

Leadership

The Next (New) Normal

Which Leadership
Model will be the
Winner?

By
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Amrop

Leaders For What's Next

About the Report

Italy is the world's eighth largest economy and the third-largest national economy in the European Union*. It was also one of the first countries to announce a national lockdown, effectively quarantining more than 60 million people.

In early 2020, Amrop Italy was invited by the Rome Chapter of Bocconi Alumni to conduct a leadership survey. The objective was to understand the changes companies had made to their leadership models and behaviours in response to the Covid-19 pandemic.

Spearheaded by Partner Franco Gnocchi, Amrop Italy's Leadership Services department took up the challenge.

This report draws on the insights and hard-earned lessons of a handpicked selection of senior executives, blending organizational psychology with business pragmatism.

The coronavirus is continuing to profoundly re-shape the economic, organisational and societal landscape. Which leadership model will win?

In this report you will find 5 clear avenues for business leaders: not only in containing the effects of the crisis but in using the experience as a source of positive transformation in leadership and organisational culture.

*By nominal GDP



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Foreword

When it comes to the direct responses of organisations to the unexpected and disruptive events brought by the coronavirus crisis, clear themes emerge — and their ‘solidarity’ is striking.

Notably, leaders report serious gaps in knowledge and experience. As we will see, the immediacy and force of the pandemic emergency forced an urgent re-evaluation of the categories and meanings companies typically assign to crisis situations.

To paraphrase Hegel: when a crisis strongly increases its quantitative intensity it inevitably becomes qualitative and therefore unpredictable and new. This demands responses that are completely innovative, outside the categories of previous knowledge.

Also resoundingly clear was the need for leaders to use a different approach and tone to communicate, ensuring that all employees and stakeholders clearly received messages. “Like an unexpected companion” the pandemic urged managers to use a concrete language that related more closely to the lives of stakeholders than the technocratic and hermetic formulations typically used by organisations.

These were mainly features of the pandemic’s early days. It was at that moment, with the onset of social distancing, that the atmosphere of uncertainty and perceptions of danger ran highest.

It was essential for companies to demonstrate and exercise their capacity for widespread support. The firm and understandable language called for had to convey transparency and unity — facing issues together. A language of support and responsibility.

This, in our opinion, was one of the first major challenges that management and their organisations had to overcome.

It became a focus theme during a survey whose participants have shared their invaluable and detailed insights. Not only regarding the experiences of the people on the business front lines in these extraordinary times, but on avenues towards the ‘new normal’.



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About Bocconi

Bocconi

Bocconi University is a private university in Milan, Italy. It was founded in 1902 to help advance social and economic progress across Europe and beyond. It provides undergraduate, graduate and post-graduate education in economics, finance, law, management, political science and public administration. Its business school, SDA Bocconi, offers MBA and Executive MBA programs.

Bocconi is consistently ranked as Italy's top university in its field, and as one of the best in the world. In 2020, QS World University Rankings ranked it 7th worldwide and 3rd in Europe in business and management studies, as well as 1st in economics and econometrics outside the U.S. and the U.K. (16th worldwide).

The Bocconi global Alumni Network features over 100,000 graduates, in cities such as New York, London, Paris and Shanghai.

We warmly thank the executives interviewed

Organisations:

Autogrill
Avis Budget Group
Conceria Pasubio
Deloitte
Europe Energy
GlaxoSmithKline Consumer Healthcare
Johnson & Johnson
Novo Nordisk
Pfizer
SII
Trelleborg

Key Findings, Keywords

Taking charge, accountability, responsibility

Disorientation and experimentation alone would not have sufficed for effective change management. Also needed was a general predisposition to take individual responsibility.

Recognition & reward — new actions

Co-creation & a sense of belonging

The emphasis on communication and closeness between the individual and the organization, with the reduction of the constraints typically linked to rigid hierarchies have raised people's capacity to embrace and propose new initiatives. Encouraged by management, there has been a boost in co-created initiatives aimed at solving the problems caused by the pandemic.

Disorientation

The disorientation linked to the pandemic has played the role of 'forerunner', stimulating executives to experiment with new leadership practices, or step up their pace.

Communication & closeness — development of a 'virtual community'

Individual empowerment was greatly facilitated by a range of supportive actions (especially at the outset of the pandemic) and the organisation's closeness to the individual. In this situation, typical elements of emotional intelligence, such as empathy and cooperation, played a decisive role on the part of management.

Equally, actions of recognition and reward towards for 'virtuous' behaviors, as well as continuous and transparent communication, have helped to create a positive environment and a sense of togetherness within the organisations surveyed. The difference and distance that usually characterises corporate hierarchy has been somewhat attenuated.

Forced & active experimentation

A consequence of disorientation. Only through a more experimental approach (with greater error tolerance) was it possible to cope with the pandemic's disruptive novelty.

Organisations:

We sought a cross-section of companies in terms of size and industry sectors. The purpose was to represent the Italian economic ecosystem, one in which SMEs feature strongly. Furthermore, different industry sectors have been affected in different ways by the pandemic.

All the companies interviewed are characterized by the breadth and structural complexity of their operations and their multinational footprints (of the 11 companies in the sample, all are multinationals, some with headquarters in Italy and some with control of foreign subsidiaries). All have HR management systems and a highly evolved leadership culture. As such, they have a need for continuous reflection and review.

Interviewee functions:

- Heads of HR and/or Talent Leaders with varying responsibilities, not only in Italy, but also in other countries of in the European region;
- Top management including; MD, CEO, Group Chairman, GM and a Group Finance Officer (who also retained responsibility for HR).

The variety in functions brought multiple viewpoints to the survey, and a rich spectrum of visions on the change processes triggered by the pandemic in terms of leadership models and behaviors.

We used a qualitative, semi-structured interview approach. Respondents were invited to react to a series of statements relating to leadership change in the face of the pandemic, as follows:

- **Introduction:** how have leadership behaviors changed in your organisation in the face of the pandemic? What are the main observable trends and what mechanisms does the organisation offer?
- **Operational and person-centered leadership:** has the pandemic and its resulting disorientation led to individuals, prompted by the organisation, to combine their usual operational leadership with a more people-orientated leadership style? How did this change take place?
- **Leadership and employee engagement, creativity and autonomy:** has the increased use of homeworking in response to the pandemic encouraged a leadership style focused more on facilitating employee autonomy and creative problem-solving? Has there been a development in delegation with respect to control? Does all this affect levels of employee engagement?
- **Cost containment and engagement:** how much has the greater attention to cost control, linked to the pandemic's negative economic impact, affected leadership behaviors? How much of an impact has this had on employee engagement?
- **Leadership and communication:** to what extent and how effectively can internal communications, both at institutional and management level, affect an organisation's ability to manage the complexities brought about by the pandemic?
- **Leadership and Business Development:** homeworking strongly limits direct contact between people. How greatly does this limitation affect sales and business development? What can leadership do and what have they done to address potential gaps in effectiveness and achievement?
- **Leadership in the face of uncertainty, in particular with regard to employees experiencing stress and anxiety:** how does management lead teams in times of uncertainty, fear and stress? Can leaders manifest an empathetic ability to orientate people's behavior in a positive way?
- **Homeworking (remote working) vs smart working:** in the light of the changes underway, can the activities involved in homeworking evolve into "smart working" with a resulting increase in the level of autonomy of employees, and adequate MBO practices?



1

Disorientation

A factor for potential learning and change: “Meaning perspectives” (assumptions).

The disorientation that followed the onset of the pandemic acted as a strong stimulus for change in terms of organisational learning, affecting the entire business community. In this sense, the pandemic acted as a “disorienting dilemma”, an event so powerful and unexpected that it forced management to quit traditional comfort zones to explore new areas of action. In his landmark book¹ American educationalist Jack Mezirow discusses the “disorienting dilemma” as an essential condition for individuals to change their way of thinking, (“meaning perspectives”) and therefore, their way of acting.

What are “meaning perspectives”? Essentially, they are *constructs*, represented by the structure of our pre-suppositions. It is within the parameters of our meaning perspectives that our prior experience assimilates and transforms a new experience. A meaning perspective is therefore a habitual set of expectations, a *frame of reference* we use to orient ourselves. We use meaning perspectives in our projection of *symbolic models*. For example: “I feel I’m on the edge of a precipice”, “I’m running to keep up”. A meaning perspective acts as a belief system (almost always unconscious) to interpret and evaluate the meaning of an experience. For example, we wouldn’t usually go to an opera, lecture or business meeting expecting to come across people in bathing suits. Our relationship with the world is mediated by a *preventive order* — one that is reflected symbolically, and in our language.

Mezirow states: “As adult learners we are prisoners of our personal history. To be able to give meaning to our experiences, we all must start from what we have been given and operate from the horizons set by the way of seeing and understanding that we have acquired through previous learning”. Learning can be defined as the use of a pre-existing interpretation to build a new and updated interpretation of the meaning of one’s experience.

So it’s important to ensure that we make the most of the period we are experiencing; this is a time of disorientation, but also one of potential collective learning. In order to learn, we need to enter into conflict with our own experience. The moment of learning arises from a “disorienting dilemma”.

Clearly, the “disorienting dilemma” is a necessary condition for individual change, even if it is not, in itself, enough to mobilize us. Still, taking note of its potential (however ambiguous) brings us into the situation of being able to move from informative to transformative learning.

In order to learn, we need to enter into conflict with our own experience. The moment of learning arises from a “disorienting dilemma”.

¹Mezirow, J., and Associates, (2000), Learning as Transformation: Critical Perspectives on a Theory in Progress, John Wiley and Sons



1a Disorientation

Answers

Our reading of the survey results leads us the following hypothesis: that the “disorienting dilemma” of the pandemic has induced organisations to accelerate change processes in leadership and management culture. These changes were, in part, already underway.

In the previous section we discussed “meaning perspectives.” In this sense, the “meaning perspectives” that marked leadership models and behaviors were called into question. For example, it emerged from the interviews that management has introduced more empathetic forms of leadership in many organisations. This has led to more active listening, enhancing the experiences of employees in comparison with previous forms of leadership that were mainly concentrated on operations.

The need to sensitise management towards more people-centric, empathetic leadership practices arose because the initial disorientation affecting organisations as a result of the pandemic had to be clearly addressed. Several of the companies interviewed have offices in ‘red zones’, so the first port of call was to ensure adequate employee health care and physical well-being. Then there were the economic implications for the most affected industries. Here, management support also turned to emotional containment of the fears of many employees worried about their future prospects. So the first response of top and middle management to the disorientation was to activate “solidarity support” practices.

For leaders unused to practising this level of inclusivity and empathy, this “forced experimentation” triggered new and spontaneous forms of managerial learning. Looking to the future, it will be important to see how these spontaneous forms of learning can steadily become part of a company's managerial culture.

The executives we interviewed reported that the sense of disorientation was particularly felt at the beginning of the pandemic, before homeworking measures were clarified. Fundamentally, the disorientation related to the adoption of mass home working arose from two factors:

- **Internal production lines:** where activity could not be stopped and the physical presence of employees on-site was required. This led to the problem of effectively integrating different forms of activity, both on-site and at home;
- **People management:** some interviewees reported a widespread distrust of remote working, related to the fear that current performance control methods would prove inadequate. Once homeworking had been adopted (out of necessity), it is interesting to see how management changed its opinion, reducing negative prejudices towards homeworking and its performance potential. This is another example of how the “disorienting dilemma” can be effective in fostering changes in perspective.

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2

Forced and Active Experimentation

In the previous section we explored “disorientation”. We discovered how this sometimes took on forms that we can describe in terms of “relative positivity”. For disorientation to be positively transformed, however, it had to be integrated into a dynamic change management perspective. This had to deliver an effective response to the dangers brought by the pandemic.

Generally speaking, we ask: to what extent were organisations able to ‘train’ themselves to live with uncertainty? For those with a prevailing planning and control mindset, (which aims to predict internal and external uncertainties), this was no easy challenge. Of course it would be reductionist to over-generalize. Depending on their industries and markets, some organisations are better ‘trained’ than others. However, as mentioned, the pandemic represented unprecedented uncertainty in the quantitative *and* qualitative sense. In its wake came a kind of forced training in accepting uncertainty as an intrinsic variable of the environment. So we could argue that the pandemic has actually facilitated organisational learning. This is because uncertainty, as long as it isn’t completely overwhelming, doesn’t necessarily paralyse organisations. We can live with uncertainty, even when it assumes forms we have never experienced.

This is a great lesson. During the pandemic, it has been translated into action in terms of the managerial skills that are most critical in scaling these new heights of uncertainty. The interviews clearly reveal the most important competencies/skills/attitudes that companies have tried to develop. Not only in their management teams, but beyond, in all employees.

It should be noted that these relate to a phase of experimentation which was forced by events. There was often no time to install new, targeted skills training, even if some of the companies we interviewed already had programs in place.

Key expertise/skills/attitudes to deal with uncertainty

Decision-making and sharing: all of the organisations interviewed quickly installed or reinforced teams tasked with the primary responsibility of facing the emergency (often overlapping with central leadership teams). These were complemented by an *ad hoc* involvement of localised teams (where present). Their activity had a by-product: it strengthened the spirit of team-working.

Problem solving: the approach seems to have synthesized intuition and conscious risk-taking. For example, local decisions had to be taken quickly and there was often no time for an analytical pre-phase (detailed scanning and data analysis, for example).

Flexibility: this emerged as very important. We can also interpret it as forcing people, when necessary, to go beyond their role boundaries: “first and foremost, do what’s needed”.

Accountability: understood as taking charge of problems, paying greater attention to one's own skills than to one's (formal) role. Real skills versus job descriptions.

Emotional skills, in particular, empathy: organisations are primarily seeking these skills in terms of support and engagement towards direct reports, sometimes compounded by new organisational and behavioral challenges.

Resilience: in particular, the ability to positively resist stress without outsourcing or transferring it to one's team.

Risk taking: a greater willingness to take risks was required, both in terms of decision making and micro-management.



3

Taking charge, accountability, responsibility

Thanks in part to active and forced experimentation, we saw a new predisposition towards taking charge of problems — higher levels of individual accountability. This applies to issues raised by employees and, more generally, to situations that require non-standard solutions.

Middle managers in particular were urged to give concrete answers to employees who presented them with pandemic-related problems. Some cases evoked by our interviewees related to employees who had contracted the disease.

Others were mourning the loss of relatives and friends. In these instances, the accountability of the manager who received the news followed two axes: directly supporting the employee, and ensuring that the organisation was also playing its part.

The increase in accountability was also demonstrated when it came to relations with stakeholders, for example, service providers. In this sense, those in charge of supplier relations tended to involve suppliers more and more, following the logic of the “enlarged community” whilst strengthening the focus on their company’s interests.

This newly widespread capacity for taking charge was a prerequisite to facilitating new forms of learning. This is due to its effect on “self-efficacy”².

As one interviewee put it, taking on and implementing new crisis management responsibilities made him feel as if he could “dare more” — even outside the constraints of his role. This increased his self-confidence and predisposition to autonomy. These developments had a catalytic effect on entrepreneurship.

Now, the real question is: how can organisations maintain this tension, as ‘normality’ begins to be restored?

As one interviewee put it, taking on and implementing new crisis management responsibilities made him feel as if he could “dare more”

²Defined by psychologist Alfred Bandura as the belief in our ability to succeed in specific situations or accomplish a task.



4

Communication and Closeness

Developing a “virtual community” Recognition and a new way of rewarding actions

When the pandemic broke out, the first objective of the organisations interviewed was to assure communication with their employees. Communication was primarily intended to reassure people that the organisation would take full charge of all the issues that would secure employee health and safety.

Three variables were important for effective communication during the pandemic:

Timeliness | Transparency in messaging | Continuity

The top-down communication from the leadership teams entrusted with centralized emergency management represented a framework within which micro-management communications could be mobilised more effectively.

For the employees of the companies interviewed, it was also important to learn in the media that their organisation was active in corporate social responsibility, interacting with health organisations to help tackle the pandemic, including at a social level. Equally, that media reports portray their company as forerunners in adopting health and safety measures. All of this strengthened a (proud) sense of belonging. It also contributed to the creation of a true virtual community during the wide-scale adoption of homeworking.

The virtual community: many of the companies interviewed have reinforced actions related to wellbeing, such as portals and intranets where employees can share the behaviors, (including private) that they practiced and experienced during the pandemic.

This partially compensated for the loss of socialising due to the lack of physical presence in the workplace. The pandemic has pushed companies to question themselves and step up actions to promote employee wellbeing not only in a physical, but in a holistic/psychological sense. The consequence was a strengthening of internal activities (i.e. psychological support, yoga and mindfulness courses, guidance on nutrition and physical activity).

In the communications field, it was very important to emphasise the recognition of “virtuous” individual behaviors displayed during the pandemic. Corporate communications profiled examples and references (i.e. identification of internal heroes and change agents).

Again with a view to recognition, the entire field of reward remains an open question (and opportunity). We can see this as the ability of companies to identify new KPIs that recognize more intangible leadership behaviours (e.g. inclusiveness) and to better define KPIs to evaluate the achievement of individual objectives in, for example, the “smart working” arena.

The entire field of reward remains an open question (and opportunity).

5

Co-creation and a sense of belonging

During the pandemic, organisations have witnessed an intensification of bottom-up proposals for solving problems. The period was marked by a boost to creativity and innovation, linked to people expressing problems as they arose in an unprecedented way.

The interviews show that middle management in particular has taken on a far more proactive role (bottom-up). Pre-pandemic, we can hypothesise that middle managers considered their commitment to be mainly oriented towards operational execution. The pandemic has led middle managers, along with other employees, to attempt a higher level of autonomy in terms of proposals and suggestions.

One example of bottom-up proposals concerns the remote management of commercial and business development activities. Many of these were aimed at encouraging organisations to harness online channels in the absence of a direct customer relationship (and the training this would involve).

Perhaps it's still too early to talk about a new and widespread push for co-creation and entrepreneurship within organisations. One thing is however clear: the more top management is able to integrate these behaviours into consolidated recognition and reward practices, the more these behaviours are destined to be crystallized and transformed into a new corporate culture.

Encouraging and valuing bottom-up co-creation leads to an improved sense of belonging (individuals with the sought-after skills are valued, irrespective of their role). This virtuous circle is inscribed in the fact that accentuating a sense of belonging strengthens people's self-confidence and their commitment towards their organisational community. It is easier to gain followers by choice than through their formal conformity to a hierarchical structure.

Finally, with regard to the sense of belonging, it is interesting to highlight how the company community has often revealed itself during the pandemic as an extended community. External stakeholders (for example, suppliers), have often revealed an unprecedented, and constructive spirit of collaboration.

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Towards the Future | Leading Questions

Disorientation (intended as a stimulus for improvement)

Forced experimentation, a different management approach

Taking charge, increased accountability, responsibility

Communication & closeness — virtual community development action

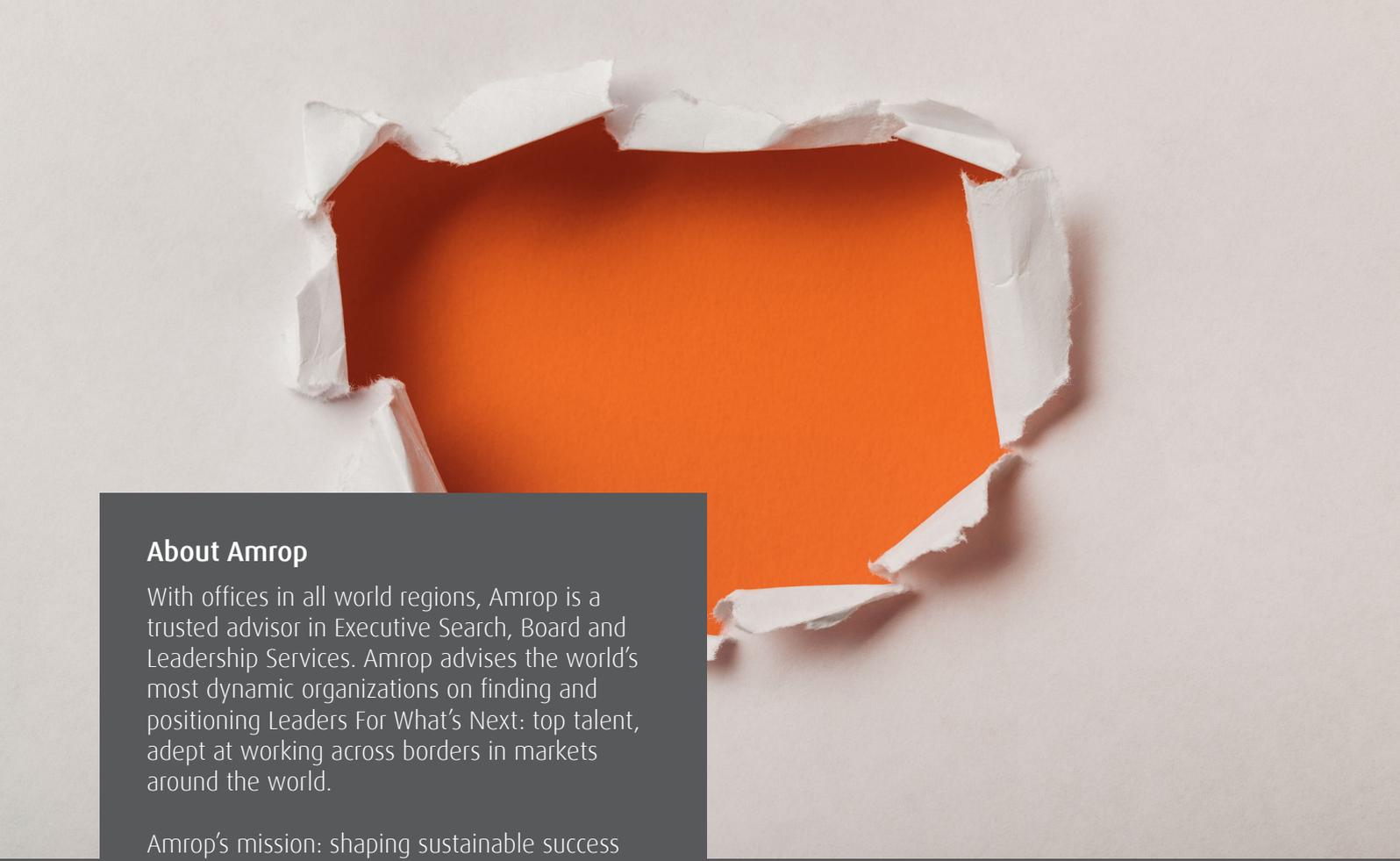
Recognition & reward — new actions

Co-creation & a sense of belonging

Challenges and potential actions

The actions emerging from our survey were responses to a crisis, a radical disorientation. The question is: once the situation stabilises, will this positive tension persist? How can we maintain it?

- There have been shifts in management behavior, towards more empathetic micro-management, for example. Will these be consolidated? What other examples can we find? Using what tools and interventions?
- Operational leadership is often geared towards efficiencies and anchored in short-term results. Will middle managers be able to maintain the trend towards co-creation and their inclination towards bottom-up proposal-making?
- Many organisations saw the emergence of a more inclusive leadership model. Will this take root post-crisis? How can we facilitate more advanced forms of leadership? Through executive coaching? By bringing into play the companies most senior experts, for example, with ad hoc mentoring programs? How to deploy change agents to transform a corporate culture?
- How can the solitude of leaders be eased in the face of these challenges and the new complexities that will continue to present themselves?
- Will we see the development of 'error coaching', a cultural change where error is understood to be a possible outcome for those who take action, and not as a partial failure?
- Will cost containment measures be compatible with a culture of engagement?
- Will the homeworking experiment be able to turn into true smart working practices? How will we manage the tension between the need for control, and the autonomy of the employee working remotely?



About Amrop

With offices in all world regions, Amrop is a trusted advisor in Executive Search, Board and Leadership Services. Amrop advises the world's most dynamic organizations on finding and positioning Leaders For What's Next: top talent, adept at working across borders in markets around the world.

Amrop's mission: shaping sustainable success through inspiring leaders.

Amrop Italy is one of the leading Executive Search and Leadership Consulting firms in the country. With offices in Milan, Rome and Turin, we have a strong track record of successful Executive Search and Leadership Services mandates across a range of industries and functions.

Our Partners, before joining Amrop, gained broad managerial experience working primarily for multinational companies in sectors such as Life Sciences, Technology, Chemicals, Consumer Goods, Defence, Publishing, Media, Banking and Professional Services.

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