

DISRUPTION AND FUTURE LEADERS



This discussion paper explores some of the workplace disruptions caused or accelerated by Covid-19, and looks at what this might mean for future leaders and the management skills they will need to navigate through ongoing uncertainty.

COVID-19 THE GREAT DISRUPTOR

Covid-19 has caused widespread disruption to businesses and the wider economy with a sudden [shift](#) to home working, around nine million people furloughed (as of July) and the jobless total expected to rise to as many as 4.5 million people by the end of the year.¹ Recent [figures](#) show that UK GDP has fallen by a record 20.4% for April to June and the Office for National Statistics state that “it is clear that the UK is in the largest recession on record”.

[Experts](#) have raised concerns over the short and medium term disruption to supply chains and logistics and the changes to consumer behaviour that could put many businesses in financial difficulties, with local businesses and small and medium-sized enterprises (SMEs) most at risk. Some of the industries that have been identified as particularly ‘at risk’ are arts and culture, hospitality and tourism, retail and manufacturing.

While this disruption presents huge challenges for managers and leaders, as we heard in a recent CMI [webinar](#), the Covid crisis will also bring opportunities. Realising these, however, will depend on how business, government and individual managers react and adapt.

WHAT DISRUPTION HAS COVID-19 LED TO?

“The COVID-19 pandemic is a global health crisis without precedent in living memory. It has triggered the most severe economic recession in nearly a century and is causing enormous damage to people’s health, jobs and well-being” [OECD](#) (June 2020).

From a workplace perspective, Covid has led to considerable change. One of the most obvious changes has been the rapid growth of the ‘digital economy’, whereby the vast majority of interactions with customers and employees take place virtually.² For example, we have seen a rise in remote working and the tools that facilitate it, the growth and reliance on e-commerce and ‘platformification’, where organisations are using digital platforms to continue operating with some degree of normality (such as virtual events or online courses). Some organisations are, perhaps unsurprisingly, better set up to benefit from this transition than others and it has been [reported](#) that many of these digitally based disruptors have experienced demand for their products almost doubling since the coronavirus crisis began.

But it’s not just the technical capabilities that have determined companies’ successes: there is evidence that [successful organisations](#) have closely examined their immediate and longer term supply chain and

¹ [Learning and Work Institute](#) cited in City & Guild Group (2020), [Recovery and Resilience: reskilling our way back into work](#), p.7

² For more info on the digital economy see [BDO](#)

governance models and looked at ways they can enhance employee engagement and retention by considering, for instance, their flexible working policies and employee retraining programmes. In fact, it has been [argued](#) that the post-Covid workplace could change business for the better. Looking at ways their organisation can be [agile and adapt](#) to disruption is likely to be a key challenge for managers and leaders now, and in the future.

The widespread adoption of remote working could also lead to long term disruption to the job market. Covid has shown that many jobs can be carried out in any location and at any time - with [benefits](#) such as more time for parents to spend with children, improved mental health and better productivity. As employers wake up to this realisation, however, they [may look at ways that office-based roles can be exported or outsourced](#). These professional, office-based roles have become vulnerable to a familiar aspect of globalisation - being transferred to another location where labour is cheaper, whereas roles that must be carried out 'in situ', such as many healthcare or caring professionals or skilled trades such as plumbers, could be at an advantage. The extent to which employees must be based at a physical place of work also presents differing challenges for managers and leaders.

One of the positives from the Covid disruption has been increased awareness and a renewed appreciation of a greater range of roles and the diversity of the people fulfilling those roles, as we explored in our previous discussion on [inclusive leadership](#). [Research](#) from Ernst & Young shows that companies that embrace diversity and inclusion (D&I) will be better placed to deal with ongoing disruption and uncertainty. CMI research supports this - we found that 96% of managers agree that D&I greatly supports organisational resilience, 93% agree it supports organisational innovation and a further 93% agree that inclusive leadership enables better decision making.³

THE CHALLENGES FOR FUTURE LEADERS

In the short- to medium-term, leaders will need to be turning their attention to a period of unpredictable recovery as we live through one of the biggest economic challenges in living memory. They will face the urgent and complex task of reopening their businesses, but also the chance to rethink and reassess their working practices.

In the longer term, future leaders could be part of an era defined by shifts in cultural norms, societal values and behaviours, in turn leading to increased demand for responsible business practices.⁴ For example, in our discussion on [sustainability and design](#) we highlighted [reports](#) that companies with long-term, sustainability focused strategies appear to be weathering the consequences of Covid-19 disruptions better than those without, possibly because they have better supply chain management and corporate governance to meet high environmental, social and governance (ESG) criteria. Could we see greater ESG demands placed on future leaders? To what extent are managers and leaders equipped with the skills to deal with these demands? And how will they balance these demands with the more immediate challenge of keeping their organisation profitable?

When it comes to D&I, will future leaders carry forward some of the momentum and progress that we have made? [Research](#) shows that inclusive leaders demonstrate six signature traits: commitment, courage, cognisance of bias, curiosity, cultural intelligence, and collaboration. How can we embed these skills in education and training practices?

As part of our [Management 4.0](#) project, early this year and pre-lockdown CMI conducted research to understand more about the role of management in times of change and the skills required to manage

³ CMI Manager's Voice poll of 624 managers conducted between 2nd and 5th June 2020

⁴ For more info see <https://www.accenture.com/us-en/about/company/coronavirus-business-economic-impact>

effectively.⁵ We found that employees see managers as critical to their job roles: for leadership, ensuring accountability and order in a working world. Other [research](#) supports this, showing that a good manager can have a substantial positive effect on the productivity of a typical worker, while also lowering the attrition rate. CMI research found that 'human' qualities are highly valued across the board, especially in times of change. Future managers and leaders will need to be more adept at managing the emotional impact of change, including the impact of mental health, if they are to get the best out of their teams, alongside up- or re-skilling people on the technical aspects of their role.

CALL TO ACTION

We are interested in your thoughts and opinions on the topic of disruption and future leaders and what CMI, together with other organisations, can and should be doing to make future leaders prepared for the disruption they are likely to face.

THE ROLE FOR CMI

CMI has increased its [practical offering](#) for managers and leaders to support them through the current crisis. But what could we be doing to help future leaders prepare for disruption? What are we missing?

DISCUSSION POINTS

Employers

- What are some of the biggest challenges of Covid disruption for managers and leaders?
- Have you seen examples of how these were managed well - what was significant?
- What disruption are you seeing that future leaders have to adapt to? Does this differ depending on the size of the organisation they are working in?
- Are the skills we have outlined above the ones that managers and leaders will need? What is missing?

Government

- How can managers and leaders practically support the Government to deal with the disruption brought about by Covid?
- Where will the Government need to pay particular attention? For example, which sectors, size of organisation and/or regions?
- How can the Government support organisations in developing future leaders with the right technical and non-technical skills?

PRACTICAL EXAMPLES

We are looking to develop an evidence base of organisations that have taken effective steps to prepare for the current disruption and/or what actions they are taking to prepare for future disruption. Please get in touch at editorial@managers.org.uk to discuss your case study.

⁵ CMI, unpublished research on managing in a pre-Covid world. This involved focus groups with employees across different sectors conducted in February and March 2020