

8 challenges for business leaders that will shape year 2 of COVID-19

Fastcompany.com | By Denise Brien and Robert Fronk | 02-24-21

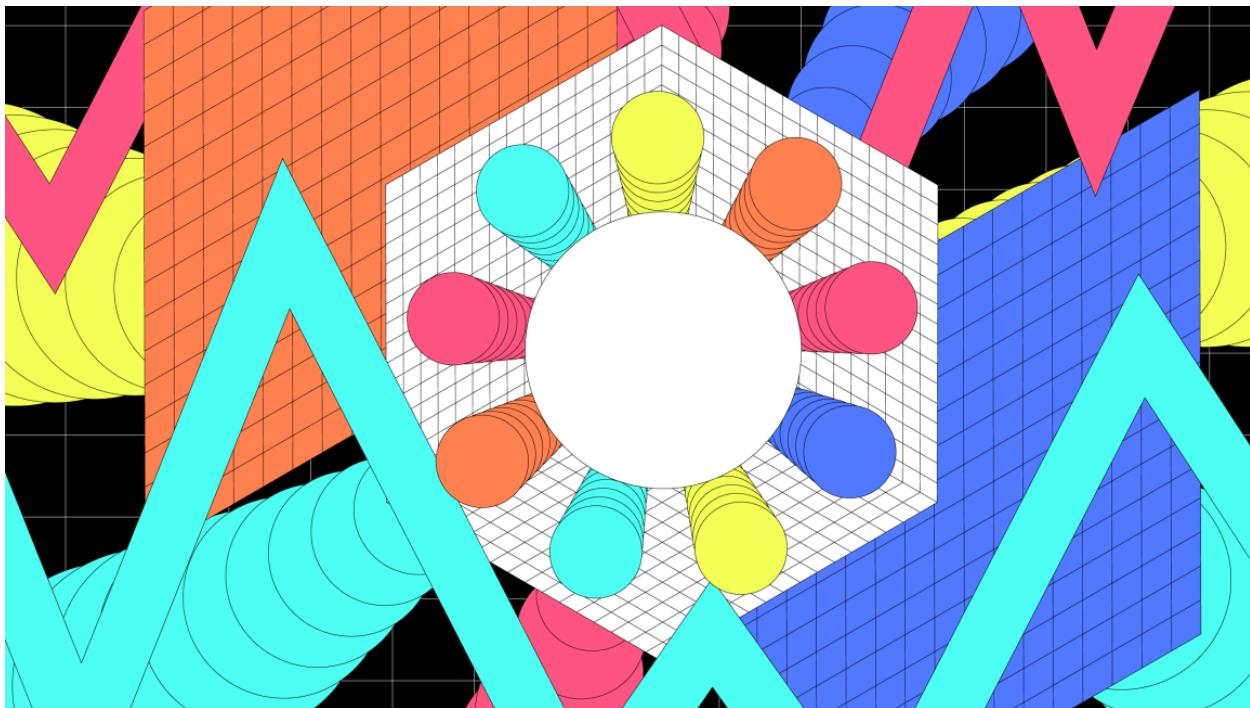


Illustration: Daniel Salo/Fast Company

From navigating returning to the office to following through on social responsibility promises to a resurgent labor movement, here's what CEOs need to think about in the coming year.

Corporate boards and executive teams are typically considered effective if they are able to help a business navigate a global crisis in parallel with maintaining day-to-day operations. If only the bar was as simple and set so low right now.

As we enter the second year of the COVID-19 pandemic, the intersection of the ongoing economic crisis, the continuing pandemic, the social justice movement, and increasing inequality are just the short list of what leaders need to acknowledge, manage—and help to solve. We gathered a group of corporate reputation strategists who have spent the last year helping companies manage some of the most important and central issues surrounding COVID-19 to identify key challenges corporate leaders will likely face in this second year of pandemic response.

While companies will continue to deal with the pandemic head-on, we believe they will also have to navigate through two macro trends. First, with the very notion of “normal” now an unknown and shifting target, company leaders will be expected to both define—and then

defend their decisions—about what their new normal is. And second, as deepening socioeconomic divides continue to create new categories of haves and have-nots—who gets COVID-19, who gets the vaccine, who keeps their job—companies will be forced to examine their own role in creating these divides while facing the public’s expectation that they help mend them.

Leaders will need to imagine forward rather than look to playbooks of the past. Here are eight challenges on the horizon for companies.

1: AS COMPANIES LOOK TO “BUILD BACK BETTER,” THE QUESTION WILL BE BETTER FOR WHOM?

“Build back better” represents the Biden team’s economic recovery plan for American workers, pledging to “create millions of good-paying jobs” and to “treat American workers and working families as essential at all times, not just times of crisis.” But the hope for the American economy to be rebuilt in a more equitable way will be met with the reality that the radical changes in how companies worked during the pandemic will continue well past the pandemic’s end. Pandemic-necessitated automation is here to stay; a desire for convenience will prevent a return to pre-COVID-19 consumer behaviors, and transitioning workers will need a new champion. American businesses have an opportunity to fill this void.

2: THE COLLAPSE OF MAIN STREET AND SMALL BUSINESSES WILL ACCELERATE CORPORATE RECKONING OVER GROWING WEALTH INEQUALITY.

While the stock market has rebounded from early pandemic losses and many large corporations have reaped record profits, millions of American workers remain unemployed and over 100,000 small businesses have permanently shuttered. With their commitment to the well-publicized Business Roundtable pledge serving as backdrop to the pandemic’s uneven devastation, companies will be held to account for their part in building an economy that does not serve all Americans and prepare for a more just future.

3: A PERMANENT SHIFT TO WORKING FROM HOME SETS THE CONDITIONS FOR DECREASING EMPLOYEE LOYALTY AND INCREASING EMPLOYEE ACTIVISM.

Many U.S. office workers who found themselves abruptly working from home in the interest of public health have now internalized work location flexibility as an expected benefit in a post-COVID-19 work environment. Companies wishing to retain and attract top talent will have no choice but to codify some level of workplace flexibility, even as this shift away from central work locations will require repairs to weakened company culture and workplace connections that fuel employee engagement and retention.

4: THE TREATMENT OF AND RELIANCE ON ESSENTIAL WORKERS THROUGHOUT THE PANDEMIC WILL LEAD TO A REEMERGENCE OF THE LABOR MOVEMENT DURING THE EARLY DAYS OF THE BIDEN ADMINISTRATION.

Americans have relied on “essential workers” throughout the pandemic to provide vital services—including health care, emergency services, food production, transportation, and delivery—that enabled the U.S. economy to keep running. But the treatment of frontline workers has been a particular challenge, as many have worked without basic protections such

as personal protective equipment, paid sick leave, increases in pay, or job security—and that is on top of many of these jobs being low wage to begin with. As the pandemic stretches into a second year and a new administration takes over, better pay and protections for essential workers will be more of a priority than they have been to date.

5: COMPANIES—AND MANAGERS—WILL NEED TO FACE AMERICA’S DETERIORATING MENTAL HEALTH AS IT CONTINUES TO DIRECTLY IMPACT THE WORKPLACE.

The effects of long-term isolation, reduced access to mental health services, the stress of managing the demands of work and home life, and the economic challenges people have faced, are just a few of many challenges COVID-19 will leave in its wake. The pandemic’s mental health toll will continue having real implications for how businesses operate. In the near term, employers will be expected to continue investing time and resources into employees’ mental health. Over the long term, companies will eventually be required to manage the talent pipeline effects of this generation whose experience during the pandemic will have a lasting impact on their values, outlooks, and skillset.

6: SOCIAL JUSTICE ISSUES WILL STAY FRONT AND CENTER. COMPANIES WILL FACE PRESSURE TO DELIVER BEYOND COMMITMENTS MADE IN 2020.

The disproportionate damage done to Black and Hispanic communities by COVID-19 will continue to surface systemic inequality in our society. The decades of mistreatment by the healthcare system that has led Black Americans to pervasive mistrust of the healthcare industry and increased COVID-19 vaccine hesitancy will mean vaccination policies may have disproportionate exclusionary impact on people of color. Beyond health, a significantly larger share of Black-owned small businesses have gone out of business, and schools where a majority of students are non-white are less likely to be equipped with the resources and infrastructure to support virtual or safe in-person school. All of these issues will contribute to short- and long-term equity issues, requiring immediate intervention and presenting a lane for companies to invest in near- and long-term solutions.

7: THE DISAPPEARANCE OF WOMEN FROM THE WORKFORCE WILL WORSEN, UNDERMINING DIVERSITY, WIPING OUT HARD-FOUGHT GAINS IN LEADERSHIP AND PAY EQUITY, AND ROBBING THE FUTURE TALENT PIPELINE OF FEMALE LEADERS.

Forward-looking companies have worked hard to differentiate in the area of gender diversity, investing heavily in attracting, retaining, and promoting women; and setting executive key performance indicators, sustainability goals, and public commitments related to advancing women in their workforces. Pandemic burdens being shouldered by women, in particular, are putting all of those gains at risk. Consider: childcare duties continue to derail workdays, for all parents but overwhelmingly for women; women are experiencing a disproportionate number of COVID-19 job losses; and COVID-19 economics exacerbate standard gender stumbling blocks, like the gender pay gap and rate of promotions. Companies will need to enact measures to retain talent and engender loyalty to remain competitive now and protect women leaders for their leadership pipeline.

8: DIVERGENT EXPECTATIONS AND LACK OF SOCIETAL NORMS AROUND THE RETURN TO BOTH WORK AND PLAY WILL CREATE SIGNIFICANT CONFLICT THAT BUSINESSES WILL BE FORCED TO MEDIATE.

Being able to enjoy one another's company in person again is one of the milestones most coveted by the public. Unfortunately, there will be no magic moment at which that milestone is achieved. Americans will have vastly different perspectives on when specific activities will be safe again, and under what circumstances, and businesses will be among the leading navigators of plotting the course back together. Questions and concerns related to the COVID-19 vaccine will move from the realm of public health to the realm of workers on the front line of businesses; and companies will be in a position to set and enforce their own, custom network of safety regulations even as government safety mandates start to ease. Being in the middle of "fast" and "slow" is a violent place to be in terms of reputation and will present short- and long-term challenges for companies.

Looking at these challenges with year two of COVID-19 in view, it is clear that corporate leaders must account for a multitude of oftentimes competing expectations from a complex web of stakeholders: employees, customers, communities, government, NGOs, climate activists, and social champions. They all see business as critical to shaping a path ahead that works for many. The challenges for a business leader—and the opportunity for them to make a real, positive and long-lasting change if they get it right—have never been greater.