leaders understood that during a time of immense uncertainty, organisations needed to step up to offer guidance. *'We are looked to as a trusted source of information in times of crisis. There is a lot of mistrust out there and lots of misinformation,'* said one roundtable participant.

As Northumberland County Council's HRD explains, this meant getting right into the nitty-gritty:

*I probably drove a bit of a tough leadership position with the HR and OD team about: 'You need to rise to this challenge now, because staff will look to us for guidance.' I was probably difficult around the devil in the detail, because that's where it trips you up. I wanted people to know, whether they were symptomatic with COVID, whether they were non-symptomatic, whether their role allowed them to work from home or not, I wanted them to have very clear guidance throughout.*

### **People issues are business issues – HR recognised and feted**

'Putting the human back in HR' has been a key aim for the people profession over the last few years. There is a recognition that as many HR and people systems become increasingly automated, what cannot be replaced by technology is judgement and that human touch.

The CIPD's new [Profession Map](#) reflects this, with its focus on being principles-led over rules-based. In a [2015 blog](#), CIPD Chief Executive Peter Cheese describes putting the human back in HR as *'focusing on the person, enabling them to do the best job they can, and giving them the opportunity to develop... The future has to be a lot less about control, and a lot more about enablement.'*

### How Arup went human-centric

Global professional services firm Arup's people strategy, described by its HRD as 'a call to action', comprises three pillars that reflect this more human-centric approach:

- Be leaders. Leadership with a capital 'L' – leaders should show up, have a voice and demonstrate expertise. Everyone is a leader and everyone has a responsibility to lead, rather than to just wait for things to happen.
- Be human. Care about wellbeing, health and psychological safety. Be radically inclusive and much more diverse. Improve the quality of relationships through showing bravery, candour and kindness.
- Be Arup. Organisational values and purpose guide how people show up and interact with each other.

This approach informed HR's decision-making during the pandemic. The organisation prioritised the safety and wellbeing of people, the survival of the business and living out its purpose, to be a force for good during the crisis. Those gave it a 'North Star' throughout.

While Arup is normally a highly consensual business, speed and agility needed to come first during crisis. HR had to make sure people understood this. In March, it held a 72-hour online consultation with staff, which found that colleagues wanted more transparency from the board. This insight allowed the people team to evolve its approach.

HR embedded a number of 'nuts-and-bolts' changes fast, including a voluntary hours reduction scheme, freezing salaries, banning travel, updating the bereavement policy, and setting up new communications hubs around COVID-19 and wellbeing.

The team focused on supporting leaders, setting up call-in sessions to run through any concerns, and introduced a new short, sharp and high-impact coaching programme for leaders.

*'The hard work may come when things change,' says Arup's HRD. 'Camaraderie established during lockdown may be altered when people are in different positions – some in the office, some from home, some having had completely different experiences of lockdown from others. This creates a lot of uncertainty.'*

While senior leaders outside of the HR function generally recognised the need to put people first (see [section 4](#)), HRDs still had to *'make sure people priorities [were] there on the table'*. One HRD in the third sector spoke about keeping people at the centre of everything at board level, sometimes acting as the 'lone voice' for thousands of employees.

A PLC group HRD recalls how she had to take on her audit director when it came to employee productivity. *'We had the message, "if you're working from home, we don't expect the same levels of productivity." I had a fight with the audit director over it. He wanted a spreadsheet logging everyone's time.'*

One outcome of HR stepping up during this crisis has been a renewed recognition and respect from other senior leaders, as seen in the following quotes:

*Throughout this crisis, HR has been completely front and centre. Cometh the hour, cometh the HR team. There are times in the business cycle where you think HR teams are just doing process, but right now that's not the case. (CEO, Buro Happold)*

*We have very strong HR leadership that brings internal employee views and external views around trends in the marketplace. We have been on a cultural journey around embedding a growth mindset, to become a 'learn it all rather than a know it all' culture. During COVID some of those behaviours have been tested as we've never been busier. We needed to be prepared not to reach snap judgements under pressure and allow for input from different people. The HR function reminds us as a leadership team to double down our attention on those sorts of issues.* (Corporate affairs general manager, Microsoft)

This increased respect and recognition is reflected in the growing examples of HRDs operating beyond the traditional HR remit, demonstrating a clear understanding of the business and its full ecosystem. Many HRDs have broadened their portfolio (those we spoke to had areas such as CSR, property, IT and legal under them), with others moving into deputy chief executive or de facto COO roles. The fact that so many HRDs were tasked with leading the organisational response to COVID-19 shows its progress.

### **Putting our own oxygen mask on first – HR's own wellbeing**

The people profession has been under immense pressure during the COVID-19 pandemic, balancing the priorities of protecting the workforce and protecting the organisation. As one HRD put it: *'Some of the things we've had to make decisions on as an HR person have been really challenging and emotional.'*

HR leaders spoke of being burned out, exhausted and at times overwhelmed by the sheer pace of change during the peak of the pandemic, when government guidance seemed to evolve at times almost by the hour. One HRD told us how she would be up reading changing guidance in the middle of the night. A [CIPD webinar from May on looking after HR's own wellbeing](#) has been watched more than 2,000 times.

Dealing with challenging situations and implementing unpopular decisions such as pay cuts has also piled the emotional pressure on HR. One HR leader told us:

*The amount of resistance I got was really quite nasty at points. I process that as people's stress to the COVID situation playing back on the organisation. HR is not a role for the faint-hearted. I'm prepared to be unpopular when I'm doing the right things. That can be very hard, especially when I want people to shake themselves. When you look outside our industry and see people on furlough, people losing their jobs, people taking pay cuts, and our employees are frustrated that they've lost between one and five days' holiday that they've had 18 months to use.*

If HR is to support organisations through the economic challenges still to come, the HR function needs to focus on its own wellbeing and resilience. It needs to 'put its own oxygen mask on first' before helping the rest of the organisation.

### **Where next? Maintaining responsible people practice during economic downturn**

While the peak of the pandemic was challenging for organisations, it is possible that the worst is yet to come. The Institute for Employment Studies (2020) has estimated that redundancies in the UK could reach 735,000 this autumn as the furlough scheme comes to an end.

In these circumstances, how can HR leaders ensure that organisations maintain responsible people practice? *'As we go into this next stage it is incumbent upon HR to hold senior managers to account,'* one HRD told us.



Many organisations had already embarked on change journeys before COVID-19 hit and will have had to place significant restructures on hold. These have already or will soon be starting up again as organisations fight to make themselves sustainable.

As an HRD in a roundtable put it: *‘Things won’t be going back so we are going to continue with quite a radical change programme.’*

Of course, restructures and downsizing can be done responsibly and may be necessary to secure the long-term health of the organisation and as many jobs as possible. But it is nonetheless a challenge for the HR function to continue to prioritise taking a humane approach while making some hard decisions.

However, we end this section on a positive note for the function. HR has a perhaps once-in-a-generation opportunity to be not only involved in, but lead, the evolution of a new world of work. As Huffington (2020) writes in her *Harvard Business Review* article:

*We have been talking about putting people first and bringing our whole selves to work for a while now, but these are no longer abstractions. CHROs have an immediate opportunity to move these values from the periphery to the centre – not just to get their companies through the pandemic, but to ensure they emerge from it with a stronger, more inclusive, compassionate, and resilient culture. This is their moment to help their companies become what they always claimed they wanted to be.*

It’s an opportunity that HR leaders see clearly and are prepared to seize. Take these quotes from roundtable participants, all HRDs in large organisations:

*‘With every crisis I see HR step up more.’*

*‘We’ve found our voice as a profession – it has been energising.’*

*‘What an opportunity for us as a profession to lift ourselves up.’*

The COVID-19 pandemic has been a rough ride for HR teams, and it’s only going to get tougher, but the chance is there to build something new and emerge from the crisis stronger as a profession.

## 9 Conclusions

The assumption underlying this report is that the actions and decisions taken by those who consider themselves responsible business leaders show how people judge the levels of trustworthiness in leaders and organisations.

This report details the actions and decisions taken by 20 different employers during the first six months of the COVID-19 crisis in the UK.

Leaders knew the bigger challenges lay ahead. So, how will the trustworthiness of these leaders stand the test of the next two years? How will others judge their ability, benevolence, integrity and predictability? What constitutes ability, benevolence, integrity and predictability may well look different in a COVID-19 world.

### **Responsible to whom? The new-model responsible business**

What it means to be benevolent as a responsible business leader may take on new features in the COVID-19 world. ‘Benevolence’ will not simply depend upon the amount of money

you channel into charitable or community causes through a CSR scheme. Instead, for those organisations that espouse to be responsible businesses, it will be about their leaders recognising and working with the interdependencies within their ecosystem.

In recognising that interdependence it might be possible to negotiate a mutuality of aims and objectives, with the aim to go beyond meeting the needs of the traditional triangle – customers, shareholders and employees – to embrace a broader set of stakeholders.

But what does it mean in everyday business terms to recognise this interdependence? In the first wave of COVID-19, business stood alongside the state to keep society functioning and safe.

After COVID-19, responsible business may need to be more inclusive of community in all its forms. McKinsey argues that this will require *‘CEOs to engage with and learn from diverse participants who have a legitimate interest in the company not limited to equity ownership’* (Sneader and Lund 2020).

This means thinking not just about the needs of the community in which you operate but understanding the power a business has within its ecosystem. Then it’s about deciding to exercise that power as a force for good or change. For some it may require rethinking their purpose and re-orienting themselves towards the part they play within broader society.

The John Lewis Partnership is already on this journey as an employee-owned business. They have always defined their success differently from other organisations, including how they contribute value to society. They will continue to do this in response to the challenge COVID-19 presents on how we can build back better.

In the future, benevolence may be judged by a much broader set of stakeholders and a much more responsible use of power and privilege from our bigger employers.

### **Benevolence - and ambidexterity**

Being trustworthy will not just be about benevolence. It never has been. It is also about making sure the business is financially sustainable. That is about ability. All leaders are about to embark on a corporate journey that requires ambidexterity (Gentle and Metselaar 2020).

On one hand, there will be C-suite leaders making tough decisions about where to close or cut. To maintain financial sustainability it may not be possible to carry on ‘serving’ the needs of every community. So, who or what takes the hit? Community, government or employees? The young or the long-serving? The short term or the long term?

The ability and competence of the C-suite will be tested. Not only do they need to be benevolent in how they see their role within their ecosystem; they will need to judge where to make the right cuts in the right places. And they will need to implement those cuts – jobs, salaries, dividends – in a way that demonstrates benevolence and integrity.

That test will also apply to how they treat communities and supply chains. Will the benevolence extended in the early months of COVID-19 be sustained? How will the humane, empathetic and personal style of leadership displayed by senior executives in lockdown be maintained in the face of restructures? Can leaders convince both the survivors and the redundant that job cuts are benevolent? To maintain integrity, leaders will need to be crystal clear in justifying their decisions and demonstrate how they align with their sense of fairness and justice.

On the other hand, leaders are trying to explore what new business models will thrive in this different world. Thinking innovatively demands an open form of leadership, and senior teams may need to bring new talent into their boardrooms. Leaders must encourage cultures where new learning can thrive and accept that they may not have all the technical or financial solutions for the new world order.

They will be in the spotlight. Employees, supply chains, customers and shareholders will all be asking whether their C-suite can lead the business through transition to an uncertain destination. A situation that is far from predictable requires leadership that can demonstrate to stakeholders some 'reliability' in its actions.

In the challenging times to come, defined ethics and declarations of responsible business become even more critical. They will be just as important as guiding principles adopted during the immediate crisis. The next 12–24 months will be a time of experimentation; the pursuit of new forms of enterprise will take leaders down cul-de-sacs or see them make mistakes.

### **Can we build back better?**

The new world of work is uncertain. We know neither what it will look like nor what investment in infrastructure, tech, communications, skills and talent are necessary to create new cultures and business models. We can speculate and experiment but we cannot be sure which aspects of the 'new normal' will survive. But every new way of working has a shadow side.

In the *Financial Times*, Sarah O'Connor (2020) writes that three-quarters of jobs in the highest-paying quintile can be accomplished by working from home, while that applies to only 3% of those in the lowest-paying quintile. She warns of the danger of returning to low-paid, home-based piecework, citing the example of a woman in the US working 12–16-hour days from home for \$5 per hour.

Some commentators have argued that the definitions of responsible business we reported in [section 4](#) need to be revisited, not only by broadening the range of stakeholders, but with a more defined role for governments in ensuring business meets its social responsibility: *'The key role of governments in shaping its [responsible business] extent and effectiveness has become increasingly obvious'* (Crane 2020).

Some leaders may be uncomfortable at the prospect of more government intervention. If so, they must be seen to be addressing the social inequality that COVID-19 exposed. These inequalities have been there for decades, not hidden, but some leaders may have chosen not to see them.

To build back better we will need to see the world from the perspective of those who, in the words of a leading church figure, are already or shortly will be 'standing on the periphery'. During COVID-19 it was the least well paid – front-line workers and healthcare staff – who were required to take the greatest risks. While some businesses have paid these people 'hero bonuses', there may need to be a longer-term recalibration of reward and recognition systems, with action to close the differentials between top team pay and those at the bottom. Addressing inequalities does not mean making speeches; it means taking action.

A fair distribution of wealth and opportunity in a post-COVID-19 world is yet to be determined, and we may see an echo of the post-Second World War period, where Britons demanded more from the state in healthcare, education and housing. To help shape social change, CEOs and HRDs must lead the way by adjusting recruitment, promotion and reward systems.

Black Lives Matter brought into the open inequalities embedded deep in current economic and social systems for the black community. Foxtons has demonstrated that it is possible to make a commitment to recruit and develop workforces to reflect and develop the diversities within the communities they serve.

Foxtons' CEO believes organisations that are serious about inclusion need to 'systemise' diversity and inclusion into the structure and decision-making of the organisation. It is his ambition to *'lead an organisation without prejudice'*, and in that he has exercised his privilege and judgement as a CEO.

Inclusion is a matter of choice. We know diverse teams foster creativity and innovation ([Kelly 2020](#)). We will need large helpings of both over the next few years.

### **Providing certainty**

As we go through this transition, one of the biggest challenges is giving employees and other stakeholders some certainty in a volatile world. Predictability, the fourth driver of trustworthiness, is going to be in short supply over the next 24 months. Two solutions come to mind:

- Following the financial crisis, those organisations that maintained trust while seeking financial sustainability were those who were able to build a bridge between the past and the future. While acknowledging their businesses had to operate differently, leaders emphasised that the values of responsible business would persist. The future might look different, but the values underpinning it would stay the same.
- Trustworthy leaders had open and honest conversations with stakeholders at all levels about why change was needed. As Nationwide's CEO says: *'I can't control what happens externally – Brexit or COVID-19 – but I can control how I respond to it by staying true to the values of the business.'*

### **Followers have a role to play too**

Lastly, and also pertinent to the next six months despite not being covered by the report, it is important to think about the role followers might play. In high-trust organisations, trust flows two ways – up and down – and if we want work to remain more human and personal, both followers and leaders need to respect and protect the vulnerability that means for both sides.

Each of us has obligations and responsibilities to help build back better. Those who experienced a privileged COVID-19 – whether employees, customers or shareholders – may need to be a little less exacting of responsible business leaders trying to do their best. Let's demonstrate, support and praise good practice going forward and try to make responsible business a movement with momentum.

### **How to be a responsible business**

- Think about the role of the organisation in the community and broader ecosystem. Where are the interdependencies?
- Consider reshaping your organisation's purpose, both to survive and thrive in a post-COVID-19 economy, but also to play a bigger and more responsible role within its communities/ecosystem.
- Leaders need to communicate honestly, clearly and transparently, with all stakeholders, about the difficult decisions that need to be made. Demonstrate how these decisions fit with your sense of organisational and individual fairness and justice.

- Bring new talent into your boardroom. Innovation requires a diversity of background, thinking and experience.
- Leaders must be honest about where they do not have all the answers. Accept that you are not the expert in what is to come and ask for advice where needed.
- Organisations and leaders should take an active and willing role in addressing inequalities, including low pay for those in front-line roles and inequalities linked to ethnicity. If they do not step up to do this voluntarily, they may soon be forced to by government.
- Build a bridge between the past and the future. Acknowledge that while the business may need to operate differently, the values underpinning it remain the same.
- Maintaining the humane and personal leadership that has come to the fore during COVID-19 means encouraging vulnerability at all levels. HR and leaders need to create a psychologically safe space to be vulnerable and address any conflicts and underlying resentments.

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