

Managing Organizations

The Most Pressing People Questions Facing Companies Today

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Summary. Given the ongoing pandemic and economic-related headwinds, companies may be forgiven for focusing on today's urgent issues. However, there are a number of looming people issues that will carry enormous systemic risks to the organization and its reputation.... [**more**](#)

In the midst of the pandemic, managers of global corporations have rightly focused on their operational and financial issues in the hopes of surviving the ongoing health and economic shocks. They're prioritizing employee health and safety, protecting the corporate culture, and ensuring that their companies are running efficiently.

However, now is a good time for corporate leaders to also focus on the deeper set of employee-related issues that will dominate corporations in the post-Covid period. There are at least five "people" questions that companies will need to address as they emerge from the pandemic and the period beyond.

How do you balance a human workforce with automation?

Even before Covid-19 hit, economists were forecasting significant job destruction due to automation. A 2019 analysis from Oxford Economics projected that up to 20 million manufacturing jobs globally could be lost to automation by 2030.

With the pandemic, we may see more automated, and less people-operated enterprises sooner than previously predicted. Lockdowns and other restrictive public health policies have led to an unprecedented collapse in global demand and a concomitant contraction in the global economy. Already many corporations have announced layoffs, with others portending more layoffs as corporations become more automated. All together the U.S. has lost nearly 10 million jobs since the pandemic began.

As such, corporations should be planning for more aggressive job diminution as digitization takes hold, as well as re-casting the corporate structure. This includes attracting workers with skills for the future and equipping the current workforce with technological skills needed for tomorrow's challenging environment.

Given the severity of this issue, senior management, alongside the board, should be involved in planning the transition from human to an automated workforce. This transition is a once-in-a-generation structural shift that will redefine how a company operates, and

therefore senior management should approach it with a number of key questions in mind: What is the ideal size of the workforce, and how much capital should the company commit to sustaining it? Which operations and roles will no longer be needed? Which emerging areas and roles should the company be investing in? Which metrics can management track to gauge a smooth transition to more automated workforce? What investments should they make to reskill and attract the workforce of the future?

In terms of approach, senior management increasingly needs to be sensitive to their employees, the communities in which they operate, as well as societal concerns emanating from the threat of widespread unemployment. For example, some companies are approaching severance differently, developing equity funds or fee pools to pay recently released staff on a contract or freelance basis.

What are your plans for remote work?

Companies should be advancing remote working plans to manage their organizations. Management should ask questions including: At what proportion of remote work can a company efficiently run its operations over the long run? Which parts of the production line are more naturally equipped to be developed remotely? Rather than adopt a blanket policy, can the company accommodate remote working plans for individuals? How do existing metrics for performance, pay, and promotion stand up to a more remote work environment? How can company preserve its culture amid greater remote working?

One approach is to develop a workplace plan based on the ratio of collaborative versus individual worktime of the average employee. For example, a work plan could be structured to assume that 60 percent of an individual employee's work is collaborative, requiring face-to-face, in-office, engagement, while 40 percent is individual work and can be accomplished remotely. Management would devise a work plan so that employees would work three out of five days in office, and remotely on the remaining two days. Naturally, the ratio that

management settles on would be guided by the specific industry in which a company operates in and how much collaboration versus individual work defines the business.

Of course, the transition to a more remote workforce creates more challenging questions – for example, how does the company balance its own interests with the preferences of each employee? Many more employees will want to work from home and will argue that the pandemic showed it to be possible. Additional complexity will stem from the question of whether management will have to plan remote working team-by-team, or individually.

And furthermore, how should corporations protect their culture as the workforce becomes more diffused and workers work remotely? In particular, how will you ensure all employees, especially newer and younger employees who have not yet built established contacts, remain wedded to the corporation's culture and purpose and do not feel isolated and not connected to a team?

Ultimately companies need to make sure that remote work is sustainable, in the sense that it defends the company culture, enables the company to grow, that the company is profitable, and that it meets customer and societal needs while being home to happy and engaged employees. Technology company Gitlab, for example, has shown that a work-from-home model can work as it operates with a near 100 percent remote workforce.

How are you helping ensure employee mental health?

A 2018 report by The Lancet Commission revealed that mental health could cost the world economy around U.S. \$16 trillion by 2030. In addition to direct costs of health care, medicines, and other therapies, the costs include the loss of productivity.

Over the past 25 years, mental illness had risen “dramatically” worldwide, partly due to societies ageing and more children surviving into adolescence, and this trend is likely to continue in the coming decades, according to The Lancet Commission co-lead author Vikram

Patel. And the pandemic is exacerbating these issues, with employees likely to struggle with anxiety, depression, burnout, trauma, and PTSD for years to come.

With strapped government budgets, more corporations will be called upon to take up some greater responsibility in this area. While many corporations already have mental health considerations in their sights, a lot more work needs to be done on the cost, mental health care delivery, and the broader practical implications for organizations. In particular, companies will need to explore providing mental health counselling for employees and their families and funding prescribed treatments, as well as fostering a culture where employees feel confident to come forward with their anxieties.

How are you engaging your stakeholders?

People issues are no longer only about a company's employees. Whether it's regulators, customers, shareholders, or communities, many corporate stakeholders are becoming more vocal, expecting details on everything from the average wages paid and worker conditions to the provenance and environmental impact of their products. Employees are sharing details on company culture and practices on digital platforms, such as Glassdoor, Blind and The Layoff. Customer complaints on social media can go viral in an instant.

Companies will need to build new strategies, skills and processes to handle this feedback and foster better engagement with all stakeholders. This means sourcing the views and incorporating the perspective of all stakeholders in the company's decision-making process. Used proactively, digital platforms give management an opportunity to track timely, first-hand, unfiltered customer and employee sentiments that they may wish to react to.

Are you pursuing a purpose that supports society?

Finally, corporate leaders will need to adapt their organizations to reflect a broader purpose beyond generating returns for shareholders. Corporations have already been steering toward a broader approach, as reflected by the 2019 Business Roundtable letter in which hundreds of large global companies signed on to pursue a broader purpose of the corporation, essentially pledging to be good corporate citizens.

Being a better corporate citizen means companies must grapple with complicated questions, such as: Who should be deemed employees? Is it just full-time workers on a company's roster or should the definition of an employee broaden to include sub-contractors, suppliers and zero-contract workers?

Management also will have to assess whether digitization will undermine efforts toward more diversity and inclusion, particularly if much of today's hiring is skewed toward lower-skilled, more easily replaced employees in a more automated world?

Given the ongoing pandemic and economic-related headwinds, corporations may be forgiven for focusing on today's urgent issues while giving less consideration to those that, while important, are seen as further out in time. However, each of the people issues on this slate/discussed here carry enormous systemic risks to the organization and its reputation. Addressing them now will ensure that your company emerges from the pandemic stronger and ready to face the future.

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