How Have Organizational Cultures Shifted During the COVID-19 Pandemic

by N. Derek Brown, Yixi Chen, Hope Harrington, Paul Vicinanza, Jennifer A. Chatman, Amir Goldberg, and Sameer Srivastava
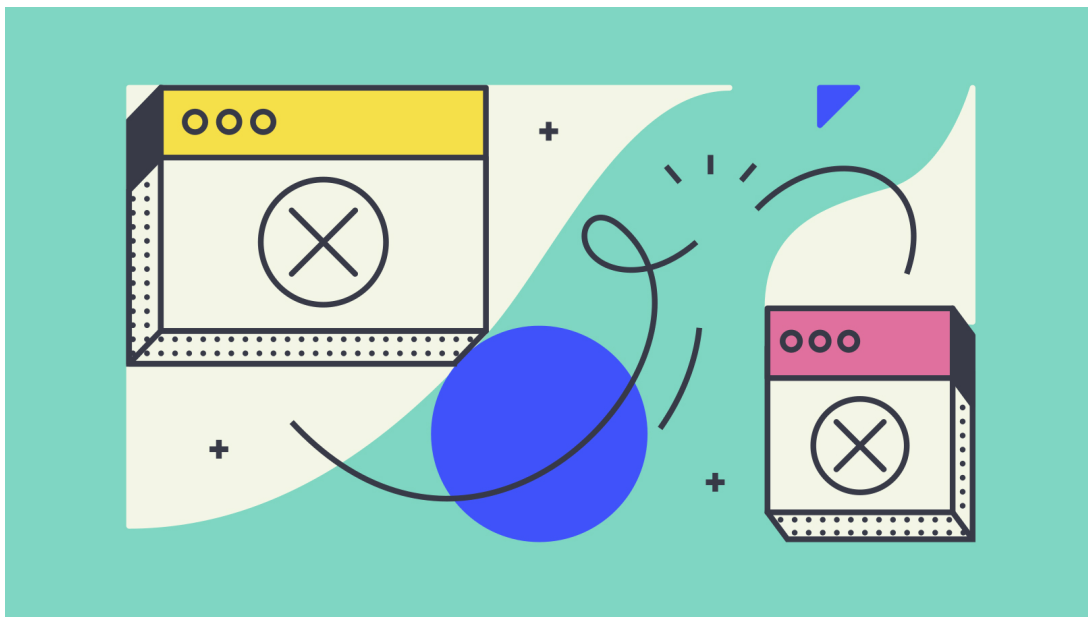

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... and what might need to change back?

☑ **INSIGHT** | **NOTE**   31 Jul 2021

As COVID-19 begins to recede with the growing availability of the life-saving vaccines, astute organizational leaders are reflecting on how their organizations have changed in response to the uncertainty and intense strain of the pandemic and are considering what further adaptations might be necessary. Much attention has focused on visible forms of change such as demand swings that have, in some cases, required furloughs and layoffs

and, in others, frantic hiring sprees. In fact, many organizations have shifted when and where people work and are preparing for the transition back to in-person or hybrid work. Yet organizations have also undergone less visible and more subtle changes that are equally critical to surface so that leaders can make informed strategic decisions and determine how to support new strategic choices with potential adjustments to their organizational structure and culture.

Anecdotes abound about how some facets of organizational culture, even among many strong culture organizations, have buckled under pandemic-related pressure, while new facets of culture have emerged in response to a rapidly changing external environment—including racial unrest and political turmoil. Some changes such as surprising productivity increases in the context of remote work and "walk and talk" meetings that have taken the place of in-person one-on-ones have been described as "silver linings," while others such as the sense of social isolation and the loss of group cohesion are labeled "dark clouds" that may have long-term adverse consequences.

Decades of academic research have shown how cultivating a strategically relevant culture boosts organizational performance and individual well-being. It is therefore critical to assemble systematic evidence about how organizational cultures have changed, positively and negatively, as a result of the COVID-19 pandemic. We conducted the Berkeley-Stanford "Silver Linings" Study to identify patterns of culture change across a diverse range of organizations. We employed a unique methodology in which we randomly assigned half of respondents in a given organization to assess the culture that existed *before the pandemic* and the other half to evaluate *the current culture*, enabling us to identify key changes in culture resulting from the pandemic.We validated that this method reliably uncovers culture change using data from one organization in which we were able to assess the culture before the onset of the pandemic and then again 18 months into the pandemic. We also collected open-ended narratives that yielded complementary insights about how people experienced cultural changes.

Our sample includes 2,771 individuals from over 40 organizations. Although the sample is not nationally representative given that it mostly includes alumni of the two universities represented by our authorship team, it includes organizations spanning such diverse

sectors as health care, technology,finance, consulting, and consumer packaged goods and individuals from different hierarchical levels and at various career stages.

Three patterns emerged from our study. First, as shown in **Figure 1**, the COVID-19 pandemic led organizations to emphasize certain cultural elements and to downplay others. In particular, the five cultural elements that organizations placed greater emphasis on were: flexibility, transparency, supportiveness, decisiveness, and confronting conflict. At the same time, the five cultural elements that organizations deemphasized in response to the pandemic were: customer orientation, individualism, detail orientation, results orientation, and collaboration. In short, organizational cultures in the pandemic era have generally shifted away from a high performance orientation to one that prizes empathy, understanding, and mutual support.

Figure 1 - Cultural Attributes that became more and less prominent during the COVID-19 pandemic
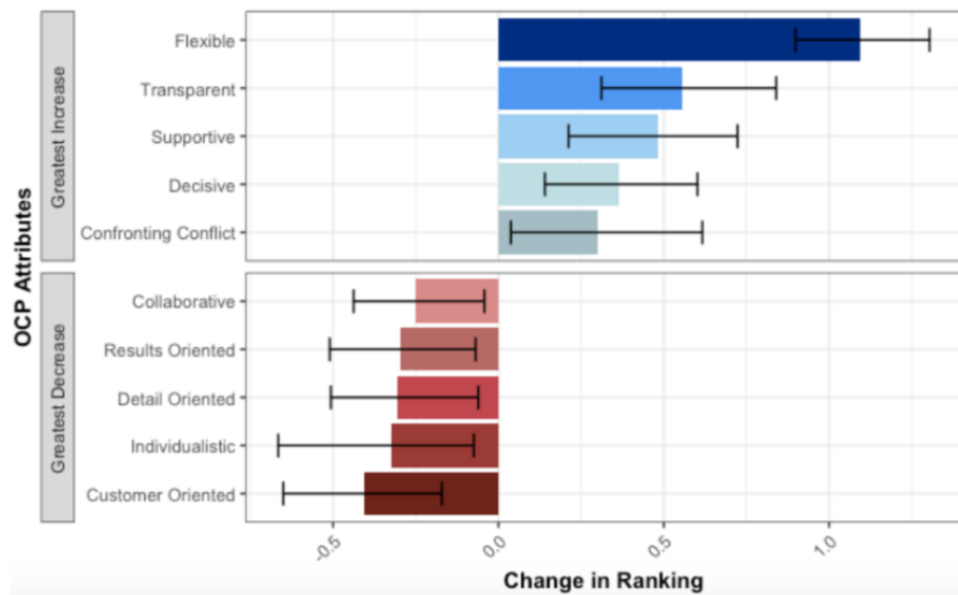
Note: This analysis is based on our full sample of respondents. A very similar picture emerges when we restrict the analyses to firms for which we have more than three respondents per condition.

Second, our analyses of the open-ended narratives suggest that, when we dig below the surface of these high-level cultural attributes, employees have experienced some of the cultural changes positively and others quite negatively. Figure 2 shows the results of a "topic model" that we applied to the open-ended text responses to identify salient cultural themes. We correlated these topics with participants' reports of whether they experienced change as positive or negative. Only one topic—regular leadership communication—was associated with net positive experiences. Interestingly, flexibility did not emerge as a positively associated topic—perhaps because its advantages (e.g., no commute) were matched by certain negatives (e.g., crowded quarters at home). Topics related to accessing resources, the way employees were communicating and collaborating, and culture change more generally were associated with net negative experiences. These results suggest that, even if most organizations endured the transition to remote work without experiencing a significant productivity decrease, the shift has been jarring for many, with potentially detrimental consequences for cultural vitality.

Figure 2 - Topics in narrative responses that were significantly associated with net positive or net negative experiences of change

	Regular Leadership Communication	Culture Change	In-person Conversation	Access to Resources	Team Collaboration	Conference Call
1	weekly	much	meeting	require	team	video
2	employee	culture	face	access	less	call
3	leadership	become	person	issue	make	conference
4	company	also	event	new	harder	challenge
5	regular	think	conversation	additional	personal	happen
6	meeting	play	almost	place	collaboration	great
7	example	field	document	several	decision	clearly
8	monthly	flexible	lunch	process	feel	digital

Statistically significant topic predicts more POSITIVE experience
Statistically significant topic predicts more NEGATIVE experience

Note: Analyses based on a sample of 314 respondents across 44 firms in which at least two individuals responded. Topics identified using a bi-term topic model (BTM), with

k=11 topics. Only topics that were significantly associated with overall positive or negative experiences are shown.

Third, different employee groups had very different experiences of these organizational changes. In particular, non-white participants reported having a more negative experience of the pandemic and felt less optimistic about the future relative to white participants. One possible explanation is that non-white participants generally viewed their organizational culture following the pandemic as less transparent than did white participants.

> *During the prolonged COVID-19 crisis, leaders understandably shifted their focus away from culture to more pressing questions such as stabilizing supply chains and implementing health and safety protocols.*

Although the changes documented in our study are still playing out and the twin threats of new COVID-19 variants and vaccine hesitancy remain on the horizon, we believe there are some emerging implications from these findings:

- Leaders should deliberately evaluate which cultural adaptations that have emerged in their organization since the pandemic are functional and can be a source of strength and innovation for the future. For example, leaders should continue to communicate with employees frequently given how much employees value transparency.
- At the same time, leaders need to critically examine which cultural elements have been suppressed during the pandemic and need to be reinforced for the organization to retain its competitive edge. For example, given the strides most organizations have made to return to a more normal operating approach, it might be time to reconsider reprioritizing performance and critical feedback.
- To navigate these choices, leaders need sophisticated cultural maps of their organizations—including surveys, analyses of internal digital trace data such as emails and Slack that can provide real-time insights into changing organizational culture, and assessments of how employees are talking about the culture on various external platforms and social media.

During the prolonged COVID-19 crisis, leaders understandably shifted their focus away from culture to more pressing questions such as stabilizing supply chains and implementing health and safety protocols. Successfully emerging from the crisis will, in our view, require leaders to bring culture back to the center of their focus.

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