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Challenges for Tomorrow's Management

The key role of shared identity, trust and overarching goals in the Post-COVID-19 era

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Maria Koutsovoulou
ESCP Business School

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MARIA KOUTSOVOULOU
ESCP Business School

Abstract

The scope of this impact paper is social psychological, it aims to demonstrate how much in their endeavour to be resilient in the Post-COVID-19 era, companies need to create conditions that allow to foster shared identity and trust amongst their inner stakeholders. By doing that, former discrepancies in the way each member of the organization represented the mission of the company will be replaced by overarching strategic goals relying on a clear and shared definition of the context. This shared perception of what is at stake in the crisis and of what needs to be done by everyone will lead companies to decrease their inner competition, to increase their inner agility and to be ready to give adaptive answers to the requirements of the complex and challenging Post-COVID-19 era.

Keywords: Human factor, Inner competition, Social identity, Trust, Super-ordinate goals

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More than ever, the Covid-19 crisis is leading companies to realise how fragile they are in the face of unexpected fluctuations in their ecosystem. The Covid-19 crisis and the fluctuations that it generates is a prime example of what is expressed in the military term VUCA which stands for Volatility, Uncertainty, Complexity and Ambiguity.

After the initial shock, the use of *ad hoc* solutions allowed companies to continue to function. However, it's widely acknowledged that in the near future they will be called to find sustainable solutions to continue to operate and perform in the post-COVID-19 era. Yet, what can we say about these solutions? Will it be a redefinition of the organization's mission? of new strategic choices? of new working methods? the invention of new processes? of new modes of leadership? the integration of new skills ? and/or the overhaul of the company's corporate culture?

In a recent publication, Jared Diamond (2019) describes seven case-studies in which individuals and nations cope with crisis and change. In all these cases, twelve conditions allow to overcome the crisis and display resilience through selective change. What about companies?

Companies are living organisms that operate in complex ecosystems. These ecosystems bring together various actors linked by interdependent relationships. In the current crisis, which we liken to a *Tipping Point*¹ (Gladwell, M. 2000), it is difficult to predict what the future fluctuations will be as well as the strategic choices of the actors that make up the ecosystem. Moreover, this complexity is compounded by companies' internal complexity induced by the diversity of their social bodies.

Among the necessary conditions evoked by Diamond (2019) for the successful management of the crisis, flexibility, i.e. agility as a response to external fluctuations, is key. Since they have no possibility of control and influence over the fluctuations generated by COVID-19 and its consequences, in order to create the necessary conditions for agility, companies will have to reduce their inner complexity. This means that they will have to make their organizations solid and capable of adapting quickly to the requirements imposed by their external environment. To achieve this objective, the understanding and acceptance by the company's social body of the current stakes and of the need for such strategic decisions and organization is very important.

Inspired by social-psychological studies which analyse individuals' functioning in societies we will focus in the following sections on three elements which allow companies to decrease their internal complexity and therefore to reach the required agility: shared identity, trust and overarching goals.

¹ « *The time at which a change or an effect cannot be stopped* », Cambridge Dictionary

Shared identity

Organizations are complex arenas of interaction between the actors that make them up. Their objective is to create value for their internal and external stakeholders. Their structure is the scene of complex interactions between their agents who, despite their cooperative interdependence² (Deutsch, 2011a) maintain relations of a mixed nature, sometimes cooperative and sometimes competitive. Among the elements that foster competition between agents of the same organization we quote the mind-set and the specific behaviors associated with each function, the limitation of resources, the information uncertainty or the different ways of representing their own positions and roles. A major part of these elements is closely related to each agent's professional identity and contributes to create a particularly complex internal environment defined as a *cooperative conflictuality*. This latter must be sought at the individual level and more specifically within the professional identity dynamics hosted and nurtured by the organization. In order to decrease internal complexity and allow an organization to be agile in the face of external shocks, what leverage can be offered by the creation in its social body of an overarching and solid professional identity?

Before answering this question we need to gain a better understanding of the process of identity construction. One of the most popular social-psychological theories of personal identity, the *Social Identity Theory* developed by Tajfel and Turner in the mid-1980s, states that individuals consciously consider themselves as a part of a larger social group. This belonging leads them to experience emotional, cognitive and behavioural consequences. In other words, any individual feeling part of a group (in-group) will have specific perceptions of reality, will experience specific emotions and behave in specific ways which will be common to the majority if not to all the members of the group. Members of the same group will also share the same definition of their own place in society and consciously or unconsciously, will compare themselves to the others. This process of *Self-Categorisation* that results in the establishment of distinctive categories (in-group /out-group) is completed by another, unconscious process, that is activated in case of social comparison, the process of *Self-Enhancement*. This latter consists in systematically favouring the group to which one belongs, and this operation allows the individual to maintain a positive social identity. Finally, a strong identification with one's own group (in-group) will result in behaviours which allow one to maintain the positive identity of the group, putting one's personal goals on hold and focusing all efforts on achieving the group's collective goals.

Within organizations, it is no longer a question of social categories but of professional categories, the members of which share the same perception, the same emotions, the same behavioural patterns and the same idea or representation of their role. Before the crisis generated by COVID-19, three major evolutions (globalization, digitalization and individualization) impacted the strategy and the working methods of organizations and by that favoured the emergence of new more individualistic professional identities. They also led top executives to set new individual and collective goals more oriented towards the short term. As H. Mintzberg wrote in 2009, in the aftermath of the economic crisis of

² M. Deutsch defined two situations of social interdependence: i/ competition or negative interdependence, whenever the goals of one party cannot be reached if those of the other party are, and ii/ cooperation or positive interdependence, whenever the fulfillment of one party's goals relies on the fulfillment of those of the other party

2008, *"decades of short-term management had inflated the importance of CEOs and reduced the others in the corporation to fungible commodities"* which contributed to increasing organizations' *cooperative conflictuality*, thereby fostering individual concern and leading to the disengagement of employees from the company's project.

In the light of the theory of social identity and all the teachings it gives us about the consequences of a strong identification of the individuals with the group in which they believe and feel they belong to, companies should now create all necessary conditions to foster a shared corporate identity, to build a solid community. This means instilling in their social body a *"caring about our work, our colleagues, and our place in the world"*. In other words, it is more essential than ever to build or recall the common identity built on similarities and on the need to be together in the endeavour to stand stronger after the crisis.

Finally the effect of this reactivated shared identity on the emergence of agile, yet coordinate behaviours, of all members of the organization is reinforced by two additional elements: trust and the existence of overarching goals.

Trust

Trust is not tangible; it is a cognitive and emotional state that involves an intention to behave. It is made up of the body of knowledge we have about the "target" person of our trust or defiance, by the emotions that the evocation of this "target" person generates in us and by the intention or not to take the risk of making us vulnerable to this person.

The research literature on trust covers many fields, economic, sociological, psycho-sociological, and gives us hundreds of definitions of this key concept in the understanding of the decision process and of human behavior.

A concise and broad definition of trust is the one given by Gambetta (1988). According to this author *"Trust embeds one's acceptance of vulnerability, uncertainty and risk taking to another's possible but not expected ill behavior toward one"*. In other words, trust is not built during situations of a *quiet professional routine* but involves three elements that potentially generate anxiety and frustration: vulnerability, uncertainty and risk. Lewicki and Brinsfield (2015) provide important methodological elements for measuring the components of trust beliefs and trust behaviors. These elements include personal predispositions, context parameters as well as the history of the relationship between the parties involved.

In the current highly constrained context, organizations need more than ever to rely on a confident, solid and united social body. Therefore, why is it important to focus on intra-organizational trust in the post-COVID-19 era? Many answers can be given to this question, all of which corroborate the fact that human behaviour is determined by the degree of trust that individuals attribute to their environment and to others. This degree of trust is the determining factor in the achievement of the desired goals. In other words, the more the social body of the company will have confidence in its leaders regarding the management of the post-COVID-19, the more it will accept its vulnerability and will direct its behaviour towards the achievement of the common objectives, even if these objectives imply uncertainty and risk.

How can trust be built or regained? To answer this question it is necessary to specify that trust is complex and multiple. It is built up over time and is based on tangible evidence, which should not be underestimated by managers who invite their employees to trust them. Lewicki and Bunker (1996) distinguish between three types of trust: calculus-based trust, knowledge-based trust and identification-based trust.

The first type (calculus-based) results from the power to reward or sanction the other in the event of non-compliance with commitments. It is a question of saying "I trust you because if you do not provide proof of your commitment I can punish you" or "I trust you because I promised you that if you keep your commitments I will reward you". This mode of trust, which can produce the expected behaviour, has a limited life span and is based on a very instrumental perception of the other. However, in organizations where the potential for trust is very low, it can be a turning point, a first step in the ascent towards lasting trust, provided only if given promises are followed by proofs.

The second type of trust (knowledge-based) is based on knowledge of the other through previous interactions in situations involving a certain degree of risk. "*I know you so I know if I can trust you*". Although this type relies on a more elaborate cognitive process than the simple mechanical response of the calculus-based trust, its lifespan is limited to the medium term and its presence is not totally guaranteed during operations of deep and/or brutal change in an uncertain context, which requires determination and psychological endurance on the part of the individual.

Finally, the third type of trust (identification-based) is based on identification with the other. It results from a shared identity, which we developed in the previous section. This type of trust is solid, is not instrumental and is at the origin of behaviours oriented more towards the interest of the group than towards one's own interest. The fundamental elements of this type of trust are the group's values and the meaning of its own actions. In the presence of an identification trust, these actions will take place regardless of the sacrifices or risks involved, provided they serve the common good.

Hence, reactivating a shared identity will allow the whole social body to unite around its leaders and to ensure consistency in short-term and in long-term action even if it involves a high degree of risk, thanks to an unshakeable trust based on identification with the group.

Overarching Goals

The existence of clear overarching goals is the third condition that must be taken into consideration by leaders who wish to reduce the internal complexity of their organization in order to make it more agile in the face of external fluctuations. This condition, strongly related to the two previous, deserves a particular focus inasmuch as, although more tangible than identity or trust, it can generate important dysfunctions due to poor communication between actors.

The term "super-ordinate goal" was first presented by M. Sheriff (1953) who ran a series of experiments devoted to intergroup cooperation and competition. In these experiments he created spectacular conditions of negative interdependence between two groups with a common cooperative past. He then curbed this competition through the appearance of super-ordinate goals, i.e. goals whose realization requires the cooperation of all the actors.

These experiments have shown that a turnaround from competition to cooperation is possible if the groups hitherto hostile to each other make repeated efforts in situations where their mutual cooperation is necessary for the resolution of urgent crises of a vital nature.

As in Sheriff's experience, in their race for performance, today's organizations have more often divided rather than united the professional groups that make them up by setting more individual and less collective performance objectives. They have indeed encouraged their agents to pay countless attention to *the bottom line* and to hold themselves accountable only for their own field of delegation, all this in a time-frame that keeps getting shorter and shorter, in a context of scarce resources and of lack of communication on global strategy. This managerial approach has hence encouraged the emergence of internal competition and has reinforced organizations' inner complexity.

In the current context, how companies will respond to the external fluctuations of the post-COVID-19 era will depend on their ability to create inner cooperation, i.e. to engage their stakeholders in the repeated pursuit of super-ordinate goals. Although the quote of A.M. de la Haye may sound extreme: "*It's terribly easier to make people who didn't know each other hate each other than it is to reconcile people who hate each other*", it allows us to understand that in order to weaken internal competition, leaders will have to communicate repeatedly and clearly their organizations' overarching goals and to clearly operationalize these goals so that everyone can act individually and collectively in the global interest.

Conclusion

In response to the objective of supporting organizations in the post-COVID-19 era, we have presented what the impact of three social-psychological factors on corporate performance would be in a context of vital and particularly demanding stakes. Although these three factors - shared identity, trust and overarching goals - do not encompass all the complexity of current organizations, they highlight the importance and determinant role of the human factor, particularly in the context of the current crisis. We hope that these few pages will help the leaders who read them to ask themselves the right questions, to feel concerned by the diagnosis and by our recommendations and to act in the right direction.

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