

COVID-19'S IMPACT ON CULTURE



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SUMMARY

Organisational cultures are not easily impacted. This is what makes changing an organisational culture so difficult. It is well understood that established cultures typically prevent any attempt to change it. The introduction of new values, new business models or a restructure may appear to make progress for a little while but eventually many of such programs do fizzle out. The interlocking elements of an organisation's culture tend to take over, repel any intended change and pull it back to the existing culture.

The key finding of this research is that the vast majority of organisational cultures have been impacted by the COVID-19 crisis. An interesting finding is that while 4/5 practitioners believe the crisis is forcing them to see, think, feel, plan and act differently, organisations are split in how far COVID-19 has adversely impacted their culture. HR practitioners report that the most adverse impacts of COVID-19 on culture relates to the organisation's morale and to employees' wellbeing due to social isolation and job insecurity. The findings suggest that the most favourable impacts on culture are organisational courage, values and purpose.

We note that organisational leaders with certain qualities define how far COVID-19 is likely to have an adverse or favourable impact on culture. These leadership qualities relate to showing empathy, demonstrating care, energising the organisation, encouraging

communication, letting-go-of ingrained thinking and having the courage to address shortcomings as a leader.

A surprising finding relates to the impact of remote working on culture. The majority of HR practitioners do agree that building a culture with a remote workforce is a challenge. But they also feel that employees are connecting with each other in a more genuine way and are more comfortable sharing details about personal situations outside of work. What makes a remote culture work, besides having the right technology, comes back to leadership once again. As it is leaders and managers that can enable the required levels of support, communication, collaboration and ultimately trust.

There is hope - HR professionals generally believe that their organisations are going to persevere, are agile enough to deal with the ramifications and are going to bounce back from the crisis. But the question emerges "bounce back to what"

The main warning of this research is not 'just' the significant impact that the COVID-19 crisis has on culture. The red flag relates to whether organisations will be capitalising on it, or whether they will let a 'good crisis go to waste'. The research indicates that the majority of HR professionals don't believe their organisations will be transformed culturally or strategically as a result of this COVID-19 crisis.

Through a range of surveys with HR practitioners across Australia, AHRI has seen the immediate effects that COVID-19 has had on workplaces, in the ways we work and in our organisational cultures. This survey, undertaken in partnership with Dr. Marc Stigter and Sir Cary Cooper, provides a deeper dive into the affect COVID-19 has had on organisational culture.

While this research demonstrates that organisations can indeed change, the question is how sustainable and deep that change is. HR certification provides practitioners with the necessary skills and capabilities to help them drive this change in a positive and strategic manner. Leaders should also be working with their HR business partners to embed the positive changes they have seen in preparation for the future, and take advantage of the changes the crisis has already wrought.

I thank Dr. Marc Stigter and Sir Cary Cooper, and commend this research report to you.

Sarah McCann-Bartlett
Chief Executive Officer and Managing Director,
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Dr Marc Stigter and Sir Cary Cooper
Authors of Making Culture Work
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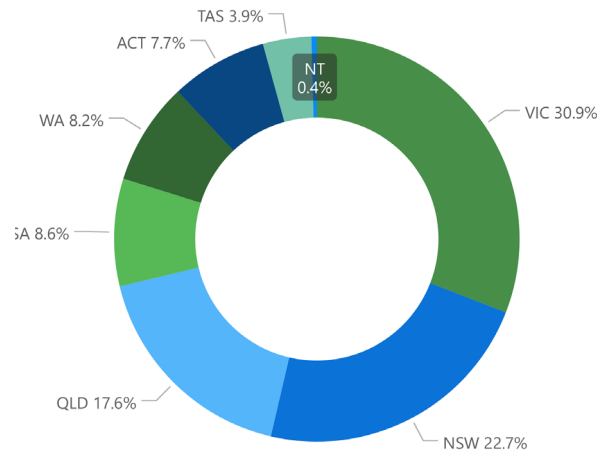
DEMOGRAPHICS

The Australian HR Institute, in partnership with Dr. Marc Stigter and Sir Cary Cooper, surveyed 233 HR leaders between the 27th July – 2nd August, on their ongoing experiences relating to culture as a result of the COVID-19 pandemic.

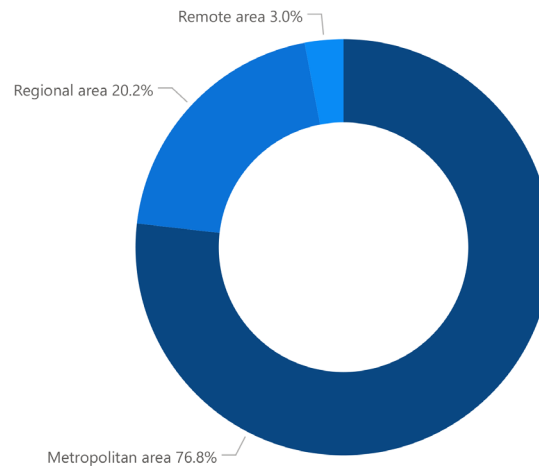
The majority of respondents reside in Victoria (30.9%) and New South Wales (22.7%), in a Metropolitan area (76.8%).

The majority are either HR managers (31.3%), HR business partners (15.5%) or HR consultants (10.3%). 'Other' respondent roles include 'People & Culture Manager', 'OD Manager'.

STATE/TERRITORY (N=233)



LOCATION (N=233)



JOB ROLE (N=233)

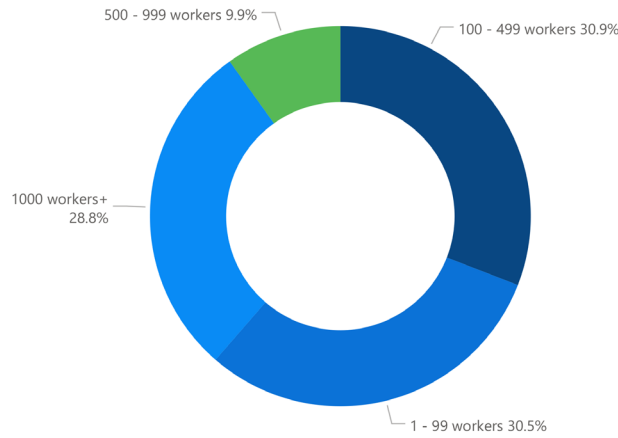
HR Manager	31.3%
HR Business Partner	15.5%
HR Consultant	10.3%
HR Director (national focus)	7.7%
HR Adviser	7.3%
HR Administrator	6.0%
Consultant	3.9%
HR Director (state focus)	3.9%
Senior Executive team	3.9%
HR Director (global focus)	2.1%
Board Director	1.3%
CEO	0.9%
Line Manager	0.9%
Other (please specify)	5.2%

DEMOGRAPHICS

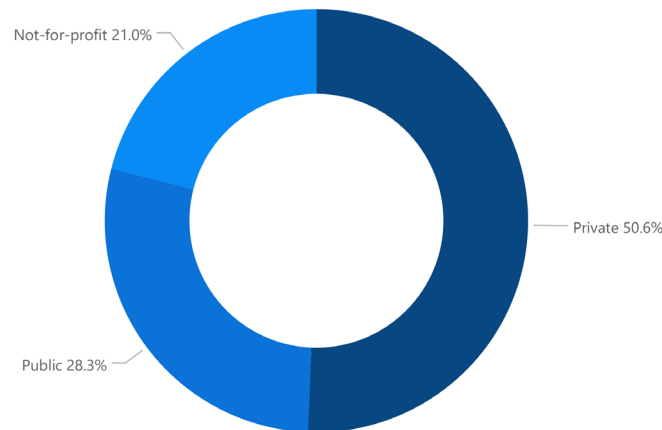
Most respondents report working in medium size organisations (100-499 workers; 30.9%), followed by small organisation (1-99 workers; 30.5%).

Further, the majority of respondent organisations are in the private sector (50.6%), and in the Healthcare and social assistance industry (26%).

ORGANISATION SIZE (N=233)



SECTOR (N=233)



INDUSTRY (N=233)

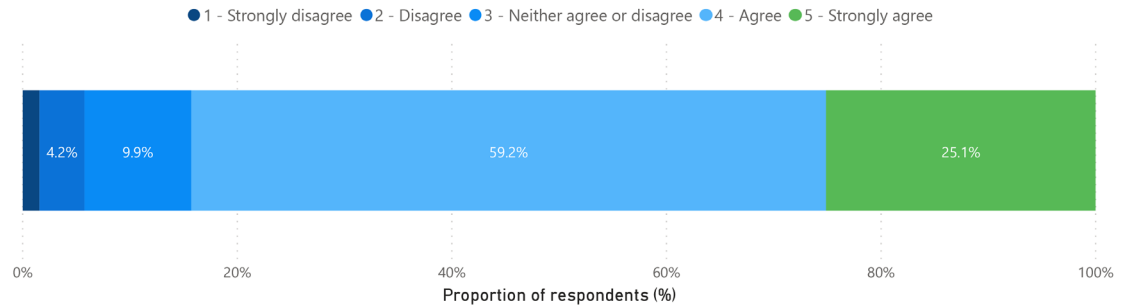
Healthcare and Social Assistance	15.0%
Professional, Scientific and Technical Services	9.9%
Education and Training	9.4%
Public Administration and Safety	9.0%
Financial and Insurance Services	6.4%
Manufacturing	6.0%
Construction	5.6%
Electricity, Gas, Water and Waste Services	3.4%
Information Media and Telecommunications	3.0%
Administration and Support Services	2.6%
Mining	2.6%
Arts and Recreation Services	2.2%
Transport, Postal and Warehousing	2.2%
Accommodation and Food Services	1.3%
Agriculture, Forestry and Fishing	1.3%
Rental, Hiring and Real Estate Services	1.3%
Retail Trade	0.9%
Wholesale Trade	0.4%
Other services (please specify)	17.6%

CULTURAL IMPACTS OF COVID-19

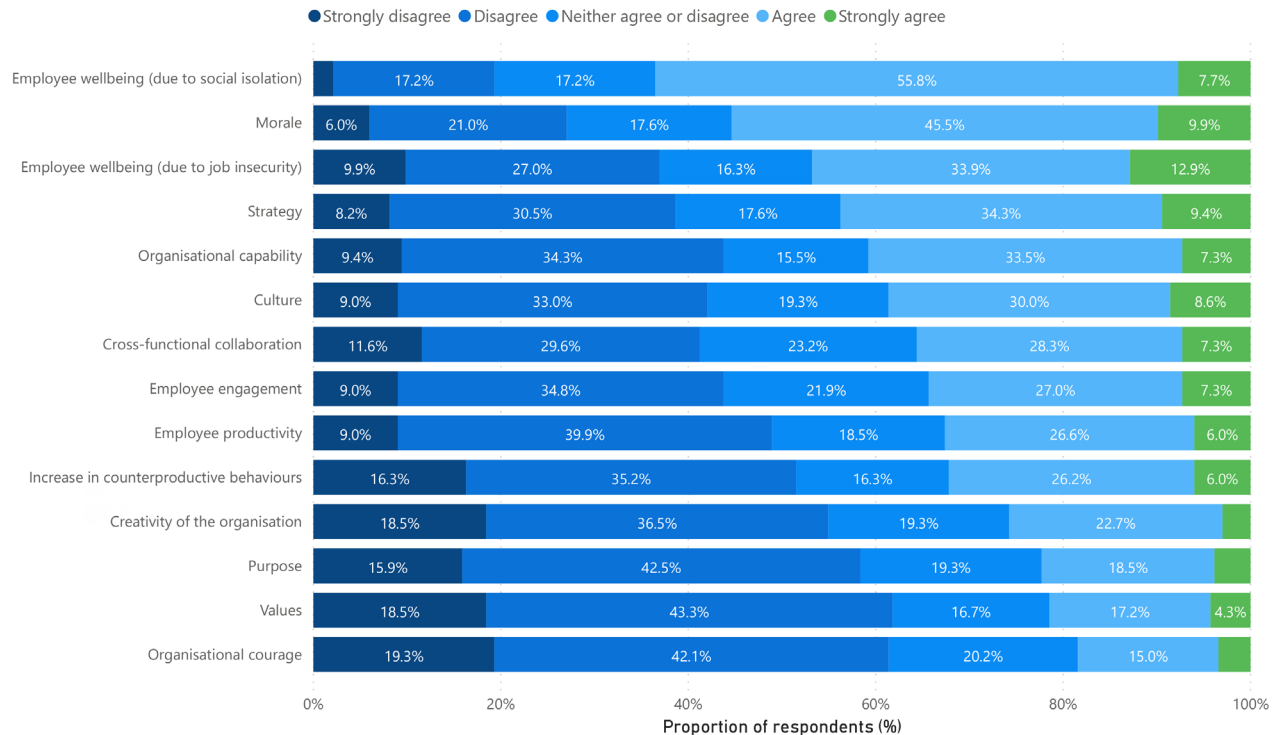
We asked HR practitioners whether the crisis is forcing them to see, think, feel, plan and act differently. Further, we asked about the extent they believed COVID-19 has negatively impacted upon various elements of their organisation and its culture. The following chart lists agreement (%) from greatest adverse impact to least adverse impact, vertically.

Overall, 4/5 HR practitioners (84.3%) suggest this crisis is forcing their organisation to see, think, feel, plan and act differently. Almost 40% (38.6%) believe COVID-19 has adversely impacted on their organisation's culture. Another 42% suggest the opposite, indicating around half of affected cultures are negatively impacted whilst the other half are not.

THE COVID-19 CRISIS IS FORCING US TO SEE, THINK, FEEL, PLAN AND ACT DIFFERENTLY (N=191)



TO CULTURAL IMPACTS OF COVID-19 (N=233)



CULTURAL IMPACTS OF COVID-19

The most adverse impacts of COVID-19 are reported as:

- Employee wellbeing due to social isolation (63.5% agree or strongly agree)
- Morale (55.4% agree or strongly agree)
- Employee wellbeing due to job insecurity (46.8% agree or strongly agree)

EXPERIENCES FROM THOSE WITH ADVERSE CULTURAL IMPACTS

“

“Our leaders have been great leaders in good times but not in challenging times and our culture has suffered because of them”

“If your organisation’s performance is largely reliant upon employee goodwill before a crisis, there may be little to draw upon when needed. Both financial and cultural strategic reserves are essential for resilience and sustainability.”

“We are a silo organisation and the crisis seems to have made this an even worse situation.”

“Barriers between individual and work life require individual maintenance, transparency with line managers, and a flexible approach. This is a constant challenge for managers, who simply don’t have all the answers. Managers need the understanding and good will of their staff, and vice versa, more than ever. This is hard to build at short notice, and organisations with cultures defined by these characteristics will fare better.”

“We are finding it difficult to reward and recognise employees, and to inspire traditional leaders to look at new ways of motivating and connected with their teams”

”

CULTURAL IMPACTS OF COVID-19

The least adverse impacts of COVID-19 are reported as:

- Values (61.8% disagree or strongly disagreed)
- Organisational courage (61.4% disagree or strongly disagree)
- Purpose (58.4% disagree or strongly disagree)

EXPERIENCES FROM THOSE WITH NO ADVERSE CULTURAL IMPACTS

“

“Our culture is more inclusive because an effort has been made to value each person’s contribution using the technology. Normally face to face meetings wouldn’t ensure everyone is engaged”

“Our workforce is adaptable and flexible enough to meet the challenge of the separation from the office and still achieve the expected outcomes through the use of technology.”

“The crisis has highlighted the importance of our values, and alignment with our purpose; We have had regular transparent communication from the CEO (Weekly video updates)”

“There are opportunities during times of crisis. Putting the safety and well-being of our people as a priority during these unprecedented times increased trust across the organisation.”

“We can come together quickly and pivot to protect and care for our teams.”

“Overall it has had a positive impact for most. For our younger staff they have realised work is much more than just about the job they perform and created a greater appreciation of the actual workplace environment and all that comes with that, particularly staff that live alone. Also, staff with children etc have appreciated the ability to work from home and stay connected. In general, our staff have acknowledged our ability to be flexible to each individuals’ circumstances”

”

LEADERSHIP INFLUENCES CULTURAL IMPACT

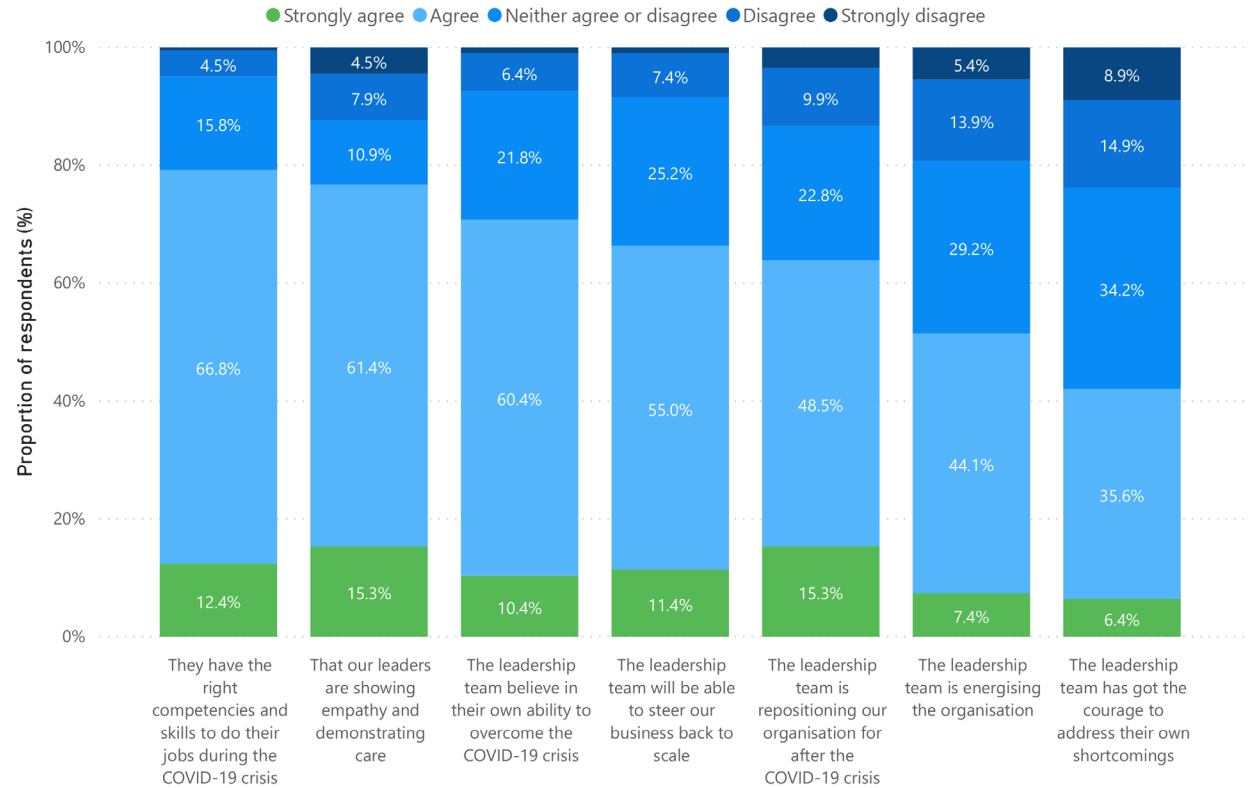
A presumption is that industries that are most severely and economically impacted by the Covid-19 crisis - for example manufacturing, travel, transportation or retail – are likely to be more adversely impacted culturally as well (because of redundancies, job insecurity, survivors' syndrome etc). However, one other critical element that impacts culture is leadership.

HR leaders were asked whether their organisation has had effective leadership and skills during the crisis.

Almost 4/5 respondents suggest their employees have the right competencies and skills to do their jobs during the crisis (79.2%), and that their leaders are showing empathy and demonstrating care (76.7%).

However, only 1/2 suggest that their leadership team is energising the organisation (51.5%), and few (42%) suggest their leadership team has the courage to address their own shortcomings.

LEADERSHIP AND SKILLS DURING THE CRISIS (N=202)



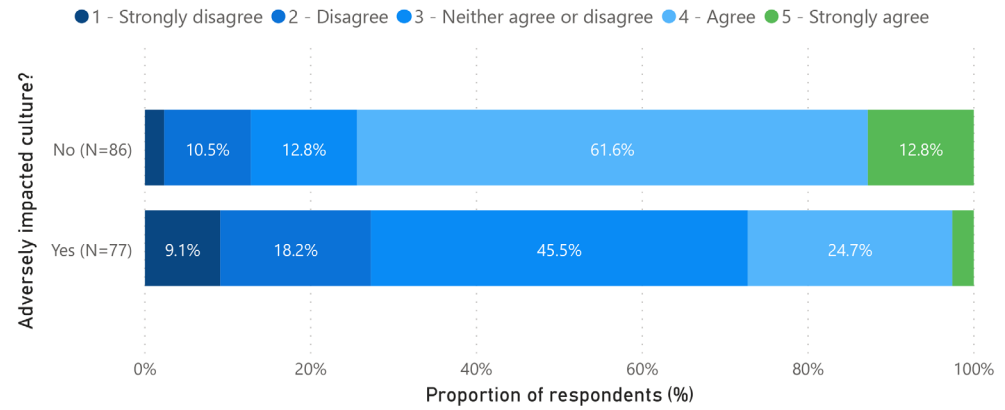
LEADERSHIP INFLUENCES CULTURAL IMPACT

Respondents who believe their culture has been adversely impacted by COVID-19 are less likely to agree their leadership team is energising the organisation (27.3%) as opposed to those who believe their culture hasn't been adversely impacted by COVID (74.4%).

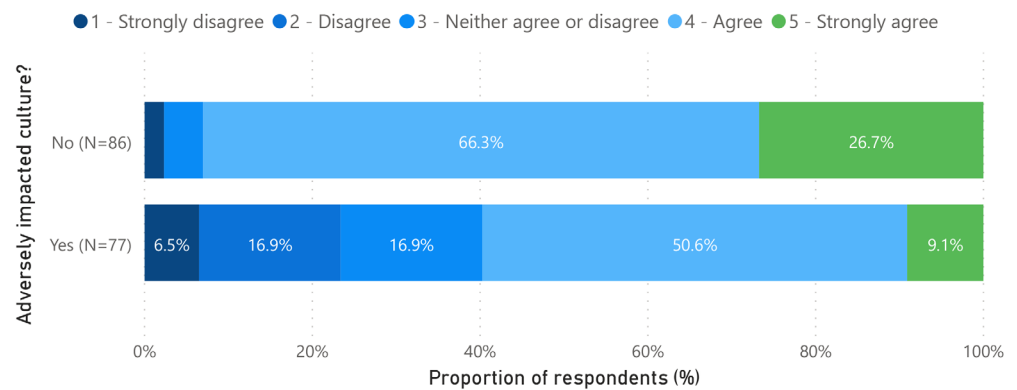
Further, respondents who believe their culture has been adversely impacted by COVID-19 are less likely to agree their leaders are showing empathy and demonstrating care (59.7%) as opposed to those who believe their culture hasn't been adversely impacted by COVID-19 (93%).

This indicates that the type of leadership qualities, specifically whether leaders are empathetic, caring and energising the organisation, defines the extent to which Covid-19 has got an adverse or favourable impact on an organisation's culture.

OVERALL, OUR EMPLOYEES FEEL THAT THE LEADERSHIP TEAM IS ENERGISING THE ORGANISATION (N=163)



OVERALL, OUR EMPLOYEES FEEL THAT OUR LEADERS ARE SHOWING EMPATHY AND DEMONSTRATING CARE (N=163)



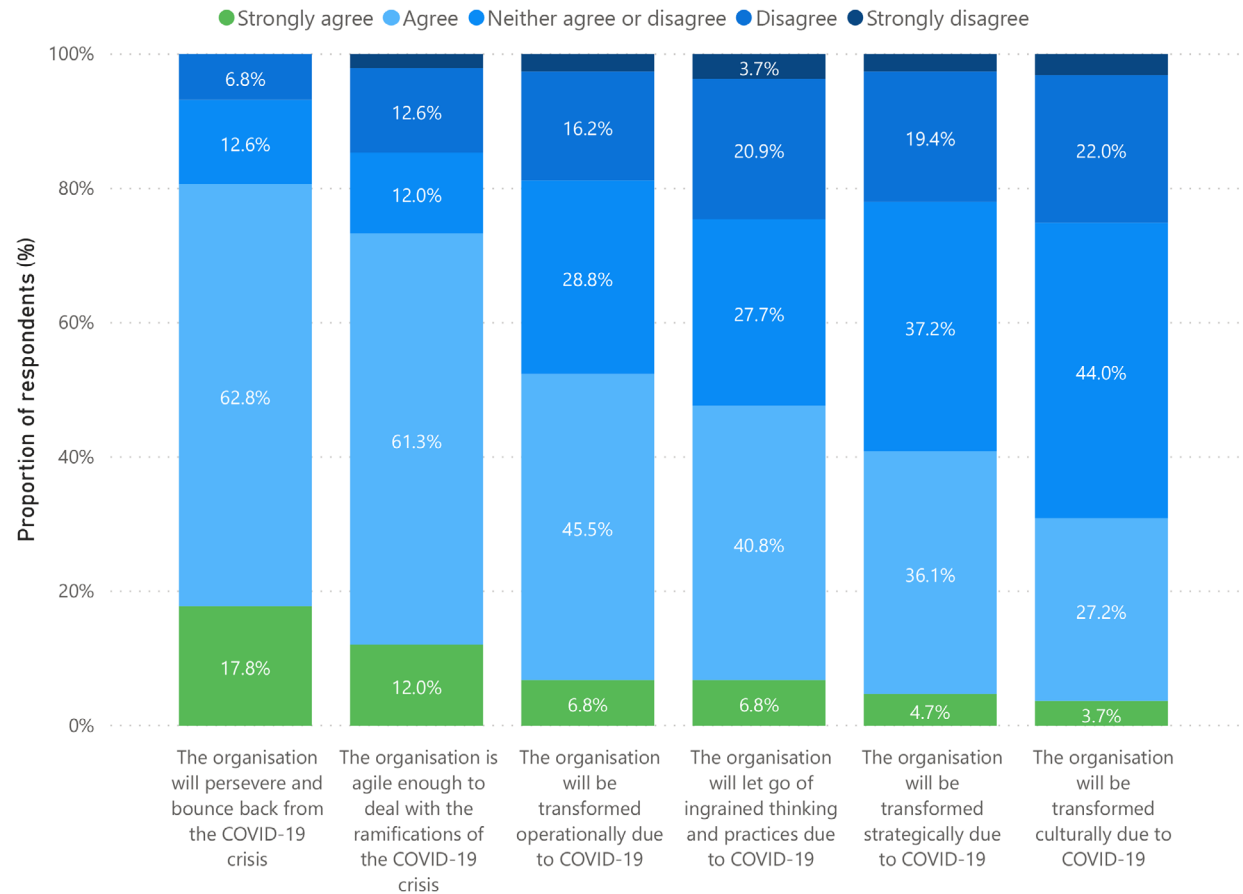
TRANSFORMATION

HR professionals were asked to estimate their employee perceptions on cultural, operational and strategic transformation as a result of the crisis.

Many feel that their employees generally believe the organisation will persevere and bounce back from the crisis (80.6%), and the organisation is agile enough to deal with the ramifications (73.3%).

Yet, very few HR leaders suggest their employees believe in a cultural shift as a result of the crisis (30.9%).

EMPLOYEE PERCEPTION OF CULTURAL TRANSFORMATION (N=191)



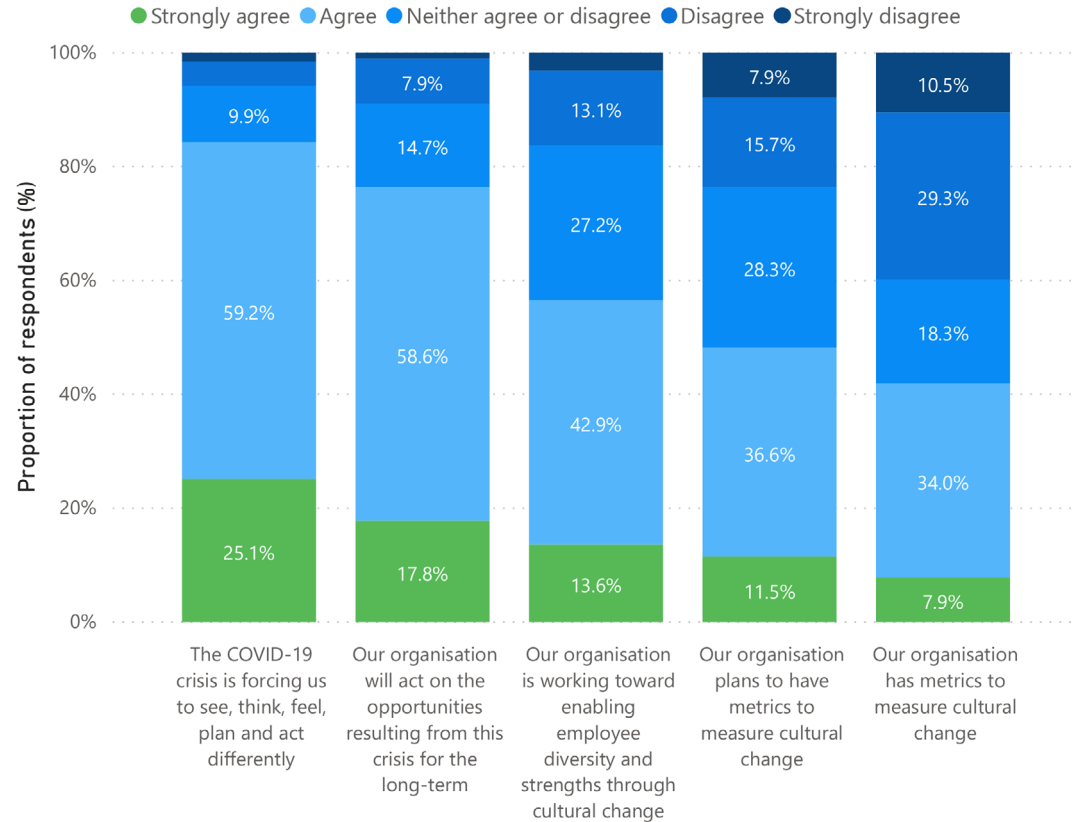
TRANSFORMATION

HR professionals were asked about their own perceptions in relation to cultural transformation.

4/5 HR professionals believe the crisis is forcing their organisation to see, think, feel, plan and act differently (84.3%). Many believe the organisation will utilise the opportunities of the crisis for the long term (76.4%).

While this indication of cultural transformation in organisations is positive, less than half believe they have the metrics in their organisation to measure cultural change (48.1%). A slightly larger proportion believe they are planning to in the future (41.9%), but there is work to do in relation to cultural change metrics.

HR PERCEPTION OF CULTURAL TRANSFORMATION (N=191)



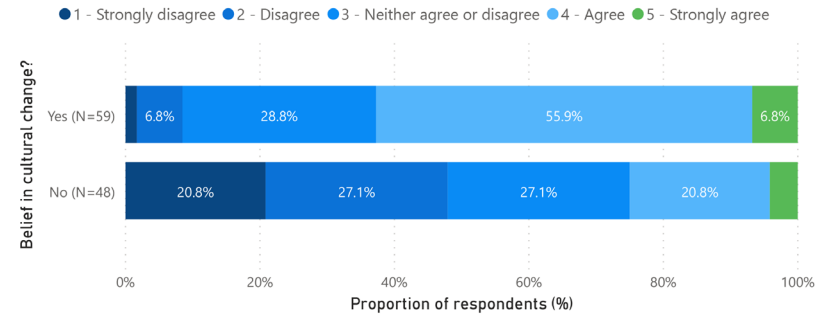
LEADERSHIP INFLUENCES TRANSFORMATION

We found that leadership defines in how far employees feel their organisation will be transformed culturally, operationally or strategically as a result of COVID-19.

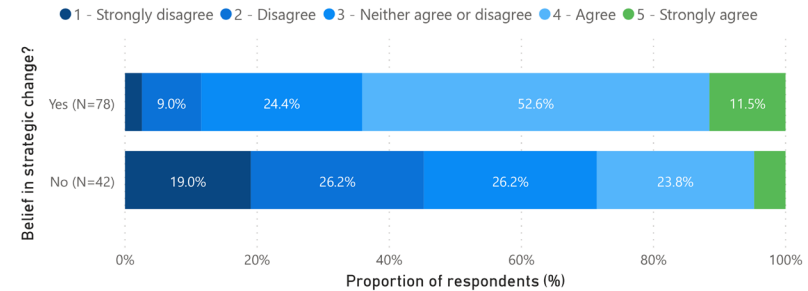
Respondents whose employees feel their organisation will be transformed culturally are much more likely to report that employees feel the leadership team is energising the organisation (62.7%), than those who don't believe their employees feel the organisation will transformed culturally (25%).

Similarly, respondents whose employees feel their organisation will be transformed operationally and strategically as a result from the crisis are much more likely to report their leadership team is energising the organisation (61.4% versus 28.6% and 63% versus 13.9% respectively)

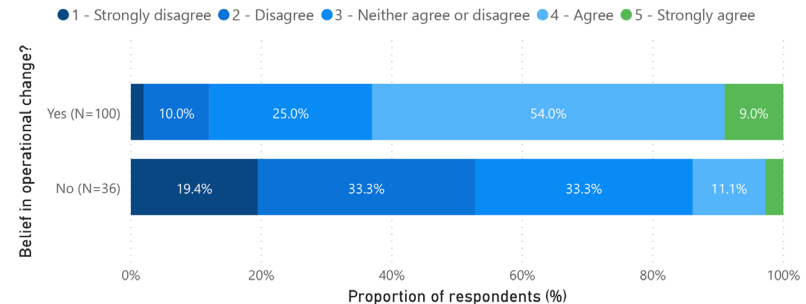
OVERALL, OUR EMPLOYEES FEEL THAT THE LEADERSHIP TEAM IS ENERGISING THE ORGANISATION (N=107)



OVERALL, OUR EMPLOYEES FEEL THAT THE LEADERSHIP TEAM IS ENERGISING THE ORGANISATION (N=120)



OVERALL, OUR EMPLOYEES FEEL THAT THE LEADERSHIP TEAM IS ENERGISING THE ORGANISATION (N=136)



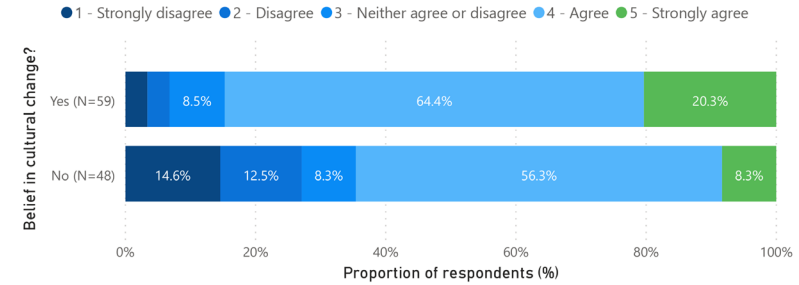
LEADERSHIP INFLUENCES TRANSFORMATION

Critically, respondents who believe employees feel their organisation will be transformed culturally are much more likely to report that the leadership team is demonstrating empathy and care (84.7%), than those who don't believe their organisation will be transformed culturally (64.6%).

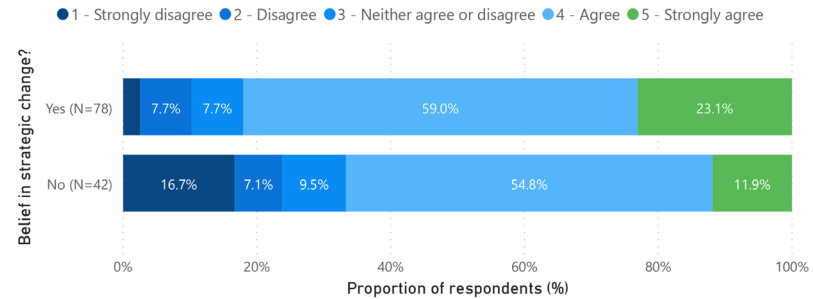
The same effect is found relating to belief in strategic transformation and whether leadership is energising the organisation (82.1% versus 66.7%).

Further, the same effect is found relating to belief in operational transformation and whether the leadership team is energising the organisation (82% versus 55.5%).

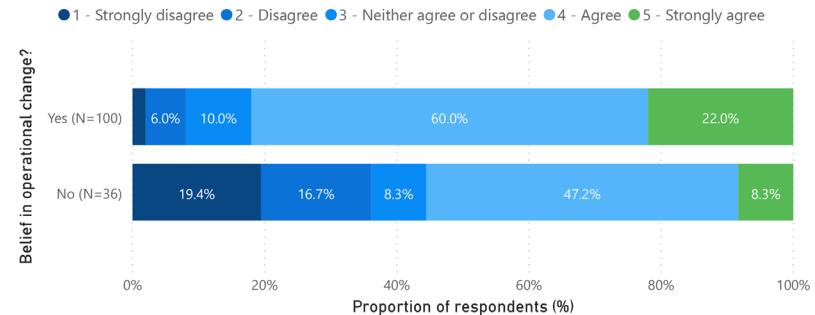
OVERALL, OUR EMPLOYEES FEEL THAT OUR LEADERS ARE SHOWING EMPATHY AND DEMONSTRATING CARE (N=107)



OVERALL, OUR EMPLOYEES FEEL THAT OUR LEADERS ARE SHOWING EMPATHY AND DEMONSTRATING CARE (N=120)



OVERALL, OUR EMPLOYEES FEEL THAT OUR LEADERS ARE SHOWING EMPATHY AND DEMONSTRATING CARE (N=136)



IMPACT OF REMOTE WORKING ON CULTURE

Those respondents who had at least some of their employees remotely working during the crisis (N=199), were asked how the remote working aspect of the crisis impacted on their culture.

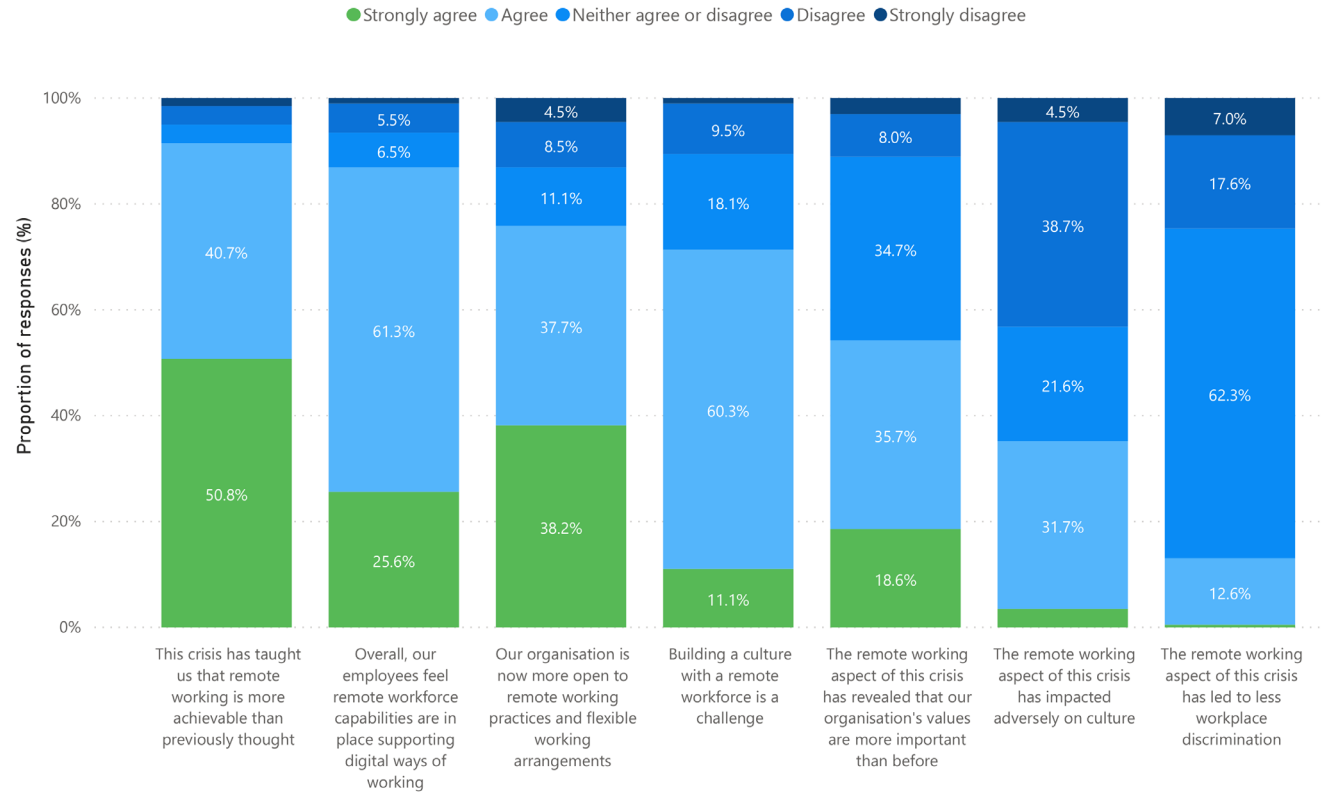
The large majority of respondents agree that the crisis has taught us that remote working is more achievable than previously thought (91.5%), and that employees feel remote workforce capabilities are in place to support digital working (86.9%).

3/4 of respondents are now more open to remote and flexible working arrangements as a result of the crisis (75.9%). However, many suggested that building a culture with a remote workforce is a challenge (71.4%).

Only 1/3 (35.2%) of respondents suggest that the remote working aspect of the crisis has adversely impacted on their culture.

Respondents are largely undecided whether the remote working aspect of the crisis has led to less workplace discrimination (62.3%).

IMPACT OF REMOTE WORKING ON CULTURE (N=199)



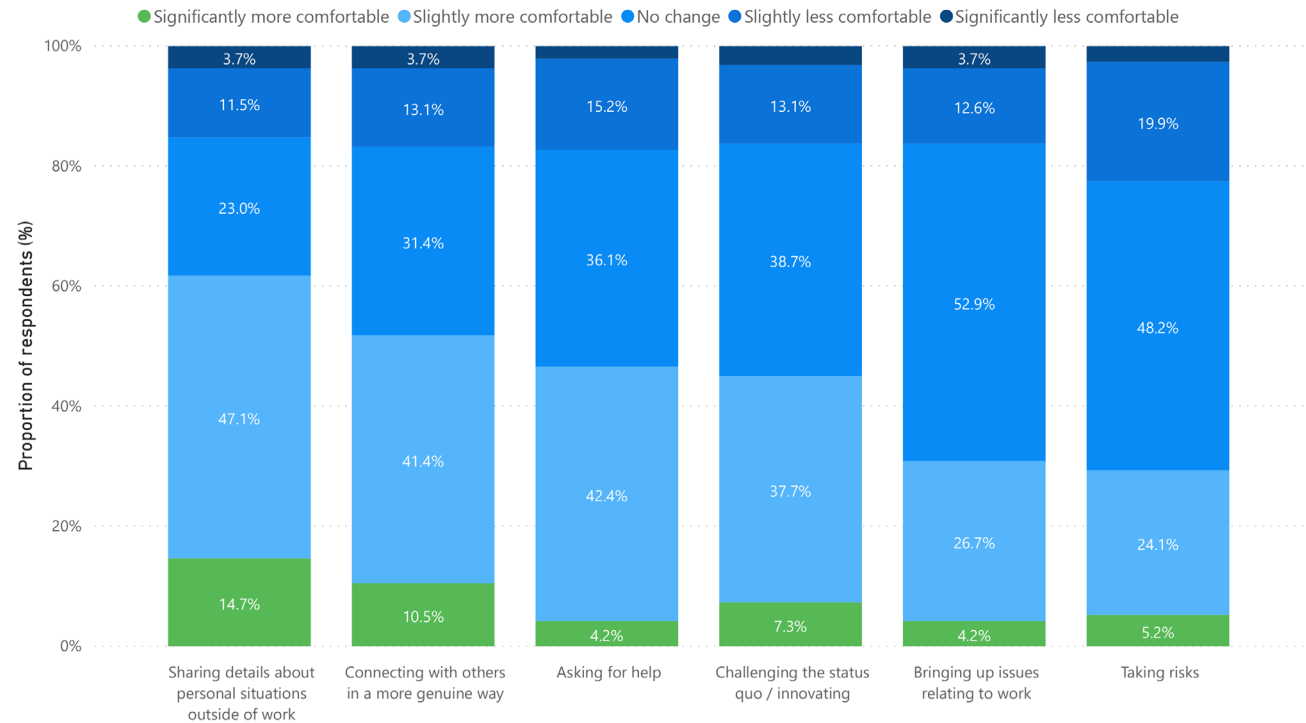
IMPACT OF REMOTE WORKING ON CULTURE

HR leaders were asked how their employee behaviour has shifted as a result of remote working.

The majority agree that employees are more comfortable sharing details about personal situations outside of work (61.8%) and more than 1/2 agree that employees are connecting with others in a more genuine way (51.9%).

The majority suggest no change regarding employees bringing up issues relating to work (52.9%), or taking risks (48.2%).

REMOTE WORKING AND EMPLOYEE BEHAVIOUR (N=191)

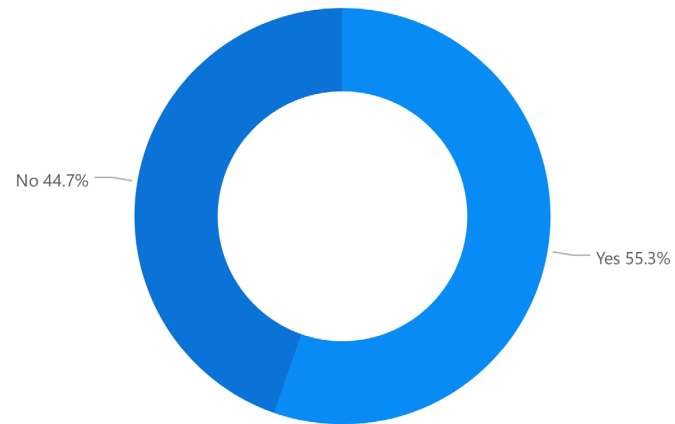


CULTURE AND HR CERTIFICATION

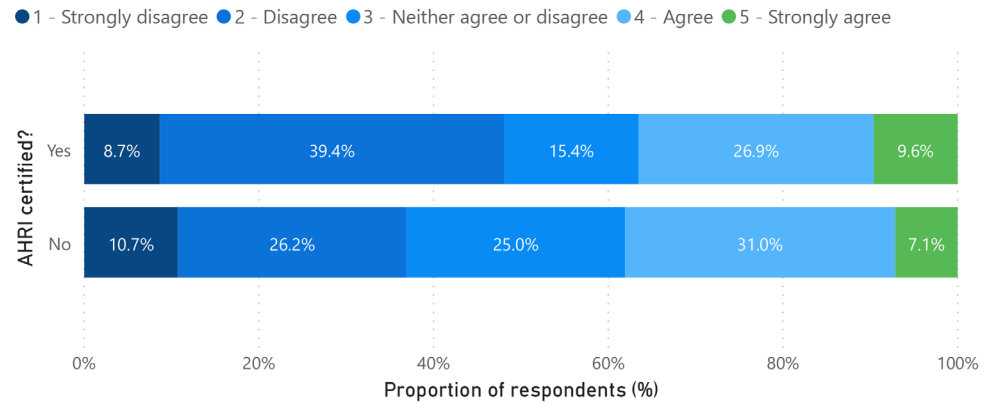
The majority of the respondents of this survey were certified or fellow certified HR practitioners (i.e. CPHRs or FCPHRs).

Those who are AHRI certified (i.e. CPHR or FCPHRs), were more likely to disagree that COVID-19 has been adversely impacting on their organisation's culture (48.1%) than those who are not AHRI certified (36.9%).

ARE YOU A CERTIFIED MEMBER, I.E FCPHR, CPHR, CAHR, FCAHR? (N=188)



COVID-19 HAS BEEN ADVERSELY IMPACTING ON OUR CULTURE (N=188)



THERE IS HOPE

Fortunately this research indicates that the majority of organisations are utilising the COVID-19 crisis as an opportunity to change for the better.

Positive insights from the report include:

- **HR professionals are suggesting the crisis is forcing their organisation to see, think, feel, plan and act differently (84.3%)**
- **Purpose, values, and organisational courage are largely unaffected by the crisis**
- **It is widely agreed that the crisis has taught us that remote working is more achievable than previously thought (91.5%)**
- **Many agreed their employees feel more comfortable sharing details about their personal lives as a result of remote working (61.8%)**
- **Many suggest their organisation will persevere and bounce back from the COVID-19 crisis (80.6%)**

COVID-19 has provided the catalyst to take risks we would never have taken, to the extent that our workforce is now predominantly home-based and we envisage this will continue into the future. There were reservations and challenges for employees initially, but the majority now report that they are surprised at becoming more comfortable, actually enjoying remote working.

The experience has built confidence with risk-taking to a level that was not previously there.

WHAT NEXT?

A CALL TO ACTION

Do you know how COVID-19 is impacting your culture?

We do know that this crisis is having an impact on morale, wellbeing and culture in general.

We also know that this crisis presents you - as a HR professional - with a unique opportunity to improve the culture within your organisation.

The first step is to highlight this opportunity to the leadership team of your organisation and gain their buy-in.

The second step is to better understand your culture: determine what the adverse and/or favourable impacts of the crisis are on culture. Start the conversation; consider measurement tools

The third step is to utilise the positives and negatives that you have discovered throughout the crisis. What habits to keep or break?

CHECKLIST

As an HR professional, are you highlighting the importance of:

- Leaders embracing the cultural impact of this crisis and utilising it as an opportunity to improve aspects of your culture?
- Leaders daring to address their own shortcomings and understanding which behaviours to Stop, Start and Continue within this new climate?
- Leaders being empathetic, demonstrating care and energising their teams - as a continuous practice?
- Understanding where your organisation's culture sits by conducting a culture report? [You can use this template to help.](#)



ABOUT AHRI

The vision of the Australian Human Resources Institute (AHRI) is to shape the HR profession for the future.

As the professional association for people managers, AHRI provides career support, holds learning and development events and programs, and provides insights to organisations and the wider business world through surveys and reports, such as this.

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