

# Fostering employee productivity and morale through COVID-19

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There are several things leaders can do to help safeguard employees' mental health in these challenging times.

As the uncertainties caused by COVID-19 continue to disrupt work environments, business leaders must be mindful of how they can improve employees' mental health and morale. In this podcast, McKinsey's Tom Welchman discusses several issues that leaders can keep in mind as they try to support employees and help them adjust to the next normal.

- **Flexibility is crucial.** From managing day-to-day workloads to adjusting employee performance assessments, leaders might take into account the challenges people are encountering in balancing their work lives with their personal lives. This is particularly true for working parents and other caregivers.
- **Employees need support for mind, body, and purpose.** Leaders can create opportunities for employees to pause and reflect, encourage healthy habits such as getting enough sleep, and develop a sense of community and shared purpose. Delegating authority and fostering a strong sense of agency can tap into intrinsic motivation, especially for people who feel the global situation is out of their control.
- **Remote working may be here to stay.** As such, companies need to consider what changes they need to make to maintain employees' productivity and motivation. Adapted team structures, effective two-way communication, and clear expectations will likely characterize successful efforts.
- **Companies' actions now could have a long-term reputational impact.** Demonstrating empathy and flexibility, prioritizing workers' mental health, and creating psychological safety can have a meaningful impact not only on employee experience but also on how the employer is seen going forward.

For more details, please listen to the podcast or read the full transcript below.

## Podcast transcript

**Amanda Schmitt:** Hello and welcome. You are listening to the podcast by McKinsey & Company focused on COVID-19 response. I'm Amanda Schmitt, global risk learning manager at McKinsey & Company. On this episode, I'm talking with Tom Welchman, a partner in McKinsey's London office.

Tom will walk us through some approaches to help improve employees' mental health and morale. Tom will discuss why the role of the individual is so important in this crisis, particularly given how work environments have changed and are impacting everyone's productivity and mental health.

Tom will help us understand how leaders need to step in and help their employees adjust to the new normal and feel supported as they do so. Tom, thank you so much for joining us. First question: what new workforce challenges do you anticipate companies facing as they manage through and after the crisis?

**Tom Welchman:** There are a very large number of workforce challenges, as everyone, I think, is increasingly aware here. And one of the things we're excited about is that is accelerating the importance of the role of the CHRO (chief human resources officer) in organizations.

But three particular areas where we are seeing real challenges. One is around the flexibility of the workforce today. So how we dial up or dial down our workforce in response to demand and supply challenges in the short term. The second is around the emergence of a rapid shift towards remote working. In the context of COVID-19, of course, that is necessary. But we're expecting a shift in organizations' operating models towards remote working in the longer term. And the third is: What are the future expectations that people will have of their employers coming out of this crisis? So maybe I'll speak a little bit about each of those in turn.

If we [companies] think about workforce flexibility now, one thing that's becoming increasingly clear is that organizations are trying to find ways of managing people costs that don't mean that they have to resort to layoffs or long furloughs. And so there's a lot of interesting thinking going on around "what are creative ways in which we can manage

wage costs?” Or “how can we [companies] redeploy or use this time to reskill workers?” So one of the challenges from a workforce perspective is how we [companies] can do that best.

On remote working, there are some quite imminent challenges. We’re tending to look at this from the perspective of the four levers of operating model—so for people, structure, process, and technology. I’ll start backwards and work my way forwards.

On technology, things like how we think about security—how we make sure we have the right technology to address the problem—are really top of mind for both workforce leaders and CIOs at this present moment. From a process perspective, we’re in a world in which communications is going to have to become much more efficient and much more multi-channel.

At the moment, there is a certain lack of connectivity. There’s a lack of structure in the way that people are connecting. And we’re needing to rethink how that works in the age of remote-working organization. Similarly, structurally what we’re seeing is that the shift to remote working is amplifying some of the challenges around decision making, around bringing people together, and around workflows that we’ve seen historically in organizations. And so, a number of clients are saying this is the time for us to really take a look at our governance and simplify it drastically so that we can continue to operate in the world in which we exist today.

And finally, perhaps most importantly on working from home, the challenge is around people. And we’re learning a lot here from the countries that have been going through the COVID crisis and experiencing the brunt of that before others. So there’s some really interesting insights coming out of China suggesting that, you know, perhaps five times the volume of population are now remote working as they have been previously.

And, you know, as people go into that process, we’re seeing motivation take an initial dip. That can be from many challenges. For some, when working from home and on video conferences all day, every day, it’s hard to find balance between home and work life. Some are experiencing burnout and anxiety related to the crisis. But what we are seeing is that after sort of four to six weeks, in China, that the energy has actually rebounded as people get used to the new normal.

Another thing I wanted to specifically highlight was around diversity and inclusion. So we [executives] know in previous crises, diversity has taken a hit in the workforce—particularly for working mothers, working fathers, and other careers who are finding it really difficult to

balance their home responsibilities with that of their workplaces. And so as workforce leaders, we [executives] need to think hard about how we make sure that the diversity and inclusion initiatives that we've all been working on for a long time are not negatively impacted by the crisis.

If I then take a step back and think about what's happening in the future, you know, we are really seeing this as an acceleration towards the importance of purpose. You know, future generations are putting more and more importance on purpose and how organizations are responding. And if there's anything we're learning about this crisis, it's that the legacy of actions taken today will really be in people's minds for years to come. It's thinking, "How can we [companies] lean into this? How can we live our purpose? And how can we do the best that we can to keep communities going during difficult times?"

**Amanda Schmitt:** Can you tell us how clients should think about worker productivity and how that is related to mental health?

**Tom Welchman:** It's another really great question. And again, there's a couple of different angles to this. The first angle I want to highlight is that of leadership and the role of leadership in driving productivity. And our colleagues Aaron De Smet and Gemma D'Auria have written a phenomenal [article](#) that's getting real traction on McKinsey.com on exactly this point.

I want to draw our attention to a couple of aspects of that. One is empathy. So really, sustaining and creating a caring culture is perhaps more important than ever. And we [employees] need leaders to lead rather than micromanage from afar.

A second aspect is creating a team of teams. So really thinking about how we can change structures to work more effectively and more quickly in response to some of the challenges that we're facing. You know, the classic agile approach is to adopt a two-pizza rule—between seven and nine people in small teams—to be able to address problems quickly. That is, perhaps, as true now as it ever has been.

A third piece around productivity is making sure that we [companies] have effective communications. And by communications, we mean a two-way dialogue, not a monologue. So keeping things short, simple, focusing on facts, ensuring dialogue, and making sure that we [companies] tell the truth to employees, who need to hear that perhaps more than ever.

Secondly, there's a big piece around the operating model and how we [companies] reconfigure that to work productively in these challenging times. I think part of that, from my perspective, is, you know, how we think about culture as a backbone for getting things done.

We speak about culture within McKinsey as, "What are the management practices that support us, actually delivering performance in a sustained way over time?" And this is more important than ever. Being clear on how we want to get things done—what are the behaviors we expect of employees—will create clarity for them. And it will allow us to focus leadership attention on what really matters.

HR processes and procedures will also need to adapt. Our annual approaches towards measuring, managing our people are likely going to need to change. They'll need to show some flexibility. And we [companies] need to also show flexibility in how we take into account some of the challenges that people are encountering in balancing their working lives with their personal lives.

There is potentially also a silver lining to the current situation. Many executives are telling us that, due to reduced travel schedules, to reduced commuting schedules, they have more time than ever to think about the topics that really matter for their business.

**Amanda Schmitt:** Tom, what can clients do now and in the future to help with worker mental health and morale?

**Tom Welchman:** Again, a really important question. And there are multiple dimensions to this. The first is to lead with a personal perspective. So helping individuals manage their own energy across mind, body, and also purpose. From a mental perspective, creating opportunities for people to pause.

Mindfulness is something that many are now exploring. And there are some phenomenal apps and materials out there to support that. But also creating space for personal renewal and connection in that context.

There's also the importance of body. So making sure that people really continue to connect with the importance of sleep and regular physical exercise—to keep themselves in shape during these difficult times.

And then purpose: staying in touch with loved ones, supporting each other, creating a sense of community, and figuring out how they can really give back during these difficult times is important.

In addition to what it means at an individual level, there are things that we will need to do at an organizational level to help with mental health. And perhaps one of the most important of those is to create psychological safety. Leaders have a huge role to play here. In the past, we've [companies] typically talked about psychological safety in the context of teams. But we can also talk about it in the context of organizations. And the increased certainty that leaders can offer their people during these difficult times will really help that. So having a clear sense of direction, a clear view of how the work that we're [companies] doing connects with what society really needs at this point in time. And a clear view on the sustainability of work practices within the organizations are very important.

There's also a real risk as we move forward in the context in which we operate that people feel a sense of hopelessness and a lack of control. So it will be helpful for leaders to foster a strong sense of agency where possible, delegating control and making sure that we are creating personal ownership at the front lines, so people feel like, although the global situation may be out of their control, they have some control over how they spend their time on a daily basis. That links very closely to intrinsic motivation. So finding ways of giving individuals tasks that tap into their intrinsic motivation will allow them to feel that they're contributing.

It's also really important that we [companies] create spaces for people to maintain relationships. Again, many leaders who've been through challenges like this in the past have found that just creating spaces for conversation—whether that be short coffee chats between workers, perhaps over video conference these days, or creating town halls with relatively undirected agendas so people can just share how they're feeling and check in—make a huge difference towards creating community.

Finally, it's really important that we maintain flexibility and an appreciation of the challenges that individuals are going through in the background. So those, again, who are primary caregivers—either to children, or to elderly relatives, or perhaps even friends—need more flexibility and support. And so, if we can do that, we [companies] will contribute to the psychological safety in the sense that people have a manageable operating model going forward.

**Amanda Schmitt:** Tom, this has been really meaningful content. Can you help summarize what the two or three key points are that listeners should take away from this?

**Tom Welchman:** The three points that I would really keep in mind at this time are the following: employers have an opportunity to find flexibility in their workforce that don't involve job losses. And if they can do so, that will have a very, very meaningful impact on

how they're seen as organizations going forward.

Secondly, remote working can be very powerful. We're likely to see an accelerated shift towards this within the new normal. But it does require a new operating model in terms of people, structure, process and, of course, technology.

And thirdly, this is a crisis, but it's also an opportunity for organizations to live their purpose. So thinking through what is it that they want to be known for, and what is it that they want to be remembered for coming out of this crisis, is a topic that every executive team should be talking about.

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## About the author(s)

**Tom Welchman** is a partner in McKinsey's London office.