

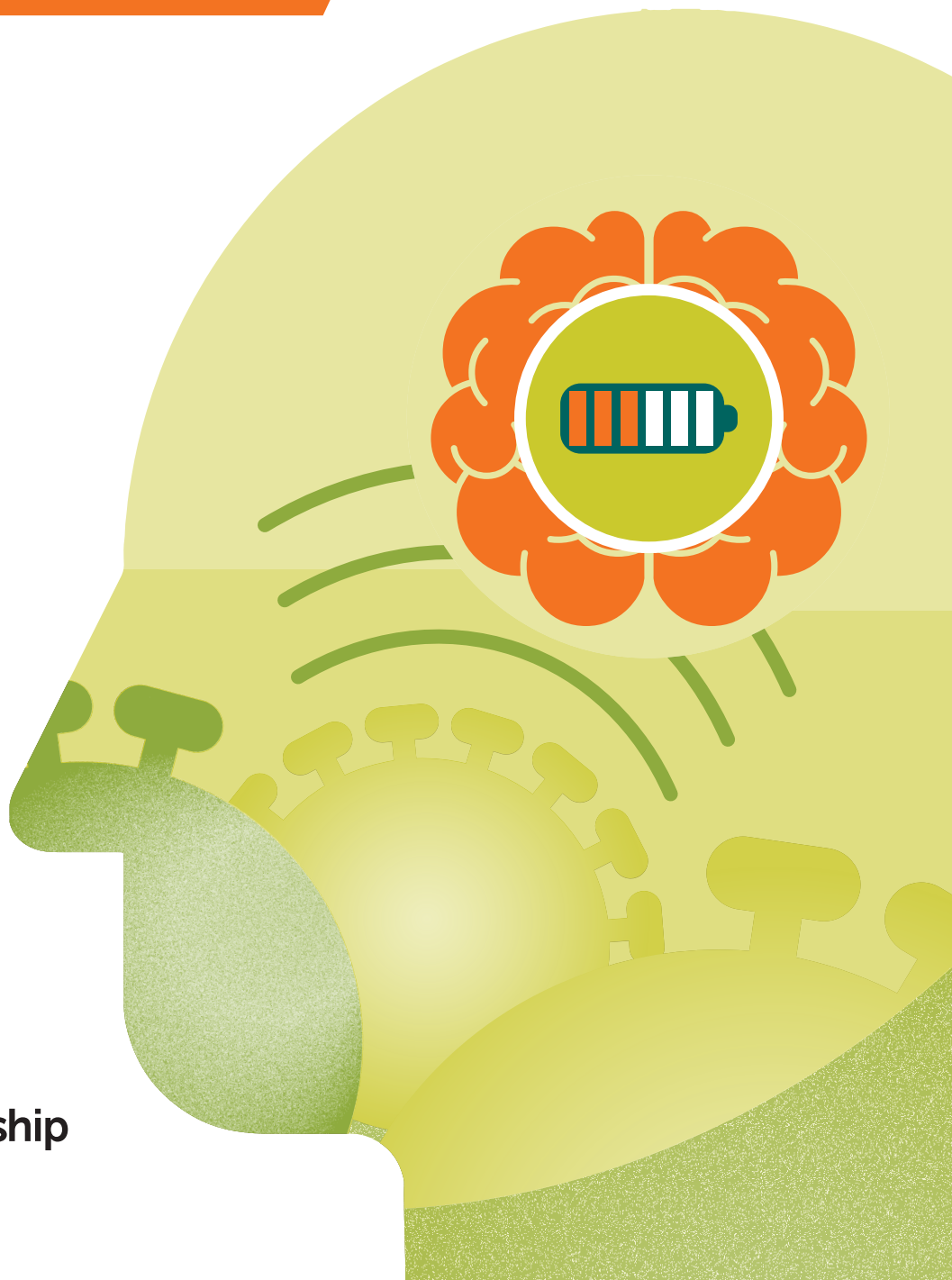


IDEA REPORT

The Mind in Crisis

Understanding employees' needs in a changed workplace

Special COVID-19 Edition



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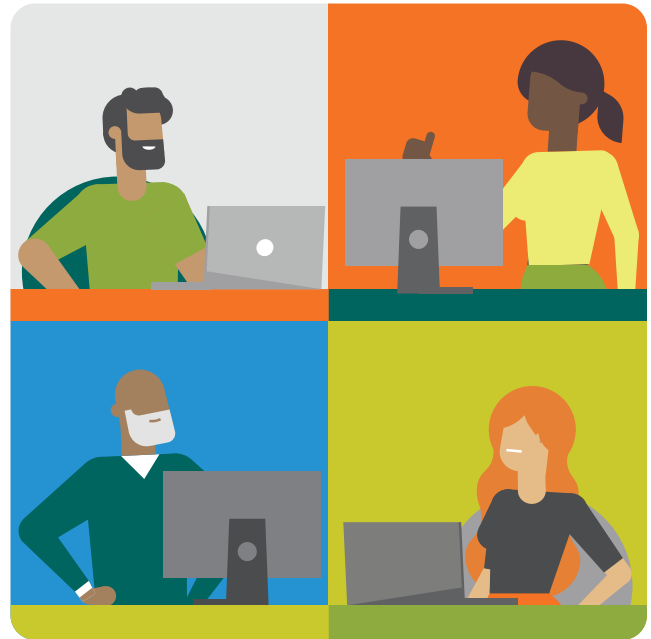
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Executive Summary



The COVID-19 pandemic has upended working life for millions. Parents, caregivers, managers, employees—everybody, in some form, has felt the impacts of converting bedrooms into offices, rearranging schedules to accommodate family life, and building new habits to cope with change. By one account, roughly a third of organizations have already increased the number of employees who can work remotely on a permanent basis.¹

It's difficult to say how long these impacts will be felt—few organizations have provided an end date for their new policies.² A few months into the pandemic, around April-May 2020, many business leaders worried about slow recovery and a lack of productivity.³ And approximately 65% of employees reported feeling

concerned about personal well-being, a lack of connectedness with their teams, and overall anxiety about their job environment.⁴ As employee well-being began to receive increasing attention,⁵ the research team at the NeuroLeadership institute wanted to know:

- What are the psychological needs of employees during a crisis like the 2020 pandemic?
- How can leaders preserve employees' optimism about their company's future?
- What can organizations do to keep employees engaged during tough times?

1 COVID-19's long-term impact on the workforce: more flexible hours and remote work. The Conference Board. <https://conference-board.org/topics/natural-disasters-pandemics/redefining-work-chart>.

2 Morrison, C. (2020, August 17). *Living and working in COVID-19 limbo* - i4cp. <https://www.i4cp.com/coronavirus/living-and-working-in-covid-19-limbo>.

3 CEOs around the globe not optimistic about speed of recovery. The Conference Board. <https://conference-board.org/topics/natural-disasters-pandemics/CEOs-around-the-Globe-Not-Optimistic-about-Speed-of-Recovery>

4 Business leaders feel employees working from home have productivity of 65 per cent: Report. The Conference Board. <https://economictimes.indiatimes.com/news/company/corporate-trends/business-leaders-feel-employees-working-from-home-have-productivity-of-65-per-cent-report/articleshow/75354526.cms>

5 Business leaders feel employees working from home have productivity of 65 per cent: Report. Institute for Corporate Productivity. <https://economictimes.indiatimes.com/news/company/corporate-trends/business-leaders-feel-employees-working-from-home-have-productivity-of-65-per-cent-report/articleshow/75354526.cms>.

We conducted a survey among 688 participants to learn how working professionals experienced the effects of the pandemic. In particular, we wanted to understand what they perceived—three months into the pandemic—as the biggest impact on their psychological state and their work lives, as well as what psychological needs were most pronounced at that time. We also investigated what leaders should do to cater to employees’ needs in order to maintain optimism and confidence in the organization during these difficult times.

Unsurprisingly, we found that virtual work, lost revenue, and increased virtual learning were the leading impacts experienced by many professionals. Although heightened threat and anxiety levels paired

with a worsening ability to focus were felt across the board, employees who felt a sense of certainty, relatedness, and fairness at work were those who were most optimistic about their company’s future.

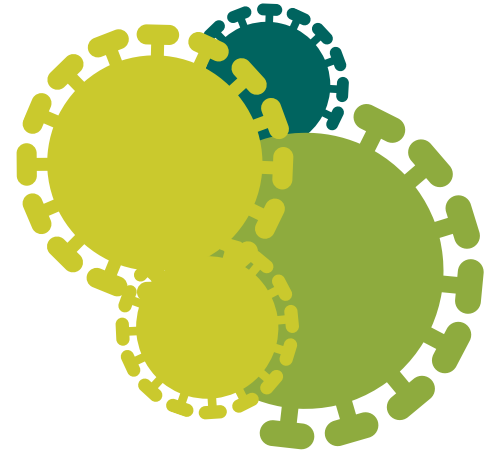
Lastly, we created a research-backed checklist for organizations that seek to address the psychological needs of their workforces: The data revealed that transparent decision-making, leader role modeling, setting of clear objectives, enabling peer support and putting the right technology in place have significantly driven confidence during the pandemic. These key learnings (see the figure below) may help organizations become aware of, and cater more effectively to, the human condition during the COVID-19 pandemic.

Key learnings in this report

Impact of COVID-19	Psychological impact	What people need now	What leaders can do
Working remotely	Threat	Certainty	Be transparent
Loss of revenue	Anxiety	Relatedness	Be role models
Virtual learning	Difficulty focusing	Fairness	Create clarity
			Encourage peer support
			Provide technology

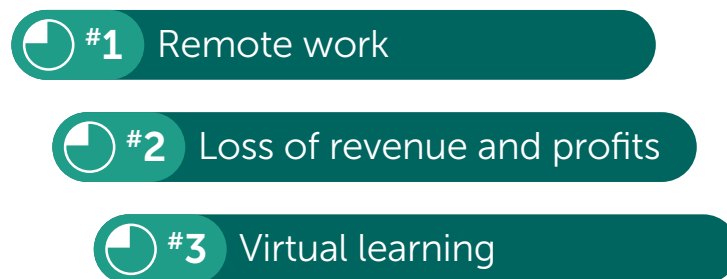
Source: Industry Research, NeuroLeadership Institute, 2020

The Psychological Impact of the Pandemic



Which of the consequences of the pandemic had the biggest impact on employees? The biggest impact—out of many possible options (Appendix 1)—was felt in the migration to working remotely, followed by companies' loss of revenue and profits, and the transition to virtual learning (See Figure 1).

Figure 1: Top impacts of COVID-19 pandemic on employees:



*Out of all impacts presented to survey participants, "remote work" was the most frequently included answer choice

Although overall trends in remote work have been steadily growing over the past decade,⁶ working from home—a major change for many—does not come easily for all employees. These changes were consequential for employees' mental state: Employees experienced changes not only in threat levels and difficulties focusing on manageable tasks but also in anxiety levels. At the time of taking the survey, 50% of respondents said they felt increased anxiety levels from one week to the next.

*50% reported increased anxiety levels
from one week to the next*

6 Global Workplace Analytics. (2020, October 10). *Latest work-at-home/telecommuting/mobile work/remote work statistics*. Global Workplace Analytics. <https://globalworkplaceanalytics.com/telecommuting-statistics>.



What Science Says

Apart from the perceived effects on one's well-being, why do higher anxiety levels represent a cause for concern? When we feel a heightened sense of uncertainty—that is, when the predictability of key aspects of our environment is diminished—we tend to exhibit certain hallmark signs of anxiety. These can include, but aren't limited to, greater egocentric thinking and behaviors, and diminished engagement in active perspective-taking in interactions with others.⁷

In general terms, we start thinking and acting more in our own self-interest, and we no longer work as hard to consider others' points of view. We do this out of a perceived—and sometimes real—need to survive.

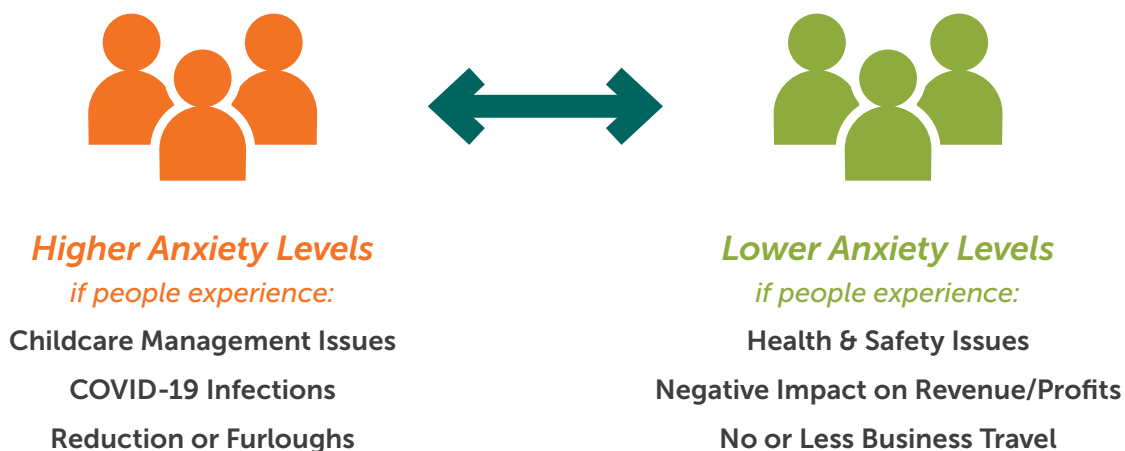
7 Todd, A. R., Forstmann, M., Burgmer, P., Brooks, A. W., & Galinsky, A. D. (2015). Anxious and Egocentric: How Specific Emotions Influence Perspective Taking. *Journal of Experimental Psychology*, 144(2), pp. 374–391.

Rising anxiety was *not* felt equally.

Ironically, although increased anxiety levels can make it harder to consider other people's perspectives, the ability to step into others' shoes may be critical during a pandemic, because rising anxiety was not felt equally. Some employees felt significantly more anxious than others. Employees who experienced childcare management issues, COVID-19 infections, or workforce reduction or furloughs reported significantly higher anxiety levels than those who had to manage increased health and safety issues, a negative impact on revenue and profits, or had to do no or less business travel as a result of the pandemic (See Figure 2).



Figure 2



Source: Industry Research, NeuroLeadership Institute, 2020

Team cohesion in a virtual world can reduce anxiety

There is a silver lining. People who reported that the main impact of the pandemic was the need to work remotely, experienced significantly lower anxiety levels if they felt that they were part of a team (see Figure 3).

Hence, organizations may want to consider anxiety-reducing initiatives, such as those that build team cohesion, as they think about strategies for bringing people back into the office.

*When working remotely, employees who felt like they were part of a team were **significantly less anxious**.*

Figure 3



Source: Industry Research, NeuroLeadership Institute, 2020



What Science Says

A sustained or reinforced sense of inclusion and belonging proves to be crucial in times of crisis. Relatedness—our innate need to belong to groups that offer us safety, shelter, and acceptance—has been shown to be an important factor of a person's ability to thrive, both in general and in the workplace.^{8,9} In the context of a forced and sudden shift from a physical desk in an office to a virtual workplace, our physical isolation from other people may threaten our basic needs for belonging and companionship. Therefore, cultivating a sense of organizational and interpersonal connectedness is crucial to helping your remote employees feel less isolated.

8- Deci, E., & Ryan, R. (2000). The "what" and "why" of goal pursuits: Human needs and the self-determination of behavior. *Psychological Inquiry*, 11(4), 227-268.

9-Van den Broeck, A., Vansteenkiste, M., De Witte, H., Soenens, B., & Lens, W. (2010). Capturing autonomy, competence, and relatedness at work: Construction and initial validation of the Work-related Basic Need Satisfaction Scale. *Journal of Occupational and Organizational Psychology*, 83(4), 981-1002.

What Employees Need During a Crisis



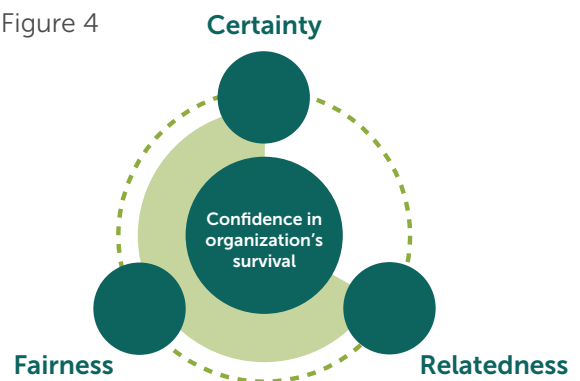
Apart from the anxiety-reducing effects of organizational connectedness, what other psychological needs were most pronounced at the time? On the basis of our SCARF® model¹⁰ we studied the cultural components that helped employees feel most confident in their organization's ability to survive the impact of the the pandemic (see Figure 4):

Certainty: Having clear rules and order at work

Relatedness: Being part of a group or team.

Fairness: Receiving sufficient explanations regarding decisions being made.

Figure 4



*In the midst of the crisis, the core psychological needs were centered on **Certainty, Relatedness and Fairness.***

So why were certainty, relatedness, and fairness so important, especially in the early stages of the crisis? Our data suggests that employees:

- Craved more information about the crisis itself and their organizations' plans of action (Certainty)
- Worried about the strength of their social ties in a virtual world (Relatedness)
- Wanted reassurance that any course of action would be communicated fairly across the organization (Fairness)

¹⁰ - Rock, D., & Cox, C. (2012). SCARF in 2012: Updating the social neuroscience of collaborating with others. *NeuroLeadership journal*, 4(4), 1-16.



What Science Says



CERTAINTY: Having access to information allows us to manage our expectations and gain a sense of predictability over what comes next. When we experience a shortage of information, it often generates a strong threat response.¹¹ The importance of people's need for certainty in the midst of the 2020 pandemic confirms that many employees felt a particular lack of predictability in their lives and looked to their organizations to address it.

How organizations can meet employees' need for certainty:

To address the heightened level of uncertainty, leaders can provide as much information to the workforce as possible. This is not about creating certainty about the future, but rather offering clarity about rules and expectations, or specific action items for a path forward.



RELATEDNESS: People's motivation to develop quality relationships with others stems from the human need to belong.¹² At the start of the COVID-19 pandemic, many people lost the opportunity to connect socially, as they became detached from others due to lockdowns, layoffs, and the transition to remote work.

How organizations can meet employees' need for relatedness:

Employees who worked remotely as part of a team felt less anxiety in the midst of lockdowns due to the pandemic. Hence, organizations that seek to cater to employees' need for relatedness in remote work settings should ensure that everyone is part of a close social team structure that creates a positive sense of belonging.



FAIRNESS: The perception of being treated unfairly can elicit a reaction similar to feeling disgusted.¹³ However, fairness is not about being treated in exactly the same way as everyone else but about being treated equitably. Our data suggests that during the COVID-19 pandemic in particular employees felt a pronounced need to know which decisions their organizations made, and the reasons behind them.

How organizations can meet employees' need for fairness:

Transparent communication can help alleviate the perception of being treated unfairly. To meet employees's need for fairness, leaders can take an extra step to be as transparent as possible about decisions being made to help minimize the distress caused by this massive disruption.

Why should organizations consider employees' SCARF® needs?

Successful organizations take great care to support their employees through well-being practices, and find that support can lead to improvements in performance, innovation, and creativity. Our study shows that employees had pronounced psychological needs since the COVID-19 pandemic began. Understanding these needs, and trying to meet them predicts employees' confidence in their organization, which may be a critical factor for continued engagement.

11 - Hsu, M., Bhatt, M., Adolphs, R., Tranel, D., & Camerer, C. F. (2005). Neural systems responding to degrees of uncertainty in human decision-making. *Science*, 310(5754), 1680-1683.

12 - Baumeister, R. F., & Leary, M. R. (1995). The need to belong: Desire for interpersonal attachments as a fundamental human motivation. *Psychological Bulletin*, 117(3), 497.

13 -Tabibnia, G., Satpute, A. B., & Lieberman, M. D. (2008). The sunny side of fairness: preference for fairness activates reward circuitry (and disregarding unfairness activates self-control circuitry). *Psychological Science*, 19(4), 339-347.

**MEETING PSYCHOLOGICAL NEEDS:
A CHECKLIST FOR ORGANIZATIONS**

Meeting Psychological Needs: A Checklist for Organizations



Many organizations are already taking progressive steps, such as offering pandemic leaves, childcare subsidies, or reimbursements for home office expenses.¹⁴ Our research reveals that there is more that can be done: The following organizational practices were strongly correlated with positive outcomes that strengthened optimism and confidence in employees (Figure 5):

Figure 5

1	Transparent Decision-Making	Leaders are transparent about decisions that are being made.
2	Leader Role Modeling	Leaders model the new behaviors that employees are being asked to demonstrate.
3	Clear Objectives	Employees have a clear understanding of how to support their organization in this time of crisis.
4	Peer Support	Seeing peers support the organization helps employees stay on course in the crisis.
5	Technology	Technology systems enable employees to be effective.

*These practices predicted positive outcomes that strengthened employees' **optimism** and **confidence in their organization**.*

14 - McGraw, M. (2020, April 19). *Three-quarters of organizations are providing support for employees working from home while caring for children - i4cp*. Institute for Corporate Productivity. <https://www.i4cp.com/coronavirus/i4cp-three-quarters-of-companies-providing-support-for-employees-working-from-home-while-caring-for-children>.

The biggest stumbling block in organizations: transparency in decision-making

Unfortunately, even though “transparent decision-making” was the top driver of employee confidence, only 37% of employees surveyed said their organization was transparent about decisions that were being made at the time of the survey.

Ironically, top leaders were significantly more likely to agree that their organization was transparent,

compared to employees at other levels, including middle managers, first-level managers, and independent contributors. This mismatch can create situations in which such discrepancies or gaps in communication can quickly escalate into tensions between employees and leadership.

Only 37% said their organization was transparent.

Top leaders are significantly more likely to agree that their organization is transparent - compared to all other employees.



What Science Says

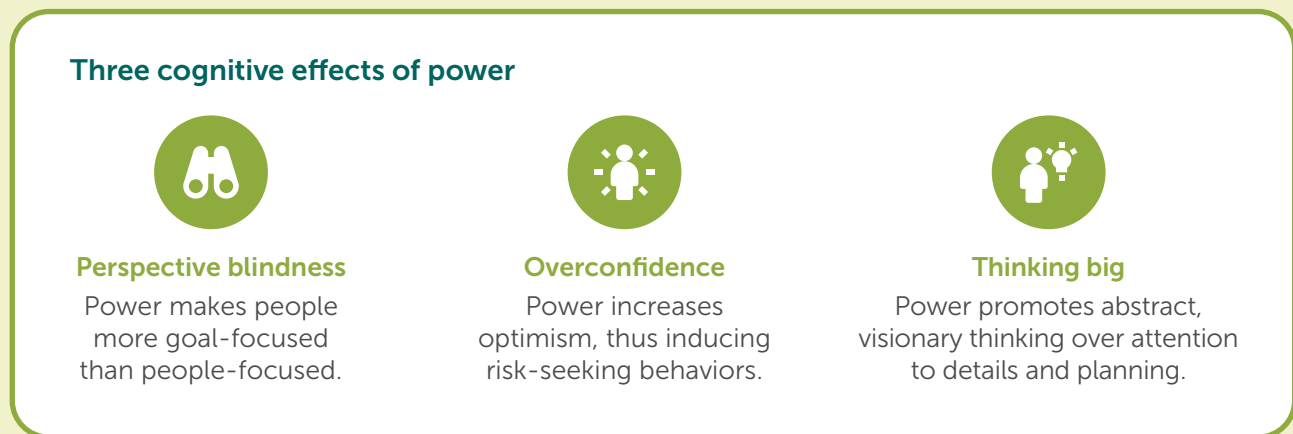
Why does the gap in perception about transparent decision-making occur? As individuals climb the organizational ladder and attain more power, there may be profound cognitive effects on their perception and behavior. For instance, in each of the three domains where leadership is often celebrated—vision, goal, and optimism—feelings of power can lead to an overexpression of those traits at the expense of other valuable traits.

As individuals climb the organizational ladder and attain more power, there may be measurable cognitive effects on their perception and behavior.

Our previous research has shown that it is possible to become more vision-focused rather than detail-oriented, more goal-focused than people-focused, and overconfident in assessments of risk (Figure 6).¹⁵ The reason is that feelings of power increase activity in the brain's behavioral approach system, a reward-seeking system whose activation leads to a greater pursuit of fulfillment and focus on the big picture that can come at the cost of a diminished appreciation of risk and a diminished understanding of the diverse views that others hold.

¹⁵ - Ray, J., Simpson, M., Grant, H., Rock, D., & Sip, K. (2019). How power affects behavior and decision-making. *NeuroLeadership Journal*. 8, 1-12.

Figure 6



Source: NeuroLeadership Institute, 2019

The takeaway here is that leaders often fail to see situations or challenges from the same vantage point as the employees below them in the hierarchy. Indeed, what one purports to see from the top of the mountain looking down is quite different from what someone will claim to see at the base of the mountain looking up.

The solution, according to NLI's review of the research, is to create "prosocial" goals, that is,

goals that put other people squarely at the center. Creating organizational goals with a prosocial lens helps leaders become more accountable to their teams, seek others' perspectives, and heighten their attention to detail. This shift helps override the cognitive effects of power and offers a more balanced, thoughtful, and inclusive approach to leaders' everyday decisions and interactions.

*Creating organizational goals with a **prosocial lens** can help override the cognitive effects of power.*



Case in Point: PURE Insurance

PURE Insurance is a valuable example of an organization that managed to understand and actively cater to employees' psychological needs for certainty, relatedness, and fairness at a time when all three were in short supply.



*During the crisis, **PURE Insurance** met people where they were in life; each person's reaction to COVID-19 was different.*

Empathy has always been a primary driver of PURE's values. During this crisis, PURE Insurance understood that it needed to meet people where they were in life; each person's reaction to COVID-19 was different. As the 2020 pandemic hit the world, and stay-at-home orders changed the lives of most Americans, PURE Insurance set the goal of answering the following three questions:

- "How will we be there for our people during this unprecedented time?"
- "How do we provide a sense of security and stability to our people during this time?"
- "How do we keep our business running as productively and efficiently and seamlessly as possible?"

Meeting employees' needs for Certainty, Relatedness and Fairness

The HR team realized it needed to double down on the organization's priorities and communicate them to the entire employee base. These priorities encompassed both the federal and state guidelines for COVID-19 response, and the internal priorities the company has set as guiding values.

Additionally, PURE Insurance's leaders kept Maslow's hierarchy of needs¹⁶ in mind and identified safety and security as the most basic needs. PURE decided to satisfy those needs by reassuring everyone that their job was safe and that they could perform their jobs

remotely. Even though employees were unable to be together physically in offices, it was important for them to continue to experience that a sense of belonging to a community that cares about them and, above all ensures, that they had what they needed to feel safe and secure as the COVID-19 crisis unfolded.

Through the lens of SCARF®, we can say that PURE gave its teams a comforting sense of certainty—however little there may have been at the time—along with an added dose of fairness, by issuing the announcements to everyone at once, regardless of rank or function.

16 - Maslow, A., & Lewis, K. J. (1987). Maslow's hierarchy of needs. *Salenger Incorporated*, 14, 987.

Senior leadership implemented other holistic strategies, too.

- Every morning from mid-March through mid-July, a company-wide email with positive guidance was sent out, addressing topics from building resilience, gratitude, and understanding one's strengths to more practical support on staying focused, working ergonomically, and attending to physical and financial wellness.
- PURE's CEO and CHRO actively communicated via regular town hall meetings and email to inform the workforce about the state of the crisis and encourage staff to take time off to recharge.
- Monthly town halls were scheduled to a weekly cadence. A weekly "mailbag," gave people a chance to ask PURE's CEO questions ranging from the playful to serious inquiries about the business, industry, and marketplace.
- The company adopted the philosophy "socially separated but emotionally connected," which managers began to highlight in their remote performance check-ins with direct reports. Managers also started paying more attention to principles of fairness when crafting goals with employees.
- Employees were given permission to adjust their expectations for themselves and the teams they were leading. That permission gave rise to a palpable sense of relief, which provided a safe space to find a way to make things work.
- Flexible PTO policies softened so employees could take ample time off to manage work and life during the pandemic and not lose time for planned vacations and holidays.
- PURE Community channels were formed, including working parent groups by children's ages, a thread highlighting employees' loved ones who were frontline workers, and another one for sharing photos of new interests and hobbies gained during remote work.
- A parent support group was organized by children's ages to give working parents a place to discuss challenges. Access to a professional one-on-one counseling service for parents and caregivers was redistributed. Great care was taken to accommodate schedules, and salaries were not reduced.
- Wellness became a top priority, with new programs springing up to offer yoga lessons with a certified instructor twice a week, weekly fitness classes, a concert with a well-known music group, and coffee meet-and-greets between coworkers.



The impact: Working during a pandemic at PURE Insurance

Follow-up surveys showed that PURE's efforts made an enormous impact on employees' perception of being supported. Both the qualitative and quantitative feedback showed favorable reactions by employees. PURE chalks this up to a few areas of focus, which came together quickly at the pandemic's outset.

- **Humanity:** leading with the heart and displays of empathy from senior leaders
- **Communication:** clear and frequent messages from the CEO and CHRO that offered reassurance
- **Stability:** financial stability for employees, and frequent communication about the strength of the company and leadership

A final lesson from PURE Insurance's story is that although the firm's approaches have been creative, they are certainly reproducible in other forms elsewhere. Other companies, with the right attention to their employees' needs, can replicate the success PURE has had and create the optimal conditions for employees to thrive in the midst of a crisis.

COMPANY BRIEF

Privilege Underwriters Inc. (PUI), a member of the Tokio Marine Group of Companies, was founded in 2006 and is the holding company for the PURE Group and related entities. PUI and its subsidiaries provide capital support and operational services to the policyholder-owned entity, PURE (pureinsurance.com). PURE is dedicated to creating an exceptional experience for responsible high-net-worth families, providing customizable coverage for high-value homes, automobiles, jewelry, art, personal liability, watercraft, flood, fraud, and cyberfraud. In return for a fee, PURE Risk Management LLC, a wholly-owned subsidiary of PUI, serves as attorney-in-fact for PURE. The PURE Group's low cost of capital, careful member selection, and proactive risk management all contribute to highly competitive rates and a Financial Strength Rating of "A (Excellent)" from A.M. Best Company, Inc. Today, PURE's membership includes more than 95,000 families from across the U.S.

Conclusion

In addition to the risk of continued uncertainty, anxiety, and mental health challenges, the risk of lower productivity also presents itself, and, for the sake of organizational health, cannot be ignored.¹⁷ Organizations that understand their workforce's psychological needs can respond by addressing these needs in a more targeted manner.

By genuinely trying to relate to the unique circumstances of their employees, leaders can support them in their transition to a changing workplace.

Perhaps what's also needed now is to facilitate increased autonomy for employees to help them make decisions that are right for them. This could ultimately allow SCARF® needs to be met, including the ones we found particularly noteworthy here.

What's Next

As the COVID-19 pandemic unfolds and we grow accustomed to the new normal, organizations may need to focus on how to best support their workforce in the rapidly changing environment. Although the psychological needs of certainty, relatedness, and fairness are not going away, the shift that we observe in external research indicates that now that we have somehow gotten a handle on the new workflow, we should attempt to exercise more autonomy—the sense of control we want to have over our choices—to further acclimate to a new work experience.¹⁸



17 - Gorlick, A. (2020, March 30). *The productivity pitfalls of working from home in the age of COVID-19*. Stanford News. <https://news.stanford.edu/2020/03/30/productivity-pitfalls-working-home-age-covid-19/>.

18 - Anicich, E. M., Foulk, T. A., Osborne, M. R., Gale, J., & Schaerer, M. (2020, September 10). *Restore your sense of control—despite the pandemic*. Harvard Business Review. <https://hbr.org/2020/09/restore-your-sense-of-control-despite-the-pandemic>.

Appendix

Appendix 1

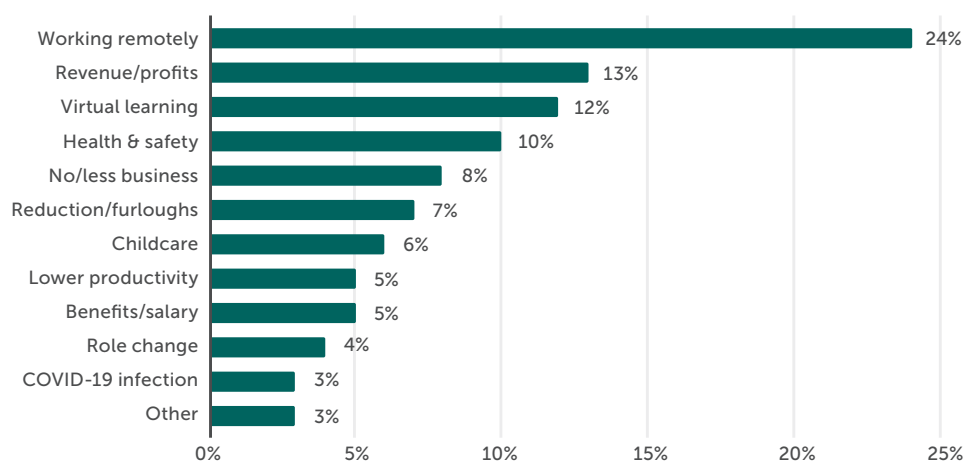
About the research

A team of researchers at the NeuroLeadership Institute conducted a survey to study how employees have experienced the effects of the COVID-19 pandemic. Specifically, they asked employees about the impact of the pandemic on their psychological well-being, how they perceived their organization's response to the crisis, and which psychological and organizational factors predict their confidence in their organization.

The survey was in the field between May 20, 2020, and June 20, 2020, and the final responses from 688 individuals were analyzed subsequently. Participants were diverse in terms of their position, role, industry, and organization size and encompassed individual contributors (26%), director level employees (24%), middle managers (17%), senior leaders (11%), and the C-Suite (9%). The majority of survey respondents (42%) worked in the business, whereas 35% held roles in HR, and 18% were consultants.

Appendix 2

Most significant impact of COVID-19 pandemic on employees



Source: Industry Research, NeuroLeadership Institute, 2020



NeuroLeadership
INSTITUTE

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The NeuroLeadership Institute (NLI) synthesizes neuroscience research into actionable insights to help organizations be more effective. Our offerings span three practice areas: Culture and Leadership, Performance, and Diversity and Inclusion. NLI partners with leading companies and organizations in all sectors across the globe, with operations in North America, Europe, Asia-Pacific, South America, and Africa. Visit us at www.neuroleadership.com.



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