

COMPANY CULTURES & RESIDUAL SHOCKWAVES FROM 2020

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'Shift Happens'

Social and economic disruptions often shift people's behaviours — sometimes in small ways, other times more seismic. On this point, AETHOS conducted a 'COVID Gap' analysis for the C-suite within hospitality organisations at the end of last year. The results were sobering. Particularly, we found several significant changes across these team's Execution, People, and Cognitive skills:

"Overall, management teams were more tactical and short-term focused, but also much nimbler in their thinking. Strategy alongside established protocols and processes were thrown out the window. Aspects relating to team building, or professional development, were taking a backseat, replaced by a much stronger emphasis on efficiency and results. Little time was spent on building consensus; instead, decision-making was decentralised. The unifying voice ensuring that teams back one common vision was missing... We could observe in the data that the external pressure on the senior leaders had a negative effect on their motivation, drive and engagement. Being forced to constantly react to external pressures meant stress levels were through the roof – resulting in considerable risk as it relates to mental health and well-being."

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Given these outcomes, it is natural to ask how management teams, with limited time to address personal and team well-being, can effectively ignite the necessary spark, motivation, and inspiration to drive and shape the anticipated recovery. In a search for answers, pragmatic solutions were enacted that centred on specific HR, coaching, and leadership training initiatives which could help combat the negative effects of the crisis, normalise behaviour patterns, as well as lift the spirits to fight off mental fatigue.

AETHOS' ongoing interactions with industry investors and operators, however, reveal that the pandemic has affected considerably more than an organisation's senior leadership teams. Industry feedback consistently indicated that last year's disruption clearly had a lasting impact throughout the organisational chart. We therefore examined empirical data to clarify the nature and extent of these apparent cultural shifts to organisations.

Mining Organisational Insights from Culture Surveys

Company cultures are not static, rigidly-fixed things — instead, they are malleable and often adaptive to business directions and market conditions. In other words, aspects of a business' "Mission, Vision, and Values" can vary in importance depending on necessity or available resources. Companies routinely use employee opinion surveys to monitor their degree of enterprise alignment and engagement, and AETHOS likewise conducts annual surveys for many global clients. Reviewing anonymised data points, we have detected several noteworthy trends that reveal how the disruptive COVID-19 pandemic has altered the working dynamics of many service-driven businesses.

Specifically, the events of last year have consistently shifted company cultures in consequential ways. In certain respects, cultures were both strengthened and weakened. Understanding these insights can help leaders to capitalise on what is working well and to address those issues that are likely undermining performance across the

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organisation. Even though workers at all employment levels in 2020 tended to be significantly more tactical, reactive, and short-term thinkers than in 2019, we noticed that the percentage of people who responded with “strongly agree” and “agree” to employee survey questions actually trended higher last year. That is, the overall “favourability” ratings increased relative to fiscal years with greater market stability and less chaotic organisational environments. The specific strengths and weaknesses in company cultures during 2020 give insight into this surprising finding.

Strengths (in order of highest rated)

- **Respect:** Respondents distinctly felt respected by their direct supervisors and company leaders. This means that individuals received a consistent sense of personal attention, support, and recognition from managers. That outreach apparently was a critical motivating factor for employees to cope with, if not rise above, any negative effects of the pandemic in the workplace.
- **Pride:** Respondents reported a strong sense of pride in their companies, i.e., what their organisations stood for and accomplished last year. This implies a greater awareness of or connection to a company’s brand identity or personality. How an organisation responded to the challenges brought on by the pandemic apparently made a significant impact on employees’ sense of identification with that organisation – it either boosted team spirit or eroded it.
- **Empowerment:** Respondents felt increasingly more latitude or accountability in their work, which was a positive development. Last year arguably revolved around ‘trouble-shooting’; on all levels, so employees appreciated the sense of trust and encouragement for them to think and act more like business owners. Essentially, employees felt and were treated as if they were “critically needed”. This is a clearly a motivating sentiment for those up and down the organisational chart.

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Weaknesses (in order of lowest rated)

- **Compensation:** Employee surveys nearly always show lower ratings on pay and compensation issues, but last year's outcomes were even lower than normal. Many companies furloughed workers, and those that were lucky enough to remain tended to take considerable pay cuts. Moreover, these same employees were then tasked to do more with less in terms of their daily responsibilities. Most employees understand cost containment, but such measures still hurt and can undercut short-term productivity or long-term loyalty.
- **Cross-Departmental Alliances:** While respondents certainly felt more individual empowerment, it seems they also perceived lower 'alignment' and 'synergy' across departments. Alignment means a common understanding of organisational goals and success metrics, whereas synergy refers to open communications and cooperative actions needed across departments to achieve organisational goals. Both these critical ingredients for sustained business success seemingly took a big hit in 2020.
- **Ongoing Training-Development:** Given the heightened 'tactical' and 'reactive' activities of 2020, it is no surprise that employees reported poor company focus on their ongoing development. Job security and sense of marketability are known factors that influence employee engagement. In turn, ongoing training and development feed these crucial sentiments. Indeed, it is well-known in organisational psychology that development opportunities are regarded as a major incentive and effective retention tactic.

Where Do We Go from Here?

Service-hospitality businesses should reflect and potentially act on the key findings above. Keeping a finger on the organisational pulse — involving the COVID 'performance gaps' of individuals and company-wide cultural shifts — is not exclusively the responsibility of

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senior leaders or HR professionals. In fact, every employee must be mindful to take notice and speak up about the observed strengths and weaknesses that accompany change. Coming out of this pandemic crisis stronger and better is everyone's goal and in everyone's interest. Thus, identifying the potential positive culture shifts will allow organisations to proactively foster them with a view to actively support, in a tangible way, the recovery. On the flipside, detecting and pinpointing the potential detrimental culture shifts will enable organisations to course-correct, ensuring business strategies have business practices and people practices that are aligned and mutually reinforcing.

About the Authors

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