How Major Shocks Affect Employees — and How You Can Support Them

by Alexander Kirss

It is one thing to know in the abstract that a big external shock will affect your workforce. It’s another thing to try and support employees when a war, financial crisis or devastating natural disaster is occurring.
As Russia invaded Ukraine earlier this year, for instance, executive leaders struggled to protect workers and respond to employee demands. Even at companies that recognized early on that they might need to evacuate employees from Ukraine, some employees chose not to leave — and some couldn’t.¹

Complicating these decisions, many corporate benefits policies, such as life insurance and business travel accident insurance, do not cover injuries or death sustained as a result of interstate conflicts or terrorism.² Organizations further needed to decide what to do if their employees were conscripted to fight or wanted to volunteer for humanitarian organizations in Ukraine or neighboring countries.³

As long as businesses maintain multinational operations, they will experience major shocks that rattle most — if not all — of the talent required to keep the enterprise running. Yet organizations can plan for and mitigate these effects; HR, the crisis management team (CMT), communications and every functional head and manager each plays a role.

How to Help Your People When a Shock Strikes

Widespread upheaval affects employees in five main ways (see Figure 1).

<table>
<thead>
<tr>
<th>Physical safety.</th>
<th>What to do:</th>
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<td>This should be your first concern. Executives have a moral duty to protect their employees in their day-to-day workplace activities. This becomes even more important during times of upheaval.</td>
<td>Make sure employees in affected areas maintain updated emergency contact information and require them to notify managers of planned travel. If employees are trapped in a dangerous area, HR and the organization’s security services may work with leaders to evacuate them to a safe locale.</td>
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<th>Mental health and emotional well-being.</th>
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<td>Employees may worry about family members who live in an area affected by a major shock, or draw a line from an ongoing crisis to traumatic, personal experiences. Even exposure to news reports may trigger a recurrence or intensification of underlying or preexisting mental health issues. The COVID-19 pandemic, for example, had severe consequences for employees’ mental health and emotional well-being. Over half of employees reported significant damage to workforce health, and 85% experienced feelings of burnout.⁴</td>
<td>HR should surge training material and resources to help managers find the right balance between providing support and being respectful of employees. Executives can help by sharing their own experiences to help reduce stigma around mental health and making sure individuals on their team know about and can access the well-being programs and resources available to them.</td>
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Financial security.

Especially if the shock is primarily economic in nature (such as a recession, currency devaluation or imposition of economic sanctions), employees may find themselves struggling to pay the bills. Even in noneconomic shocks, employees may need quick access to financial resources to pay for unforeseen costs associated with managing or recovering from the shock. According to a survey we conducted in April, 19% of employees working in European countries that border Ukraine believe the Russian invasion of Ukraine will worsen or significantly worsen their job security, compared with 15% in European countries that do not border Ukraine and 5% in North America.5

What to do:

Check with HR for help identifying employees who may need short-term financial assistance and devising potential solutions, such as prepaying employee salaries or providing salaries in different currencies. For instance, a company could pay Ukraine-based employees in euros instead of the Ukrainian hryvnia in case they decide to leave the country.6 Some organizations already have employee assistance funds, and those that do not should consider establishing them. HR should manage implementation of these measures.

Figure 1. How Major Shocks Affect Employees

Source: Gartner
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<th>Demands for action.</th>
<th>What to do:</th>
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<td>Organizations are experiencing an uptick in employee activism, particularly related to improving employees’ experience and environmental, social and governance issues. A major shock intensifies and sharpens these demands. For example, during the Russian invasion of Ukraine, employees across the world pressed for their organizations to end operations in Russia and increase corporate giving to humanitarian organizations.</td>
<td>Understand that leaders need to listen to employee concerns during a shock — and also act on them. Leaders should work to prioritize what employee demands are the most important to act on and which the organization can act on. Leaders should also take care not to make promises to employees that the organization cannot keep and should speak honestly and openly about which employee demands can be reasonably accepted.</td>
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<th>Ability to work.</th>
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<td>The problems listed above may leave employees unable to work or keep up their usual work tempo or standard. In fact, 60% of HR leaders believe their organization will experience at least some disruption to normal business operations as a result of the Russian invasion of Ukraine, with 13% anticipating a significant or severe disruption. The workforce reports productivity loss, especially in locations closer to the conflict; 16% of employees working in European countries that border Ukraine report their productivity has decreased since the invasion, compared with 10% in European countries that do not border Ukraine and 4% in North America.</td>
<td>Respond with compassion; then work with HR to identify options for keeping important tasks on track. Can cross-trained employees step into critical roles and responsibilities? Can temporary staff be hired to mitigate absences and loss of effectiveness? Workforce resilience should be a key aspect of crisis planning, although executives may need to adapt preset plans to the unique circumstances of a given shock.</td>
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Steps to Take During a Crisis

The organization’s chief human resources officer (CHRO) will generally take the lead in helping employees affected by a major shock — in collaboration with the organization’s dedicated CMT — but all executives should take these important actions to support their employees:

- **Check in on your staff.** See what assistance members of your business unit or function may need; which of the five dimensions of impact are they grappling with? Forward their needs to the appropriate individuals identified by the CHRO and CMT so they can understand and prioritize employees’ concerns about safety and well-being.

- **Hold informal listening sessions and pass along what you’ve heard.** The CHRO is generally responsible for managing formal efforts for gathering employee voice, during both routine times and shocks, but all executives can help during global crises. Start a two-way dialogue on what the organization can and cannot do, internally and externally, about the shock. Report on what you’ve heard to the CHRO or other senior leaders; the information will help guide their decision making.

- **Communicate key information.** Executives should promptly forward the messages they have been given by the chief communications officer to the appropriate employees in their business unit and function. Avoid revising or duplicating messages to minimize employee confusion. Executives should direct employees who are asking for more information than they can provide to the appropriate member of the crisis communication team. Don’t guess what the answer may be, and don’t take a stand on what the response should be.

- **Plan for the future.** Even as a major shock is underway and the CMT coordinates immediate response, executives who are less involved may be able to identify and monitor medium-term risks that will emerge as conditions change. They should also capture lessons learned that can be integrated into future crisis management plans.

Easy, Low-Cost Ways to Get Ready for the Next Round

It is never too early for executives to start thinking about the next major shock — whatever that may be. While you should take care not to impede management of ongoing emergencies, you can start preparing by:

- Scheduling an exploratory conversation with the head of business continuity management or a standing CMT leader to learn more about their, and your, responsibilities

- Participating in regular crisis scenario exercises to build cross-functional and business unit connections

- Educating yourself about the organization’s employee assistance programs so you’ll be better-equipped to answer employees’ questions about these benefits

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2 Benefits Considerations for Employers During Russia-Ukraine Crisis, Sequoia.
3 Tesla Will Pay Ukrainian Employees for Up to 3 Months If They Are Conscripted to Fight, CNBC.
4 2021 Gartner Workforce Resilience Employee Survey, n = 3,690 employees
5 2022 Gartner Russian Invasion of Ukraine Employee Sentiment Survey, n = 3,186 employees. Regional breakdown, n = 518 (Europe, bordering Ukraine); 1178 (Europe, not bordering Ukraine); 493 (North America); 269 (Latin America); 140 (Africa); 434 (Asia); 154 (Australia and New Zealand).
6 Working in a War Zone: How Wix Is Keeping Nearly 1,000 Ukrainian Employees Safe, Washington Post. 7 2022 Gartner HR Budget, Efficiency and Functional Trends Webinar Poll, n = 83 HR leaders.
8 Leading in an Age of Employee Activism, MIT Sloan Management Review.
9 ‘There Isn’t a Both Sides Anymore’: With Russia, Customers and Employees Demand Action From Corporations, Forbes.
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