

MBA Sustainability Leadership

Leading Sustainability
Change

The COVID-19 Crisis: An Unprecedented Leadership Challenge

Assessment One

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Business leaders are swimming in unknown waters, being carried by the wave of the global COVID-19 or Coronavirus pandemic. For top brass decision makers it is an altered reality that is steeped in a virtual scenario. A crisis, exasperated by the fact that none of the participants know when the grim situation will come to an end; and how the experience will affect them. At this time, leadership matters, especially since the Coronavirus is leveling heaps of uncertainty.

When the Disaster was first attacking Wuhan, China -- few leaders would have fathomed the havoc it would eventually wreak in their own backyard. At the time the threat seemed so distant that another group of leaders happily took solace in knowing that they had crisis management training. They were further comforted by the fact that their consultants assured them that their contingency plan was rock solid.

Unfortunately, the grim reality finally struck; and within weeks the world was sunk in a state of panic; which resulted in governments and businesses choking, and gasping to stay viable -- as one of the worst pandemics in recent history lashed unrelentingly at productivity, and profitability.

From Presidents to Prime Ministers, Supervisors to CEO's -- leadership is being scrutinized and decision-making abilities are under microscope. Suddenly there is no room for learning or necessary insight gathering; because sustainability is key and those at the helm are expected to ensure survival of the organization now.

How COVID-19 Is Challenging Leaders

In consideration of the present plight and the requirements of this assessment. Thoughts were drawn to a valuable mention in Week three of this Module. That nugget was gleaned under the chapter "Determining the nature of the sustainability leadership challenge". That treasure of information was the mention of "Crisis Challenge." Which was listed as number six. This point was zoomed on because it can be deduced that the currently devastating COVID-19 pandemic fits the mould of a Leadership Crisis Challenge.

However, demonstrating this fact for the purpose of this assessment proved difficult because this pandemic is a fluid situation. Therefore, it is difficult to find books and many other research materials. Thus, the author had to rely heavily on reports on the subject from renowned organizations and entities.

Touring The COVID-19 Leadership Crisis

With all of the crisis management training and well invested contingencies, leaders were still forced to wing it when COVID-19 issues knocked on their corporate doors. Especially since areas that were not accounted for in the contingency planning were on display; constantly adding to the challenging situation.

On one hand, cooler heads might argue that those who were caught wanting should have realized that in a crisis anything that could go wrong often does. Which is exactly what happened when the COVID-19 pandemic gained full momentum. The crisis created a fight or flight dilemma in the corporate world when it commenced claiming lives and attracting government response. This fight between governments and COVID-19 forced organizations to scamper to the cloud and operate digitally.

The flight to the cyber world was also driven by the fact that there was no vaccine to stem the virus; and in this case prevention was the cure being prescribed; with a measure of social distancing.

A measure, which partially resulted in the falling apart of the business continuity and crisis management plans. All resulting in an exasperating situation that was aptly explained by PwC Global, a company that has offices in 157 countries and has more than 276,000 people employed.

PwC Global in an article chronicling how COVID-19 is affecting the asset and wealth management industry stated, "Most companies already have business continuity plans, but those may not fully address the fast-moving and unknown variables of an outbreak like COVID-19. Typical contingency plans don't generally take into account the widespread quarantines, business and community disruptions, and added travel restrictions of a global health emergency like this one...The crisis raises a number of unique challenges."

Areas to Be Managed In This Business Crisis

The first edition of the book *The Routledge Companion to Risk, Crisis and Emergency Management* (Robert P. Gephart) mentioned that there are 4Cs of Crisis Management -- **Cognition, Communication, Coordination, and Control**.

In most cases of a crisis leaders are able to hit the ground running by following the 4Cs. However, the COVID-19 disaster in its newness has caused leaders to question whether the 4C scenarios apply. A question that would be examined by this document in an attempt to satisfy that the COVID-19 pandemic has caused a leadership challenge.

For instance, the first C is "Cognition", which the book stated, "entails recognizing the degree of emerging risk and conceiving ways to act on that information." The key word in that regard is information. Unfortunately, when the COVID-19 dilemma took hold very little was known about the dynamics of the virus. In fact, discoveries are still being made. This meant that leaders had to take the little that they did know and use that information to create plans to salvage operation. This commenced with companies implementing hand washing and opting to ensure that there was sufficient spacing between employees working at any given time.

However, a later study by the Center for Disease Control and Prevention (Centers for Disease Control and Prevention, 2020) that was conducted from February 19 through March 2, 2020 found that COVID-19, which has the scientific name SARS-CoV-2 "was widely distributed in the air and on object surfaces." This changed a lot of the previously held social distancing theories and for good measure organizations decided to use remote working situations to safeguard their staff. This of course meant that resources that were expended to create a social working environment was wasted and previously implemented plans were out of the door.

Enter the option for remote work and the disruption of the second "C" of Crisis Management -- "Communication".

The flight to cloud required staff and management to communicate using emails, instant messaging and CRM chats. Digital facilities such as Sharepoint Online, ERPs and services such as Skype for Business, Zalo, and Zoom took precedence over physical discussions. Unfortunately, this scenario of remote or mobile work exposed the already less than ideal situation to scams and cybersecurity risks.

Such risks were highlighted by KPMG a multinational corporation that provides Audit, Assurance, Consulting, Financial Advisory, Risk Advisory, Tax, Legal services. KPMG in a report titled "COVID-19 Fraud Risk" (KPMG) listed a number ways unscrupulous entities are infiltrating the digital operations of companies trying to remain functional during this pandemic. Most concerning was that company emails which is the main way businesses keep contact with staff and client is at risk.

The report stated, "Increase in remote working, accompanied by organization-wide updates regarding COVID-19, has opened the avenue for fraudsters to target businesses and their employees. Using emails disguised as COVID-19 updates, fraudsters attempt to trick employees to hand over their credentials by requesting they log in to a fake company "COVID-19" portal. Once an employee has entered their credentials, the fraudster can have unfettered access to the employee's company accounts and the organization's network."

The Third 'C' of crisis management is "Coordination" which entails utilizing business resources effectively. However, it should be noted that the issue affecting this area was in play way before the COVID-19 pandemic struck; and was spawned by business leaders making outsourcing a major coordination tool.

This was done to enable the organization to expand its service offerings without increasing payroll cost. Most importantly businesses by outsourcing were able to keep their core staff focused on key competencies while outsourcing handled the daily rudimentary tasks.

Now, the various COVID-19 factors have resulted in businesses increasing outsourced staff and unintentionally opening the door to another crisis challenge. The crux of this challenge was highlighted by Deloitte, another international company that provides the Audit, Consulting, Advisory, Tax, and Legal services in their report "COVID-19 Operating in the "new normal" – A backdoor to increased fraud risk," (Deloitte).

The report outlined the security challenges that leaders must now face as they try to operate in a digital/remote business setting. It stated, "The risk of onboarding third parties which are not fully vetted and screened may result in working with disreputable or even restricted parties."

However, this coordination challenge not only relates to the outsourced workers; as the International Labour Organization (ILO) hinted that the steadily increasing cases of COVID-19 are having an effect on not only human resources for the business but customers who purchase their goods or services.

The ILO in a document published on 18 March, 2020 (International Labour Organization) stated, "Labour supply is declining because of quarantine measures and a fall in economic activity. At this point, a preliminary estimate (up to 10 March)

suggests that infected workers have already lost nearly 30,000 work months, with the consequent loss of income (for unprotected workers). Employment impacts imply large income losses for workers. Overall losses in labour income are expected in the range of between 860 and 3,440 billion USD. The loss of labour income will translate into lower consumption of goods and services, which is detrimental to the continuity of businesses and ensuring that economies are resilient.”

Since the area of business coordination captures the gamut of stakeholder relation it is reasonable to anticipate that the new COVID-19 crisis poses challenges for the leader who is trying to ensure that there is functionality across the board.

For instance, the social distancing and other publicly prescribed prevention measures might have resulted in the interruption of linkage services such as suppliers. A fact that the Asian Development bank bore testimony to.

The Bank noted in a document that highlighted COVID-19 related Supply Chains issues, Bottlenecks, and Policy Implications (*Asian Development Bank, 2020*) that, “The ongoing coronavirus pandemic exposes the vulnerabilities of supply chains across many industries.”

The situation was also corroborated by international law firm Baker McKenzie in a report titled ‘Beyond COVID-19: Supply Chain Resilience Holds Key to Recovery.’ In that document the firm explored how the COVID-19 global pandemic interfered with supply chains and sectorial activity stating that the COVID-19 pandemic, “left many companies with limited contingency plans to deal with supply disruptions.” The law firm also added that, “There may also be little scope to source parts from alternative locations in highly tradable sectors” (*Baker McKenzie*)

Business ‘Control’ which is the fourth ‘C’ of crisis management refers to the setting and managing of the various processes and procedure that ensure compliance, and security within the company. However, the challenge to this area is clear in the previously mentioned Deloitte report that stated that COVID-19 leaves the door opened to asset misappropriation.

According to the report these instances of misappropriation can include, “Theft of cash; Larceny, e.g. warehouse theft; Misuse/theft of data: temptation for employees, in particular to copy sensitive data (customer lists, pricing calculations, IP theft); and payment of invoices without usual approvals.”

In conclusion it was demonstrated through the use of reports from business experts and international entities that COVID-19 is a major leadership challenge that attacks previously held crisis management approaches. This pandemic poses a new reality and calls for fresh approach. For clarification it should be noted that the plight and Challenge of leaders in this crisis can be best summed up by likening the situation to a warrior who must face a giant foe that possesses invisibility abilities, knows the warrior’s worst fears and attacks all of his weak points at once.

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