

“Special Forces” in Recessionary Times

By Charles Galunic

A final entry on coping with recessionary times (for now), although a theme we may return to...

One of the things that is likely to occur during recessionary times is fragility in people’s identification with their companies. Firms facing financial distress are likely to see the bonds between the people and the company weaken, and both in an emotional sense (feeling down about the slump) but also in the way they think about the purpose, meaning, and values of their company. Even where there are rational external reasons for financial losses (“the market is weak everywhere!”), a prolonged slump may make people wonder about the company’s business model, what it really offers customers, whether it is doing things right, etc. This is at best uncomfortable for employees, but it is potentially disastrous for companies if good people leave or motivation plummets.

We can learn about coping with these situations from a recent and insightful doctoral dissertation from [Jennifer Petriglieri](#) (INSEAD). Jennifer studied the BP oil platform disaster in the Gulf of Mexico, and particularly the impact on member identities. I don’t think there is anyone on the planet who doesn’t know the basics of this disaster, which started in April 2010 and lasted until the Autumn of the same year, and was extremely costly to the environment. BP’s reputation obviously suffered, as did BP employees in the wake of this tragedy, especially those who had believed in environmental concerns...and believed BP did too. Jennifer’s research looks at the coping mechanisms of some longer-standing employees, and I draw here briefly on one insight, that managers who were able to engage and take part in the response efforts (i.e., helping to correct the problems) will have an edge in reaffirming their

identities and reconnecting with the company. Jen is finding that employees who were active in responding (a “responder” to the crisis) were more likely to re-identify with the company as the crisis was resolved.

There may be a lesson here for firms facing recessionary times. I think the insight is to engage employees in finding solutions to the slump, and this may mean asking them to step into new roles or duties for a period. The belief is not only that people will want to be active in helping their firms get out of the slump but that they will be particularly motivated by unique roles/teams/taskforces to make this happen. Take for example the global welding company [Lincoln Electric](#) (often featured in business school cases on compensation systems and motivation). During recessions, Lincoln approached some of its factory floor workers and turned them into an additional sales force, an act which seems to have helped them get out of slumps (see PBS News video [here](#)). I would suggest that this was effective not least because it is energizing to try something new and different and for the purpose of “rescuing” our firm. The belief is that employees want to help and be part of special efforts.

Find article at

<https://knowledge.insead.edu/leadership-organisations/special-forces-recessionary-times>

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