

Organization Practice

COVID-19 and the employee experience: How leaders can seize the moment

The return phase of the COVID-19 crisis is a good time for organizations to create more tailored responses to workplace challenges, expanding on the goodwill and camaraderie earned in earlier phases.

by Jonathan Emmett, Gunnar Schrah, Matt Schrimper, and Alexandra Wood



As it turns out, most companies did a solid job of addressing their employees' basic needs of safety, stability, and security during the first phase of the COVID-19 crisis. However, those needs are evolving, calling for a more sophisticated approach as organizations enter the next phase.

McKinsey recently surveyed more than 800 US-based employees on a wide variety of topics related to employee experience.¹ We found that employees working remotely see more positive effects on their daily work, are more engaged,² and have a stronger sense of well-being than those in nonremote jobs with little flexibility do. Parents working from home appear to be faring better than those who are more isolated are. Fathers working remotely seem much more positive about the experience than mothers are.

But those statistics belie a more fundamental truth about employee experience: even when faced with similar circumstances—more than 80 percent of respondents say the crisis is materially affecting their daily work lives—people have widely varied experiences, perspectives, and outcomes.

The return phase presents an opportunity for companies to rethink the employee experience in ways that respect individual differences—home lives, skills and capabilities, mindsets, personal characteristics, and other factors—while also adapting to rapidly changing circumstances. The good news is that with advances in listening techniques, behavioral science, advanced analytics, two-way communication channels, and other technologies, leaders can now address employee experience in a more targeted and dynamic way. While drilling down on which employees need more and varied types of support, they can also tailor actions that create widely shared feelings of well-being and cohesion across the workforce.

Our research yielded three overarching insights, each coupled with practical steps leaders can take to support employees through this next phase of the crisis:

- As a leader, you've had to make sweeping changes in recent months to address your employees' most pressing needs, and your workforce thinks your instincts were probably right. Build on the trust and affiliation you've earned by continuing to be present, action oriented, empathetic, and fully transparent.
- In addition to basic needs (safety and security), three other experience themes (trusting relationships, social cohesion, and individual purpose) are having a disproportionate impact on employee well-being and work effectiveness. Enable improvements in those areas by prioritizing actions that will address a broad set of needs for the majority of your workforce.
- Changes are hitting your people in widely diverging (and sometimes unexpected) ways. Some are struggling, and some are thriving. Use a combination of science, technology, data, and analytics to segment your employees like you would your customers and tailor interventions to support them in personalized and meaningful ways.

Build trust: Keep listening to your workforce

The COVID-19 pandemic is first and foremost a human tragedy that has played out across the globe. People are experiencing unprecedented levels of disruption in their homes and communities, as well as in their jobs. If there is a silver lining in all of this, it's that organizations and leaders are stepping up in critical areas, according to employees we surveyed (Exhibit 1).

¹ During the first two weeks of March 2020, we collected survey data from more than 800 diverse, US-based employees on a wide variety of topics related to employee experience, COVID-19-related perceptions and impacts, and employee outcomes. The primary focus of the research was to determine factors that lead to employee engagement, well-being, and work effectiveness during and after a crisis.

² Employees were classified as engaged, passive, or disengaged based on responses to questions measuring work, organizational, and social engagement. We define "engaged" as having a strong emotional investment in the organization and a willingness to "go the extra mile."

Organizational responses are having a tangible impact on employees. Compared with respondents who are dissatisfied with their organizations' responses, those who say their organizations have responded particularly well are four times more likely to be engaged and six times more likely to report a positive state of well-being.³

While those results don't offset the tremendous uncertainty and anxiety that many continue to feel, they do point to a distinct sense of employee confidence and trust in their organizations' leaders at this time. This runs contrary to the idea that employees, as a group, are reacting to the current crisis situation with a fight-or-flight response. In fact, an emerging scientific viewpoint is that during times of great uncertainty, the natural human tendency is a "flight and affiliation" response toward individuals and situations that feel safe and familiar.⁴

By being readily available and helping employees give meaning to a crisis ("sense making"), leaders can build employee resilience and social capital with their people. Moreover, they can help connect employees to the organization and to one another and can help enhance social connection and

affiliation—not just formally, but also by allowing informal and organic conversations to emerge (Exhibit 2).

Return stronger: Focus on workforce effectiveness and well-being

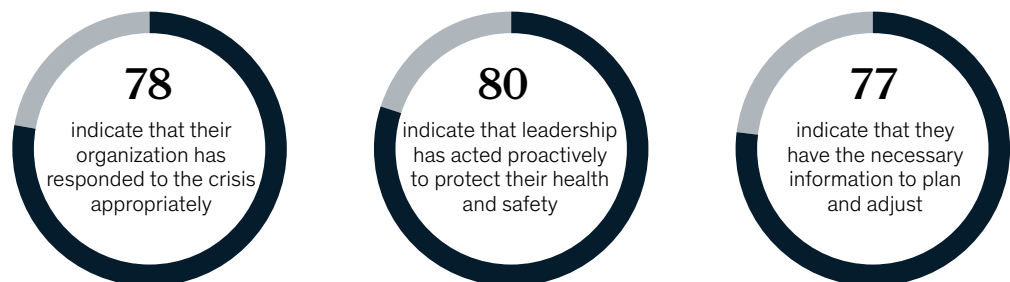
We noted that organizations have done well in addressing immediate safety and stability concerns. But a full return requires organization-wide commitment to a broader range of needs and to the strongest drivers of work experience, effectiveness, and wellness.

For decades, need-based theories of motivation have emphasized the importance of need fulfillment on employee motivation and behavior. Applied to employee experience management, organizations should seek to address the most critical, prominent needs of the broader workforce while taking stock of unique needs of different segments and individuals. Our research found a strong correspondence between employees' stated needs and the underlying drivers of their engagement, well-being, and work effectiveness.⁵ Exhibit 3 shows the top employee needs and outcome drivers, grouped by core themes of employee experience.

Exhibit 1

Organizations have stepped up in critical areas during the COVID-19 crisis.

Employer response effectiveness, % of respondents (n = 887)



³ Employees were classified as having a positive, neutral, or negative state of well-being. We define a "positive state of well-being" as a broad sense of security and fulfillment in life and work that includes job security, sense of community, and individual purpose.
⁴ Anthony R. Mawson, "Understanding mass panic and other collective responses to threat and disaster," *Psychiatry*, 2005, Volume 68, Number 2, pp. 95–113, tandfonline.com.
⁵ The top experience drivers were determined by examining the patterns of correlations between 30 employee experience elements and three outcomes. Work effectiveness was measured by asking employees if their daily work had been positively affected, negatively affected, or not affected by the COVID-19 crisis.

Exhibit 2

Organizations can build on the trust they have earned during the COVID-19 crisis.

Four key actions



1

Make it credible

Give employees air time through town halls, pulse surveys, listening tours, and story sharing; have trusted leaders speak transparently and empathetically about what employees are going through; use data to analyze related information and communicate findings to employees regularly



2

Make it feasible

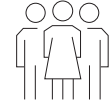
Prioritize timely action instead of waiting for transformative solutions; push responsibility to edges to accelerate change (eg, create digital channels for people to engage with each other directly rather than running everything through a central hub)



3

Make it sustainable

Develop a plan to embed changes beyond the crisis; communicate to employees specifics about open-ended changes being made; ensure that employees know that, as the crisis is not time bound, support from leaders has no end point



4

Make it personal

Find creative ways to use advanced analytics, behavioral science, and digital technology to put employees in charge of their own journeys; tailor interventions to individual contexts and evolving needs

Jointly, ten employee experience elements accounted for approximately 60 percent of differences in outcomes.⁶ Overall, that means that as organizations continue to adapt to the crisis, they can meaningfully improve employee experience. For example, while organizations may not be able to take action on compensation right now, our survey results show that they can achieve a 55 percent improvement in engagement by addressing employees' need for work recognition through nonfinancial means.

To address employees' needs and help them thrive during the return, organizations should focus on four areas: safety and security, relationships, culture, and purpose.

Continue to meet the need for safety and security

With the threat of a second wave of COVID-19 infections or other disruptions, leaders would be well served to codify an approach to mitigating further effects of this landscape-scale crisis.⁷ To that effect, McKinsey's Organization Practice recently published

a series of articles providing leaders with a research-backed set of best practices.

Potential actions to ensure safety and security include the following:

- **Demonstrate compassionate leadership.** Leaders should focus on making a positive difference in people's lives by demonstrating awareness, vulnerability, and empathy.
- **Exhibit deliberate calm and bounded optimism.** In communications, leaders need to strike the right balance between realism about the challenges ahead and confidence that the organization will find its way through the crisis.

Invest in relationships

While it may be a natural tendency for leaders to focus inward on the business itself, our survey results show that sustaining trust and acknowledging employee efforts are critical to employee engagement, well-being, and

⁶ We ran separate multiple-regression analyses for each outcome using ten employee experience elements as predictors. On average, those experience elements, as a group, explained approximately 60 percent of differences in employee outcomes.

⁷ An unexpected event or sequence of events of enormous scale and speed resulting in uncertainty, giving rise to disorientation and emotional disturbance.

Exhibit 3

Employee engagement, well-being, and effectiveness are driven by a set of employee experience factors.

Top employee needs and experience factors by core themes of employee experience

Theme	Need (rank)	Employee experience factors	Improvement		
			Work effectiveness	Engagement	Well-being
Stable, secure work experience	Job security (1)	Organizational stability	+16.9%	+52.9%	+53.3%
	Financial stability (2)				
	Physical and mental health (6)	Compensation and benefits	+21.2%	+45.6%	+44.5%
	Being rewarded (8)				
Trusting relationships	Working with people I can trust (5)	Trust in leadership	+23.7%	+47.6%	+45.4%
		Relationship with company	+20.9%	+49.9%	+51.3%
	Being recognized for my work (10)	Nonfinancial recognition	+20.4%	+55.1%	+49.3%
Social cohesion and inclusion	Being treated fairly (4)	Fairness	+22.3%	+48.0%	+52.3%
		Involvement	+14.8%	+32.4%	+51.1%
	Having supportive coworkers (9)	Respect	+15.7%	+51.8%	+49.8%
		Equality	+16.2%	+50.8%	+50.9%
Individual purpose and contribution	Achieving work goals (7)	Alignment with organizational purpose and values	+20.3%	+49.0%	+49.3%
	Balance of work and private life (3)				
	Fulfilling my personal purpose at work (12)				

effectiveness. Organizations that have been building social capital during earlier phases of the crisis will be in better positions than others as the workforce transitions to the return phase.

Potential actions to ensure strong employee relationships include the following:

— **Coach managers on the ‘trust quotient.’** Expanding on previous research,⁸ Charles H. Green developed an assessment of trust that distills trust into four attributes: high credibility, reliability, intimacy, and low self-orientation. By developing the mindset and capabilities to deliver on those attributes, managers will be

⁸ Robert M. Galford, Charles H. Green, and David H. Maister, *The Trusted Advisor*, New York, NY: Free Press, 2000.

Organizations that have been building social capital during earlier phases of the crisis will be in better positions than others as the workforce transitions to the return phase.

better able to support employees today and to earn their followership going forward.

- **Invest in the development of employee-to-employee relationships.** It would be a mistake to assume that the camaraderie that has sustained many employees early in the crisis will endure long term. Leaders need to take active steps to ensure continued relationship building, particularly for remote workers. Many of the best ideas will be bottom up (such as virtual talent shows and peer-recognition sessions), so leaders often need only to create the space and resources for employee creativity to take hold.

Create and maintain a culture that values inclusion, individuality, and social harmony

As ways of working shifted dramatically with the COVID-19 pandemic, many workers had to transition to new work duties, processes, and modes of communication and collaboration. Our research shows that having a foundation of involvement, fairness, respect, and equality can help employees adopt to new ways of working and interacting. As we face a future of vastly different working models and team structures, building such an integrated culture now will only benefit organizations in the future.

Potential actions to ensure a positive culture include the following:

- **Create a network of teams.** Leaders can set up a network of teams to promote cross-functional

collaboration and transparency. This team structure can tackle an organization's most pressing problems quickly while also enhancing the strength of random connections across the network for effective team building.

- **Cultivate inclusion and psychological safety.**⁹ Leaders and managers can help create inclusive and psychologically safe team environments by modeling behaviors that value the inputs of all members, encourage individuality, and allow members to experiment without fear of negative consequences.

Connect people to something bigger than themselves and help them contribute

The emergence of purpose as a driving force is particularly compelling, given its overarching impact on all aspects of work and business. A sense of purpose can help employees navigate high levels of uncertainty and change and ensure that their efforts are aligned with the highest-value activities.

Our research showed that respondents who indicate they are "living their purpose" at work are much more likely than those not doing so to sustain or improve their levels of work effectiveness, and they had four times higher engagement and five times higher well-being. Moreover, we discovered that this particular experience element showed the greatest potential for improvement: only one-third of respondents believe their organizations strongly connect actions to purpose.

⁹ Psychological safety is the belief that one won't be punished or humiliated for speaking up with ideas, questions, concerns, or mistakes. Amy Edmondson, "Psychological safety and learning behavior in work teams," *Administrative Science Quarterly*, June 1999, Volume 44, Number 2, pp. 350–83, journals.sagepub.com.

Potential actions to ensure a strong sense of purpose include the following:

- ***Embed purpose in how you talk to employees.***
There are avenues for organizations to move from the “why” to the “how” in establishing and linking employees to a clear purpose. Link your organization’s “why” to your employee communications. As you make changes in how the business operates through the crisis, consistently link the changes back to your purpose.
- ***Bring purpose to life.*** Share stories (through video or town halls) of colleagues who are embodying purpose through the period of crisis. Now is the time to celebrate and create role models of those who are living their purpose.
- ***Start a longer-term conversation about purpose.*** Begin the hard work of defining or revisiting your organization’s purpose now. Explain how employees will play a critical role.

Tailor your approach: Employees’ needs and experiences vary

While all workers are experiencing some degree of disruption, the range of experiences is wide, from the very positive to the very negative. For example, of the population of fathers working at home, 79.4 percent report positive work effectiveness, with 63.2 percent feeling engaged and 70.5 percent saying they have a positive state of well-being.

Conversely, of the group of employees working in nonremote positions with little workplace flexibility, 70.5 percent report negative work effectiveness, with 50.4 percent feeling disengaged and 57.6 percent saying they’re struggling. There are distinct challenges faced by nonremote workers compared with remote workers in the current crisis. The impact on working mothers versus working fathers is quite different. Our data suggest a nuanced picture of employee experience (Exhibit 4).

Remote workers with dependents appear to be faring better than remote workers without dependents are. The data show that a diminished sense of community is a key driver of the negative impact on those without dependents. However, remote-working mothers aren’t realizing this benefit, faring well below remote-working fathers on all major dimensions we assessed: work effectiveness, engagement, and well-being.

That gender difference can be explained, in part, by differences in “workplace needs.” Our survey indicates that the top priority for remote-working women right now is balancing work and private life. For remote-working men, that need doesn’t even rank in the top ten. Anecdotally, the challenges of balancing work and private life in the current climate are evident, but the data reveal what a powerful variable this balance is.

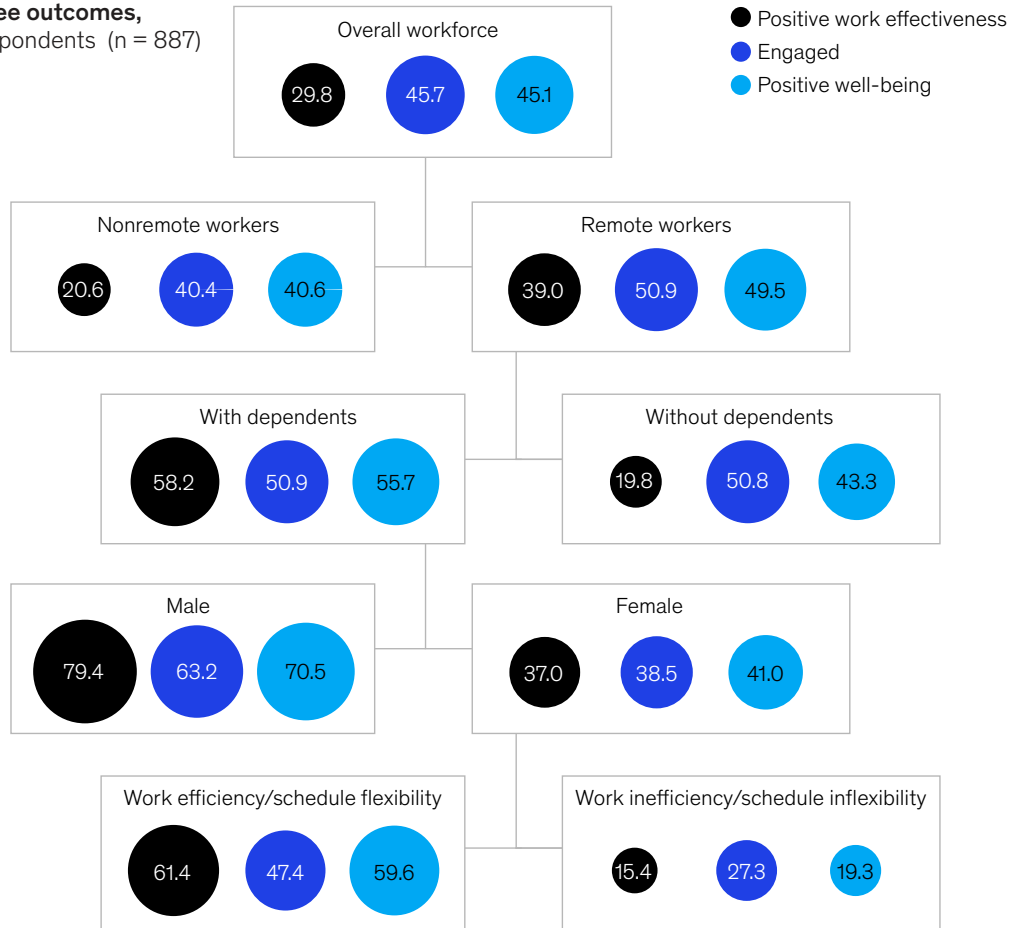
The data further show that remote-working mothers who report work efficiency (that is, effective time management) and schedule flexibility—both being key indicators of work–life balance—are three times more likely than those who report work inefficiency and schedule inflexibility to have a positive state of well-being. Again, flexibility and work efficiency are aspects of employee experience that organizations can start to address without significant capital investment.

Those results are just a small slice of the insights that effective segmentation can provide. There are also likely to be meaningful variations within groups. For example, even within the group of remote-working fathers who seem to be doing well as a group, 17 percent indicate that they are disengaged, and 15 percent report a negative sense of well-being. The lesson for leaders is that a one-size-fits-all approach to experience management simply won’t work. Instead, they must aspire to address individuals in the same manner they do their customers.

Exhibit 4

While all workers are experiencing some degree of disruption, the range of experiences is wide.

Employee outcomes,
% of respondents (n = 887)



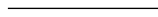
To tailor employee-support approaches, we recommend two key actions:

- *Use segmentation to identify who is struggling and what they need.* Complement publicly available data with internal tools, such as open-listening channels, pulse surveys, and advanced analytics. Use these tools to understand the diverse set of challenges that individuals and

teams are facing and identify the best ways of supporting them where they're struggling the most.

- *Take a personalized approach to fostering culture and enabling change in this new world.* In driving new mindsets and behaviors (such as adapting to a new virtual-working model) at scale, it's important to engage employees

in a continual two-way dialogue that takes into consideration their specific needs, allows them to configure their own journeys, delivers personalized coaching, and provides them with a forum to share best practices with others who may share similar challenges.



Organizations have an opportunity to improve employee experience during the return phase of the

COVID-19 crisis by shifting from a focus on meeting health and safety needs to a more nuanced approach that recognizes differences among the workforce. Employee experience drivers—perspectives and needs that vary between and even within those segments—may be somewhat heightened and more fluid right now, given the constantly shifting landscape. But organizations that set a course focused on employee experience will create meaningful impact now and well into the future.

Jonathan Emmett is an associate partner in McKinsey's New Jersey office, where **Matt Schrimper** is a consultant and **Alexandra Wood** is a solution leader, and **Gunnar Schrah** is a director of research science in the Denver office.

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