THE IMPACT OF THE COVID-19 PANDEMIC ON WORK ORGANIZATION

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Abstract:
In today’s fast-paced environment, business organizations are faced with the need for introducing frequent changes in order to overcome everyday challenges and improve their performance. Organization of work is one of the key elements in the adjustment to market changes, and the basis of enterprise transformation. Apart from continuous market competition, the COVID-19 pandemic and its impacts have brought about a special type of business challenge. The new situation requires even stronger cooperation between management and employees, trusting relationship and understanding of necessary changes in order to maintain business continuity in very challenging pandemic conditions. Emergencies and numerous changes in response to a challenging situation can very often disrupt normal business organization and operation. This study focuses on the role of remote work (working from home) during the COVID-19 pandemic. The theoretical framework of this paper is based on the relationship between technology, agile organizations and working from home during the coronavirus crisis.

Keywords: Work organization, organizational change, agile organizations, working from home, COVID-19 crisis.

INTRODUCTION

The COVID-19 pandemic has been the most serious public health crisis in the last hundred years, and has also brought about a multidimensional crisis. In only a few months’ time the new circumstances had a ruinous effects on almost every system and organization across the globe.

The need for change in crises is paramount; otherwise, there can be long-term consequences. The continuity of many companies during the pandemic has considerably relied upon the readiness and capability of organizations to quickly switch to and accept practices that best suit the new reality.

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The first and most evident effects of the COVID-19 pandemic immediately endangered every company’s operating and business model. Everything became questionable: how and where employees worked, how they interacted with the customers, how to fulfil all customer needs, which products and services were the most advanced, and which could be quickly adapted. In addition to this, other problems arose due to specific measures adopted by governments, such as office closures, movement and traffic restrictions, affecting supply chain and more.

In this article, we focus on some key points that are now fully integrated into new operating models of many companies. We also analyse some successfully implemented processes, which could be of use after the pandemic, and could also be a part of some future operating model.

One of the most prominent impacts of the pandemic is reflected in finding a way of maintaining business continuity and keeping employees safe by having them work from home at the same time.

**ORGANIZATION OF WORK DURING CRISIS**

Historically, stability has always been identified as a success factor. Unfortunately, continuous changes in contemporary world, the increased use of ICT technologies, economic fluctuations and even the pandemic mean this is no longer a good starting point. More and more organizations are trying to remodel their operations towards agility, which will enable them to adjust quickly to emerging trends in their industries (Consultancy.uk, 2021).

In the time when everything is disrupted, companies that are uncapable of changing fast are at risk of being outperformed by those that do know why giving up the traditional processes could be a winning strategy. With the aim of coping with the actual situation, many companies turned to using agile practices, hoping to adapt faster to changing circumstances. Agile organizations are meant to be fast, tough, and flexible. Companies with agile practices should be fully equipped to react to crises such as the COVID-19 pandemic.

A study by McKinsey Company showed that companies that were more agile before the pandemic, i.e. the companies that carried out major changes and had these practices deeply rooted across the whole organization prior to the pandemic, have been much more successful in managing the impact of the COVID-19 crisis. These agile enterprises secured business continuity and even improved their financial performance (McKinsey & Company, 2020).

During the crisis, agile leaders avoided conventional organizational hierarchies and deployed cross-functional teams formed to deal with specific projects (Figure1). These teams were established with the aim of focusing on specific outcomes, in particular operational challenges caused by the pandemic. Furthermore, the need for rapid adaptation led to the decentralization of decision making, involving the teams themselves, which meant that leaders had to enable teams to make more decisions. Quicker decision-making calls for the team’s increased empowerment.

Although agile operating models are something completely new for some businesses, the pandemic has caused many organizations to realize their significance and how they can deliver measurable business gains.
Figure 1. Traditional organization vs. agile organization.


How agile work helps organizations adapt to the pandemic is best illustrated in the study by Bearing Point consultancy (Consultancy.uk, 2021) (Figure 2). Seven of ten businesses said that agile organizational practices had helped them adapt faster to the chaotic business environment of the pandemic period. This allowed more than 60% of agile companies to maintain their pre-pandemic performance during 2020. However, some companies were not able to reap the benefits of agile working practices, especially if they kept some traditional structures.

Figure 2. The advantages of agile organizations in times of crisis and beyond.

TECHNOLOGY AS ENabler

On the whole, in the pre-crisis period, competitive business environment imposed the need for frequent changes. Searching for ways to improve profitability and gain competitive advantage became the most important strategic objective of modern business. Strategies for continuous improvement include reducing costs, improving quality, and trying to identify and respond to customer needs in the fastest way (Deloitte, n.d.). Accordingly, companies today are striving to align their business management strategies with technological resources.

Rapid technological advancement has dramatically transformed business management processes over the last several years. Due to technology, remote work has become more effective, and many companies have encouraged their employees to work from home to avoid personal contact with other team members.

In this context, technology is crucial to connecting people worldwide. Starting from a simple phone call, back in 19th century, to the present day and many applications for video conferences (e.g. Zoom, Webex, MS Teams, etc.), many boundaries have been removed. People can be at different places and still stay connected and be efficient. Technologies are also used to develop many advanced tools that are improving processes, reducing manual work, increasing automation and apply analytics in daily work. These two features played a fundamental role in maintaining activities without interruption.

Finally, consumer behaviour during the pandemic period was a driving force behind technology’s increasing presence. Under lockdown, customers turned to digital channels, from food shopping to financial transactions, so the only contact with consumers was online. As consumers warmed to the idea of using e-commerce, organizations made their best effort to adapt to changing demands.

Consequently, within several months of 2020, an increase in digital products and/or services soared by an average of seven years (Consultancy.uk, 2020).

WORKING FROM HOME

Faced with the immense pressure to ensure business continuity and safety of employees, many companies have resorted to remote working as a method to lower the risk of COVID-19 infection.

Working from home (WFH) is a “working arrangement in which an employee fulfils the essential responsibilities of his/her job while remaining at home, using information and communications technology (ICT)” (ILO, 2020). WFH itself is just the tip of the iceberg. In the COVID-19 crisis, it refers to a home-based alternative working arrangement, which implies sharing accountability and duties by employers and employees to preserve business continuity and people’s jobs (ILO, 2020).

Before the pandemic, remote working was not mainstream (Kossek & Lautsch, 2018; Aguilera, Lethiais, Rallet, & Proulhac, 2016; Van der Loop, Willigers, & Haaijer, 2019; Collins, Hislop, and Cartwright, 2016). The idea of working from home was not considered practical for many people because it asks for a calm and quiet space and appropriate digital infrastructure. Nevertheless, some research before the pandemic (OWL Labs, 2018) indicated 25% less staff turnover in companies with “remote-friendly” options (hybrid companies).

Initially, companies have implemented WFH in response to anti-COVID government measures, to restrict face-to-face contact. Once in place however, working from home has changed the perspective of the traditional mode of working, thus becoming a new norm for future operating models.
These circumstances proved that people skills and readiness to work independently are more important than some formal processes, like working from office during strict business hours.

Companies and their business functions are being affected by digitalization and the constant need to transform. This has especially accelerated during the COVID-19 pandemic, with companies having to improve their digital infrastructure and provide facilities for their employees to work from home. Companies with a higher level of digitalization were much faster in this imposed transformation and they secured a higher level of business continuity (Nishant, 2021; Dias, Lopes, & Peixoto, 2022).

In addition to required digitalization level, as a main prerequisite to accommodate working from home, there is another crucial aspect. Trust in the workplace is an important factor that has a direct correlation with the working from home outcome. Together with digitalization, organizational trust is a key element to building a work from home policy as the main drive to ensure business continuity, productivity, and job preservation.

Many companies abandoned traditional processes to quickly set up new organization model and permit thousands of employees to work from home. There was a quick shift from voluntary flexibility to a new “forced flexibility,” for both organizations and employees (Franken et al., 2021; Cuerdo-Vilches, Navas-Martín, March, & Oteiza, 2021). From a functional perspective, agile organizations are those that provide a way of working with maximum flexibility and minimum constraints, which allows their employees to work where, when, and how they prefer (McKinsey & Company, 2020).

In a pre-pandemic study (OWL Labs, 2019), the main reasons stated for WFH, from the perspective of employees, were better work-life balance, increased productivity, less stress, avoiding commute and saving money; the 2020 edition revealed a shift in priorities towards fear of getting COVID-19, avoiding commute, decreasing stress, better work-life balance, and increased productivity.

Although organizational factors play a crucial role in organizing WFH, the individual and family factors should not be neglected (Baker, Avery, and Crawford 2007). Among individual factors, self-discipline, self-motivation, ability to work self-sufficiently, persistence, self-organization, assertiveness, time management skills, and computer skills stand out (Baruch 2000), as well as gender (Fan & Moen, 2021) and attitudes (Nguyen, 2021). WFH has increased gender inequality, because men avoid typical home distractions more easily than women (Gao, & Sai, 2020; Hodder, 2020; Nash, & Churchill, 2020; Clark et al., 2021; Cotton, Beauregard, & Keles, 2021; Docka-Filipek & Stone, 2021; Frize et al., 2021; Otonkorpi-Lehtoranta, Salin, Hakovirta, & Kaittila, 2021; Johnson, 2022; Thébaud, & Pedulla, 2022). Additionally, family factors, such as the size of the living space, family living arrangement, the number and age of children, and even pets, influence working from home (Baker, Avery, and Crawford, 2007). Commute distance is also important (Nguyen, M.H. (2021). However, the pandemic has introduced completely new dynamics into WFH. A study carried out in the Netherlands (van der Lippe & Lip-pényi, 2020) has shown that co-workers working from home have a negative influence on employee performance. According to the Iometrics & Global Workplace Analytics (2020) study conducted in six countries, the current success factors for remote work are collaboration with teammates, suitable home environment without distractions, appropriate organizational culture, and technology. The results of this study served as a basis to predict future drivers of WFH success: self-discipline, remote collaboration, employee well-being (no stress, enough exercise and sleep), years of experience working from home, career opportunities, and no distractions. It also showed that 2-3 days per week are preferred for WFH. Flexibility, both in scheduling and the amount of time spent at the office, has emerged as one of the most frequently mentioned aspects of WFH success (Ipsos 2021, OWL Labs & Global Workplace Analytics (2021).
ADVANTAGES AND CHALLENGES OF WORKING FROM HOME

Before and during the pandemic there had been several extensive studies on advantages and disadvantages of WFH (e.g. Wang, Liu, Qian, and Parker, 2021; Ipsen, van Veldhoven, Kirchner, and Hansen, 2021; Buffer, 2021; Global Workplace Analytics, 2021; Saatçi, Akyüz, Rintel, & Klokmose, 2020). ILO, 2019; Ipsos, 2011). We have reviewed and summarized 12 of those studies in table 1. The key advantages that appear in most of them are work-life balance, higher productivity, avoiding commuting, less stress, and saving money. The main challenges are loneliness, distractions, poor communication, working longer hours, and IT issues. Several studies point out considerable savings that should not be neglected (Gallup, 2021; Iometrics & Global Workplace Analytics, 2020; Global Workplace Analytics, 2021). The analysis of more than 6000 case studies, research papers and news items has revealed that WFH saves money for both employers ($11 thousand yearly per each employee who works remotely half the time) and employees ($3 thousand yearly per person) (Global Workplace Analytics (2021).

Table 1. Relevant research on advantages and disadvantages of WFH

<table>
<thead>
<tr>
<th>Study</th>
<th>No. of participants</th>
<th>Countries</th>
<th>Advantages</th>
<th>Challenges</th>
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<tbody>
<tr>
<td>Ipsen, van Veldhoven, Kirchner, and Hansen (2021) Six Key Advantages and Disadvantages of Working from Home in Europe during COVID-19</td>
<td>5,748</td>
<td>29 EU</td>
<td>Work–life balance Enhanced work performance Greater work control</td>
<td>Home office constraints Work uncertainties Unsatisfactory tools</td>
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<tr>
<td>Ipsos (2021) Workers want more flexibility from their employers after COVID-19</td>
<td>12,500</td>
<td>29 worldwide</td>
<td>Higher productivity</td>
<td>Missing co-workers Distractions Feeling disengaged from work Feeling more burned out by work</td>
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<tr>
<td>Buffer (2021) The 2021 State of Remote Work</td>
<td>2,300</td>
<td>5 worldwide</td>
<td>Flexible schedule Flexibility to work from anywhere Not commuting Time with family Working from home</td>
<td>Not being able to unplug Communication and collaboration problems Loneliness Distractions Staying motivated Different time zones from the rest of the team</td>
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<td>Study</td>
<td>No. of participants</td>
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<tr>
<td>OWL Labs &amp; Global Workplace Analytics (2021) The State of Remote Work</td>
<td>2,050</td>
<td>USA</td>
<td>Present for the family, Happier, Better managing work-life conflict, Better mental health, Less stressed, Feel more trusted</td>
<td>55% work more than at the office (men more than women), Video call difficulties: - often difficult to participate, - don’t know who is speaking, - cannot see people’s faces, - feel excluded during meetings</td>
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<tr>
<td>Global Workplace Analytics (2021) The Business Case for Remote Work —</td>
<td>More than 6,000 case studies, research papers and news items</td>
<td>USA</td>
<td>Benefits for the environment, Increased productivity - employees spend more time working instead of commuting - fewer interruptions than at the office Lower office costs Lower absenteeism Lower turnover Continuity of operations Better health of employees Increased engagement increased diversity (people can be hired globally)</td>
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<td>for Employers, Employees, the Environment, and Society</td>
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<tr>
<td>Gallup (2021) Reviewing Remote Work in the U.S. Under COVID-19.</td>
<td>100,000</td>
<td>USA</td>
<td>Real estate and overhead savings High-talent job candidates Talent retention</td>
<td>Unclear communication Poor collaboration Uncertainty about relationships Feeling isolated Confused about priorities</td>
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<td>Gallup panel</td>
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<td>Iometrics &amp; Global Workplace Analytics (2020) Global Work-</td>
<td>2,865</td>
<td>Worldwide</td>
<td>Using less office space Avoiding commuting Employee productivity Triple bottom line: people, planet profit</td>
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<td>Study</td>
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<td>OWL Labs &amp; Global Workplace Analytics (2020) State of Remote Work, COVID edition</td>
<td>2,025</td>
<td>USA</td>
<td>Saving money (almost $500 monthly per person)</td>
<td>Working more hours (on average 26h per month – almost one day more per week)</td>
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<td>Avoiding commute</td>
<td>Children at home</td>
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<td>Adds to happiness and job satisfaction</td>
<td>More meetings than before</td>
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<td>Building trust</td>
<td>Not having worked remotely previously</td>
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<td>Improves relations between employer and employees</td>
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<tr>
<td>ILO (2019) Telework in the 21st Century, an Evolutionary perspective.</td>
<td>15 worldwide</td>
<td></td>
<td>Working hours and schedules</td>
<td>Working longer hours</td>
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<td>Work-life balance</td>
<td>More meetings</td>
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<td>Health and safety</td>
<td>Challenges related to the home environment: interruptions, staying focused, IT issues</td>
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<td>Individual and company performance</td>
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<td>Increased productivity</td>
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<td>Less stress</td>
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<td>Avoiding commute</td>
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<td>Saving money</td>
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<td></td>
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<td>Less office drama</td>
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<tr>
<td>Ipsos (2011) The World of Work: Global Study of Online Employees Shows One in Five (17%) Work from Elsewhere</td>
<td>11,384</td>
<td>24 worldwide</td>
<td>Keeping talented female employees</td>
<td>Feeling socially isolated</td>
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<td>Less stress</td>
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<td>Better balance between work and family</td>
<td>The idea that WFH damages chances of promotion</td>
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<td>Higher productivity</td>
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Source: Compiled by authors

There are two main outcomes stemming from working from home (figure 3): “work domain outcome” and “life domain outcome”. Working from home has a positive influence on the work domain, providing flexibility, productivity, and job satisfaction thanks to flexible time to complete employees’ tasks (Vyas and Butakhieo, 2020).
The impact on life domain is both positive and negative. Working from home affects work-life balance, life satisfaction and family satisfaction. For example, it is difficult for many people to make a clear differentiation between working and non-working hours, usually causing burnout (Vyas and Butakhieo, 2020). Additionally, feeling isolated from their co-workers and having the impression that their career advancement is threatened is still a major stumbling block to remote workers (Charalampous, Grant, Tramontano, & Michailidis, 2019; Jansen Perry, Rubino, & Hunter, 2018; Van Zoonen & Sivunen, 2021; Becker et al., 2022).

Considering all of the above, working from home has both positive and negative sides, and a more accurate assessment will become possible after the pandemic, when working from home is no longer mandatory.

WHERE ARE WE COMMUTING? – THE FUTURE OF REMOTE WORK

In a survey of almost a thousand top managers conducted in 2020, about three quarters (74%) of them said they would maintain increased homeworking in place after the pandemic (Iod, 2020). This concurs with several other studies that showed that about three-quarters of employees wanted to continue working remotely, at least part of the time (PWC, 2021; Buffer, 2021). WFH is especially popular among knowledge workers (Bürgin, Mayer, Kashev, & Haug, 2021).

A pre-pandemic survey by OWL Labs (2018) showed that employees who worked from home at least one day per month felt happier and more productive than those who did not. That is consistent with the results obtained two years later (OWL Labs & Global Workplace Analytics (2020). Namely, 77% of the respondents claimed that WFH after COVID would make them happier.
A recent study among 2050 US workers (OWL Labs & Global Workplace Analytics (2021) showed that 37% of the respondents would take a pay cut of more than 10%, and 40% of them would take a pay cut up to 10% if they could work from home. That is a significant increase in comparison to a pre-pandemic study conducted just two years ago (OWL Labs (2019), when 20% of the respondents stated they would take a pay cut of more than 10%, and 24% up to 10% in order to work remotely. Moreover, about one in three employees said they would leave their current employer if they could not continue working from home, at least part of the time (Ipsos, 2021; OWL Labs & Global Workplace Analytics (2021). It seems that organization and implementation of remote work can be a determining factor regarding a company’s ability to recruit and retain talented employees. All this suggests that hybrid workplaces will be the norm in the future.

CONCLUSIONS

It is obvious that the world will never be the same after coronavirus pandemic. COVID-19 brought abrupt changes to people’s lives, organizations and societies in many different ways.

COVID-19 has accelerated working model transformation. Companies that were more conservative, in terms of change and IT transition, found it much more challenging to adapt to new circumstances. However, companies that were agile and advanced in technological infrastructure quickly adopted the practices that best suit the new reality.

The spread of the coronavirus has forced all employers to provide alternative working methods that will not endanger the health of employees and at the same time ensure business continuity by practicing social distancing at the workplace or implementing working from home.

Working from home has modified the traditional way of working and created new long-term practices. The changes that companies made during the crisis period could give them confidence to initiate broader transformations after the crisis, towards more flexible workplaces.
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Rezime:

Ključne reči:
Organizacija rada, organizacione promene, agilne organizacije, rad od kuće, COVID-19 kriza.