

# Organizations Under Pressure Too Little Time, Money, Staff—How the Pandemic is Affecting the Struggle for Scarce Resources

*An attempt to explain and interpret the results of the HR Report 2022*



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4. Summary

## ***1. Starting Situation / Hypotheses in the Context of the New Normal in the World of Work***

The corona pandemic and related developments have given rise to a new normal. In addition to mobile working, leadership in hybrid contexts, the virtualization of communication and cooperation, there is talk of major investments in the transformation trilogy and of the challenges posed by limiting factors or scarce goods.

The transformation trilogy encompasses digital, economic and ecological transformation. Digital transformation is being accelerated by the corona crisis and is taking place on a larger scale than before. For example, a number of companies are using the crisis period and the disruption that goes with it to drive the digitization of processes, structures and business models. This is accompanied by economic transformation. A counter-trend to the globalization-related relocation which had previously been practiced can be seen. Although this had been recognizable for some time, it is now being intensified by the corona crisis. Increasingly, companies are opting for what is known as inshoring or reshoring. This means that outsourced processes are brought back to the country of origin. The background to this is that the cost benefits of the classic offshoring countries are dwindling in many cases, particularly considering that digitization in the context of Industry 4.0 can also achieve significant cost reductions and capacity improvements. Moreover, the corona crisis shows that value and supply chains that are exclusively economically oriented can lead to supply bottlenecks. Digitization can offer a solution here.<sup>1</sup> Finally, parallel to digital and economic transformation, ecological transformation can be observed. Quite a few companies are considering which familiar processes could possibly be managed differently—and more digitally.<sup>2</sup>

Investing in the transformation trilogy requires input factors such as financial resources, time and competent employees (manpower). However, these input factors seem to be in short supply in the new normal.

- The corona crisis has gatecrashed the decade-long economic “party”. Financial resources at state level, in many companies, and among parts of the population are often limited or the financial situation is difficult. As the digital, economic, and ecological transformation is a very important strategic goal and at the same time has a high capital intensity, the question arises whether and how companies and institutions prioritize, focus, and allocate the scarce resource of money.<sup>3</sup>
- Planning and designing the transformation trilogy also needs time as an input factor. In the last two years, it has been observed that the time factor has been influenced to a significant degree both by digital transformation and the corona crisis. With this in mind, experts speak of the speed of change doubling, which leads to reaction time

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<sup>1</sup> See: Rump, J. / Brandt, M. / Eilers, S. (2020); Rump, J. (2021); Rump, J. / Eilers, S. (2021a); Rump, J. / Eilers, S. / Wilms, G. (2020).

<sup>2</sup> See: Rump, J. (2021).

<sup>3</sup> See: Rump, J. (2021).

being halved. In such a context, time is not only a scarce commodity, but becomes an asset. Dealing with it calls for distinct professionalism and is at the same time becoming a central factor in employer attractiveness as well as a social condition for prosperity.<sup>4</sup>

- Scarcity of young talent and skilled workers are also among the limiting factors. Prior to the corona crisis, a shortage of young talent and skilled workers typified the labor market. The labor market was largely an employee's market. The corona crisis has shifted the balance of power in some segments, which have moved more toward an employer's market. Polarization is expected after the corona crisis: skilled workers with specific competence profiles are in demand—demographically as well as in regard to developments toward a knowledge and innovation society and the transformation trilogy. Shortages of young talent and skilled workers will become the order of the day. In contrast to this, digital and economic transformation is associated with personnel adjustment processes. Certain activities will be substituted and/or simplified by algorithms and robots. The new normal will therefore be characterized by conflicting priorities. In one and the same company, skilled workers will be urgently needed in some areas, while uncomfortable personnel adjustment processes (quantitative and qualitative) will be necessary in others.<sup>5</sup>

As a result of these developments, in addition to the spirit of optimism that can be observed in the economy and society after the crisis, there is also the danger of a resource allocation conflict for the scarce resources of money, time and personnel. At the same time, the willingness and ability to reach a consensus is decreasing in our society due to the change in values, which is characterized, among other things, by the increasing desire for individualization and self-determination.<sup>6</sup>

## ***2. Empirical Investigation as Hypothesis Testing***

The “New Normal in the World of Work” discussion paper published in 2021 contains numerous hypotheses on the effects of the corona crisis and the further development of new work into the new normal. It is based on several series of interviews in exploratory studies conducted by the Institute for Employment and Employability from March 2020 through October 2021.<sup>7</sup>

A concept is derived in the course of the explorative studies that contains seven dimensions, each with three aspects<sup>8</sup>

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<sup>4</sup> See: Rump, J. (2021).

<sup>5</sup> See: Rump, J. (2021); Rump, J. / Eilers, S. (2021a).

<sup>6</sup> See: Rump, J. (2021); HR Report 2022 (2022).

<sup>7</sup> See: Rump, J. (2021); Rump, J. / Brandt, M. / Eilers, S. (2020); Rump, J. / Eilers, S. / Wilms, G. (2021); Rump, J. / Brandt, M. (2021); HR-Report 2021 (2021).

<sup>8</sup> See: Rump, J. (2021).

The new normal in the world of work includes:

1. The transformation trilogy: digital transformation—economic transformation—ecological transformation
2. Three limiting factors: limited financial resources—time as a scarce commodity—shortage of young talent and skilled workers
3. Three “currencies”: money—time—purpose
4. Three aspects of organization: agile work—mobile work—flexible forms of work
5. Three forms of teamworking: office teamworking—hybrid teamworking—virtual teamworking.
6. Three characteristics of leadership: transparency—participation—crisis team.
7. Three levels of employability: competencies—identification—health

➔ This concept is also known as the 7\*3 rule.

Two large-scale quantitative surveys were then conducted from October 2021 through December 2021 to test the hypotheses on the new normal in the world of work and the concept of the 7\*3 rule.

1. New Normal in the World of Work (October—November 2021)<sup>9</sup>
2. Organizations Under Pressure: Too Little Time, Money, Staff—How the Pandemic Affects the Struggle for Scarce Resources / HR Report 2022 (October—December 2021)<sup>10</sup>

The following presents core results from this hypothesis evaluation.

The focus here is primarily on the “Organizations Under Pressure” empirical study, which deals with the second dimension of the new normal “Limited Factors—Limited Financial Resources—Time as a Scarce Commodity—Shortage of Young Talent and Specialists”. In addition to reviewing the second dimension, it analyzes investment decisions against the background of the limiting factors.

In the course of the “Organizations Under Pressure” empirical study, 978 company decision-makers were interviewed: 67% of them from Germany, 17% from Austria and 16% from Switzerland. Accounting for 36%, managers from specialist departments are the most frequently represented group, followed by employees without management responsibility (29%), representatives of company management (18%) and managers from the HR area (17%). Almost half of the respondents come from service companies (48%), 35% are from the

<sup>9</sup> Rump, J. / Eilers, S. (2022).

<sup>10</sup> HR Report 2022 (2022).

industrial sector and 17% from the public sector. 52% of the enterprises have less than 1,000 employees, 20% between 1,000 and 4,999 employees and 17% more than 5,000 employees. About twice as many men (67%) as women (33%) were involved in the empirical study. The most represented age group is 40- to under 50-year-olds (30%). This is followed by 30- to under 40-year-olds (28%) and 50- to under 60-year-olds (25%). Respondents younger than 29 and older than 60 amounted to only 9% each.<sup>11</sup>

### ***3. Results of the “Organizations Under Pressure” study***

In the context of the “Organizations Under Pressure” empirical study, the following questions are of interest:

- Which of the three input factors (money, time, manpower) has a (particularly) limiting effect?
- How do decision-making processes work in relation to these factors?

The focus is first on how strategic goals are dealt with in the organization, followed by a more specific look at shortages in terms of financial resources, the time factor, and the availability of young talent and skilled staff, as well as possible countermeasures.

#### ***3.1 Strategic Goals in the New Normal***

There are many strategic goals to select from in the “Organizations Under Pressure” survey. Economic goals are taken into account as well as ecological and social ones. Figure 1 gives an overview of the results.

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<sup>11</sup> See: HR Report 2022 (2022).

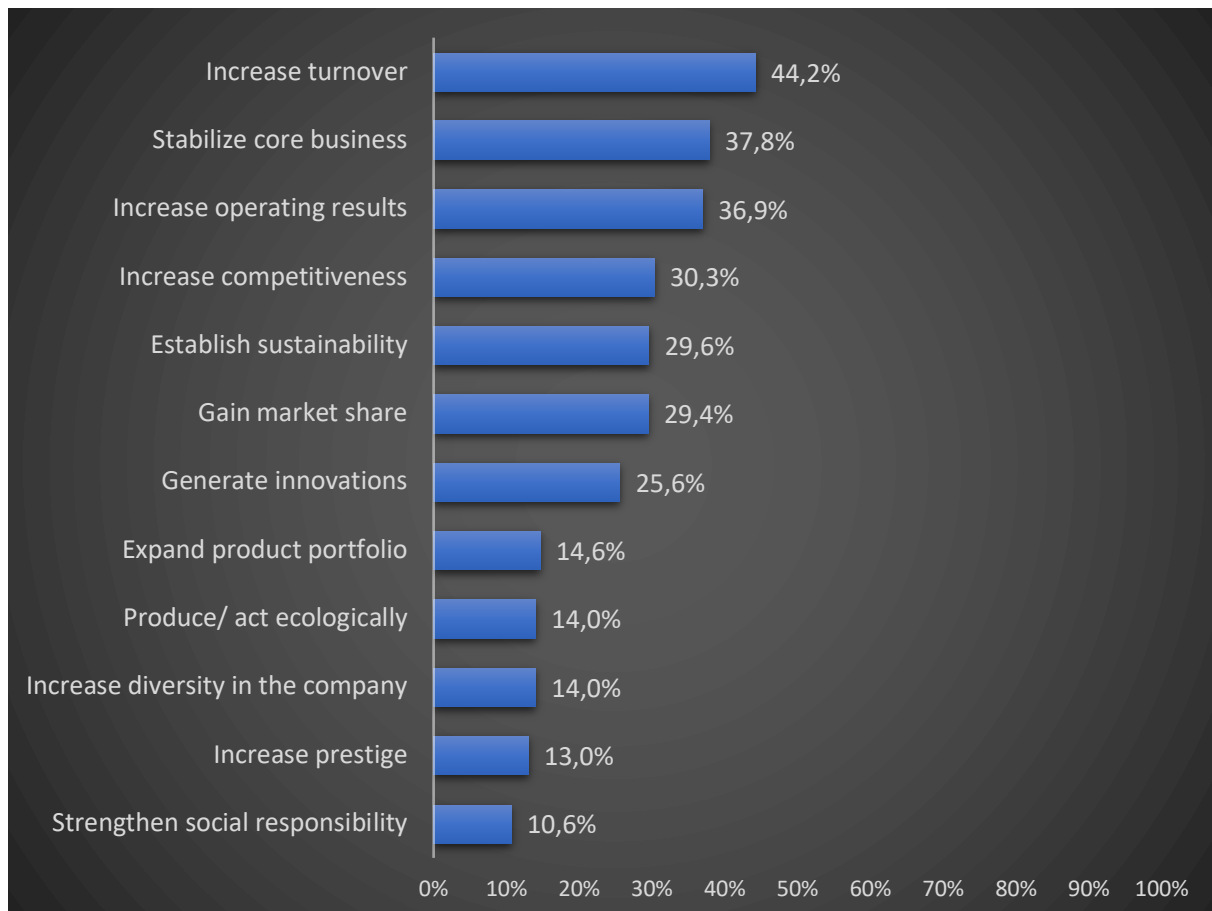


Fig. 1: What are the strategic goals currently in focus in your company?

The evaluation reveals three goal clusters:

- 1. Cluster:**  
more than 44% of respondents consider increasing sales to be a key strategic goal. Almost 40% seek to stabilize their core business and more than a third of the respondents seek to increase operating results.
- 2. Cluster:**  
approx. 30% of respondents see increasing competitiveness, increasing market share and generating innovation as strategic goals.
- 3. Cluster:**  
10-15% of respondents consider expanding the product portfolio, ecology, diversity, social corporate responsibility, and reputation to be strategically relevant.

The results show reactions to the Corona crisis. Increasing turnover and stabilizing the core business are also balancing and attempting to compensate for the negative effects of the crisis. Increasing operating profit is intended to offset losses, build up financial resources for investment associated with the transformation trilogy and at the same time (re)build reserves for future crises. At the same time, this sends a message to employees that things are looking up again. This pattern is particularly apparent in smaller companies (< 1000 employees) and in the industrial and service sectors.

It is also evident that many respondents tend to fall back on the familiar. The message being: no experiments. Only a quarter of respondents dare to try a new mindset, new topics and to adjust the business model. They are cautious. For many, the crisis is not seen as a new start or an opportunity for a reorientation. “We pause, re-examine and then step on the gas” is definitely not the solution in practice.

Furthermore, it is noticeable that topics such as diversity and corporate social responsibility are not crisis topics, but rather belong to the “fair-weather topics” category. This development and the associated mindset is fatal when set against the background that swarm intelligence will, in future, play a core role in coping with transformations and complexity as well as speed.<sup>12</sup>

As far as sustainability and ecological transformation are concerned, a gap becomes visible between the talk and action. Everyone talks about it, but few seem to act on it. For example, sustainability is only named as a strategic goal by about 30% of respondents, and only one in seven respondents is aware of it. The respondent wants to act ecologically. At this point it should be noted that larger companies definitely focus on the strategic goal in terms of sustainability more than smaller ones, whereby managers and HR staff, rather than company management, address the strategic dimension of sustainability.

### ***3.2 Limiting Factors / Scarce Goods in the Context of the New Normal***

In the exploratory studies conducted from March 2020 through October 2021 and used to generate hypotheses, three limiting factors are identified: limited financial opportunities, time as a scarce commodity, and the shortage of young talent and skilled workers.

- The limited financial possibilities in the new normal of the world of work are justified in the interview series with crisis-related expenditure, considerable investment expenditure in the context of the transformation trilogy as well as reduced revenues or changed revenue streams.
- Shortage of time is associated with the increasing speed of change as well as the reduction of reaction times, especially in the context of digitization.
- The results of the explorative studies indicate that the shortage of young talent and skilled workers is related to the demographic development and the trend towards a knowledge and innovation society. Demographics influence the supply of young talent and workers, while the demand for young talent and workers is a reflection of the market.

These hypotheses will now be subjected to a review. The question of which of the limiting factors are most likely to be perceived as scarce when it comes to strategic goals is of

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<sup>12</sup> See: Rump, J. / Brandt, M. (2020).



particular interest here. Figure 2 gives an overview of the results that emerge from the “Organizations Under Pressure” empirical study.

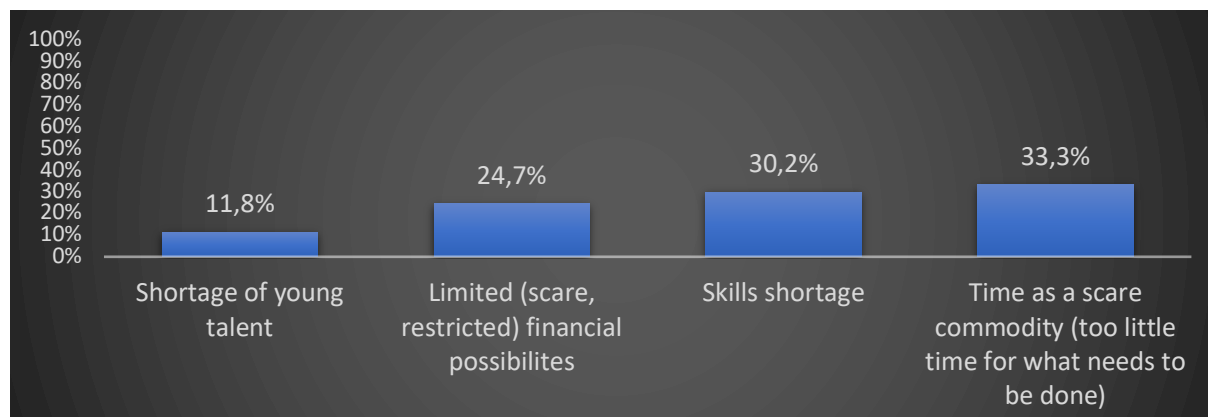


Fig. 2: Which of these four factors do you currently feel is most likely to limit the achievement of your strategic goals?

The survey shows that time and lack of skilled workers, followed by limited financial resources, are seen as limiting factors in terms of achieving strategic goals. One third of respondents choose time, 30% see the shortage of skilled workers as the most important scarcity factor, one in four respondents identify money as a central scarcity factor. The lack of young talent seems to be the most important issue for only 11% of respondents. This order (time, lack of skilled workers, money), which results from the general evaluation, is confirmed in the evaluation by company size as well as in the evaluation by sector. A discrepancy only occurs in the evaluation by position. Management identifies the limited financial possibilities—on a par with time—as the most important limiting factor.

Since March 2020, it can be observed that the increase in the speed of change and the associated decrease in reaction time are being perceived more and more. For the first time, time is also measured quantitatively: We see the following calculation in several interviews conducted in the exploratory studies:

24 hours \* 365 days \* expected remaining lifetime = time asset value.

If the impression is then gained that one’s own time and the asset of time is slipping through the fingers, the need to deal with one’s own time in a more self-determined and sovereign way arises. Time self-determination and time sovereignty are becoming a currency and an important factor in employer attractiveness. It should also be noted that time is an important input factor for innovations, processes and qualifications. If the response time decreases, this can jeopardize the competitive situation and competitiveness. This can have fatal consequences, because the success of strategic goals also crucially depends on time. Dealing with time therefore calls for a high degree of professionalism.<sup>13</sup>

It is common knowledge that the shortage of skilled workers is another source of threat to

<sup>13</sup> See: Rump, J. (2021)

economic success and to the digital and ecological transformation. A new aspect is emerging, however, in combination with the scarce commodity of time: professionals who can deal with the speed of change doubling and reaction times halving are in demand. They must not be knocked off balance, they must be able to cope with the time stress. The higher this time stress, the more burden falls on professionals. Thus, the question arises whether skilled workers will in future seek out employers who produce less time stress and/or whether they will seek out companies that have comprehensive structures that enable employees to remain in balance despite the shortage of time? That is probably to be expected. Furthermore, conflicting developments can occur. Some of the sought-after professionals reduce their working hours in order to retain their balance. This means that the shortage of time in the companies continues to increase. The volume of time available decreases with simultaneous acceleration. It is obvious that the factors of time and skilled workers are interrelated.<sup>14</sup>

Finally, it is noticeable that the lack of young talent is not in the focus of this survey to the same extent as it is in the public perception. Several interpretations can be derived from this:

- On the one hand, strategic goals only seem to be related to young talent to a limited extent. In other words: young talent does not play a major role in addressing these strategic goals. This focus is surprising and very one-dimensional as well as short-term.
- On the other hand, the comparatively low rating of the lack of young talent may hide the fact that this is not, or no longer, an issue—despite demographic developments. A crisis effect would then become apparent here, because at the moment companies and institutions (still) seem to be able to attract sufficient young talent.
- Thirdly, it can be explained that the lack of young talent is indeed an important factor, but the other limiting factors are simply more important to the strategic goals.

### ***3.2.1 Limited Financial Possibilities***

The financial possibilities are determined by costs/expenses as well as turnover/income. The hypotheses from this exploration address rising costs in and through dealing with the crisis as well as through the design of the transformation trilogy. In addition, revenues are expected to decline—at least in the short to medium term—because customers are holding back on purchasing decisions.<sup>15</sup>

The empirical investigation arrives at the following results, as shown in the overview in Fig. 3:

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<sup>14</sup> See: Rump, J. / Brandt, M. (2021)

<sup>15</sup> See: Rump, J. (2021).

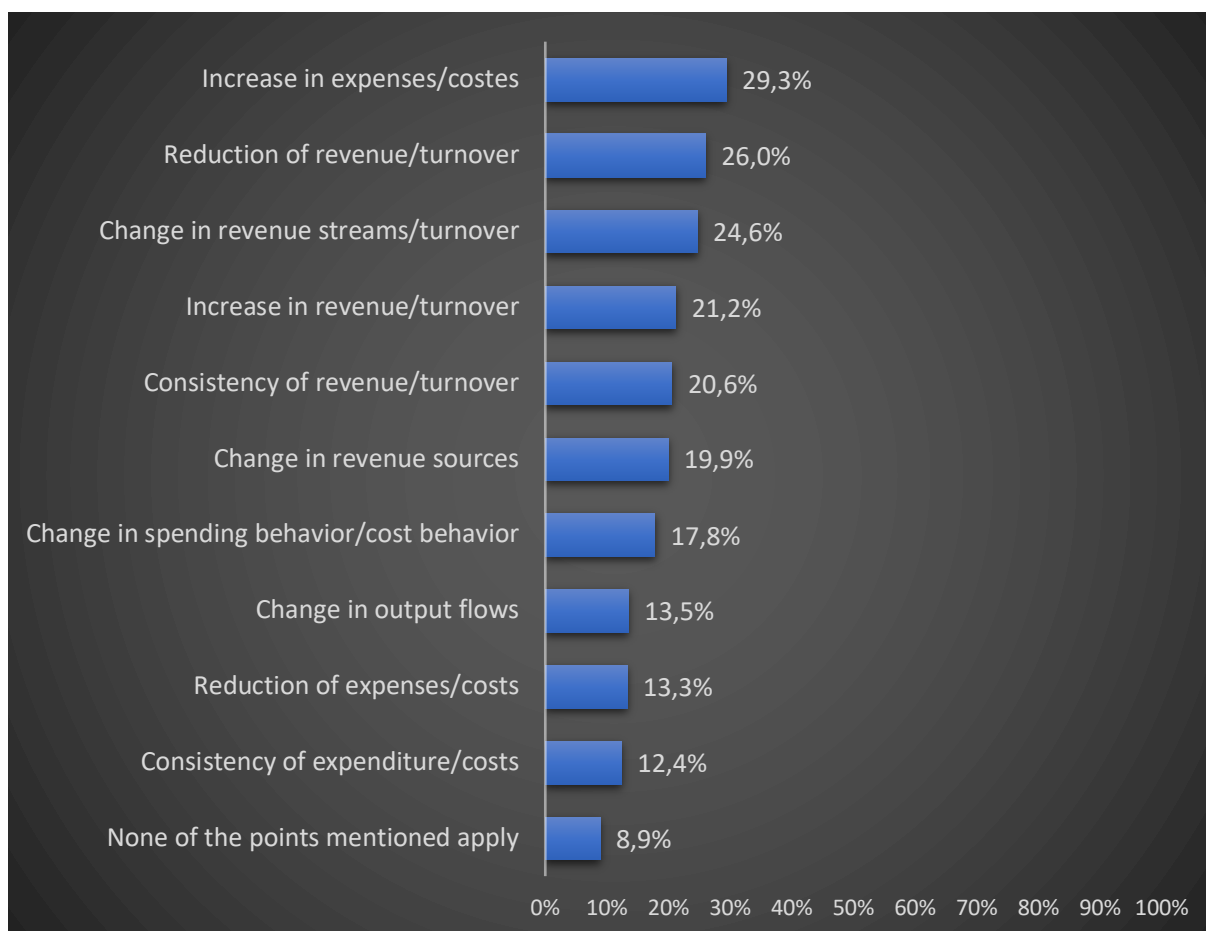


Fig. 3: What developments are you observing in terms of financial opportunities in your company?

Costs have increased for about 30% of respondents. It can be assumed that

- expenses for intermediate products and energy have increased,
- costs in dealing with interruptions in the value chains have to be estimated, as well as
- inflation-related price increases.

In addition, expenses with regard to digitization, economic transformation and ecological investments must be taken into account. In addition to the cost increases, a quarter of respondents observed a reduction in turnover, which is certainly due to the crisis. Customers are holding back—due to the crisis and/or inflation. In addition, uncertainty about the future is evident here.

One fifth of respondents observed the opposite. They are seeing an increase in turnover. They are the winners of the corona crisis or have a business model that is not impacted by the crisis or is dependent on the crisis. These include, for example, pharmaceuticals, IT, crafts. In addition, investments in the transformation trilogy, which is receiving tailwind from the corona crisis, not only contribute to cost increases, but are associated with sales increases on the “supplier” side.

A quarter of respondents mention a change in turnover. Customer needs seem to be changing. Changes in the political and legal environment, a change in social values, the transformation of working conditions and contexts can have an influence on business models and turnover developments. There are people who work more and more on the move, for example, use public transport less, consume less “coffee to go”, need less business clothing, ... instead, living space is gaining in importance, online purchases and delivery services of all types are playing more and more of a role.

### 3.2.2 Time as a Scarce Resource

The time factor is now dubbed the second currency in the world of work in many studies and publications. As well as adequate remuneration, the opportunity of time self-determination and time sovereignty or, to put it more simply, “having time” is gaining in importance. The reasons for this development are seen in the acceleration and compression of work.<sup>16</sup>

The following picture emerges from the hypothesis testing (Fig. 4):

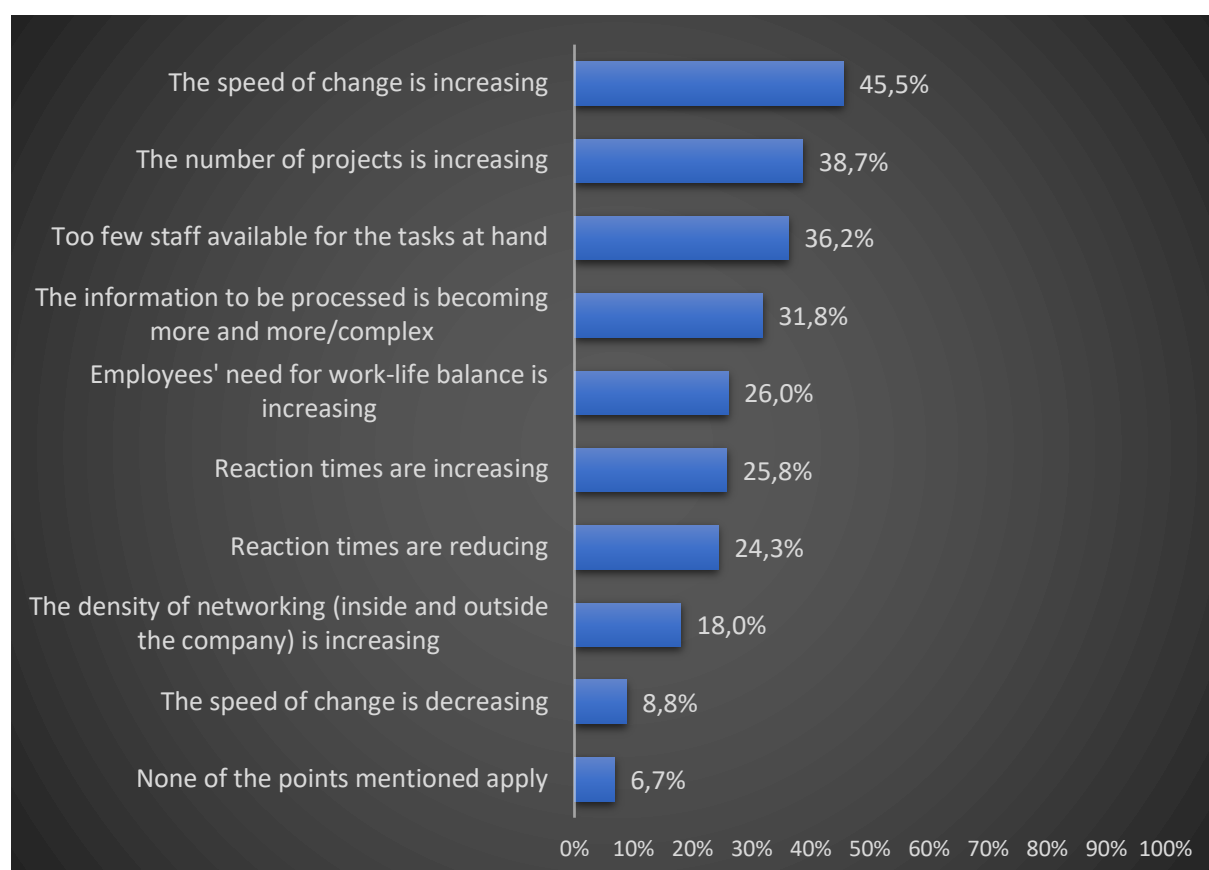


Fig. 4: What developments are you observing with regard to time as a scarce commodity?

The survey confirms the hypothesis that the speed of change is increasing. Above all, the surveyed company management is aware of this development. However, not every

<sup>16</sup> See: Rump, J. (2021).

respondent who perceives the increase in the speed of change seems to associate the reduction of reaction times with this, because significantly fewer respondents consider the reduction of reaction time to be a relevant aspect.

The study also speaks of an increase in densification, noticeable, for example, in the rising number of projects and the increasing abundance and complexity of information. Respondents from the SME sector in particular perceive this development. The question arises here as to who can still process the wealth and complexity of information at increasing speeds. Time and mental processing capacity are becoming scarce commodities. Is it not the case then that we need algorithms and artificial intelligence (AI) to help? And what requirements need to be placed on AI? Besides technical and procedural requirements, one essential requirement is certainly to avoid stereotypes. If there is no sensitivity to the bias, there is a danger that stereotypes will be unwittingly established by designers and programmers, who are disproportionately male and younger, and stereotype traps will be created.

A quarter of respondents address the need for work-life balance. Staying in balance is becoming a key core competence in a world of increasing speed, complexity, interconnectedness and information abundance. This seems to be particularly evident in the public sector. More than a third of public sector respondents agree with this item. Accordingly, employers would be well advised to have strategies and to implement them. Strength- and talent-oriented personnel deployment and personnel development, health promotion, work-life balance and life phase orientation all form part of this.

### ***3.2.3 Young Talent and Skilled Workers as a Scarce Resource***

We have been dealing with the issue of a shortage of skilled workers and young talent for more than 10 years. Companies and institutions are increasingly caught in a balancing act between innovation and cost pressures. As already mentioned, they have to deal with increasing complexity, master the rising knowledge intensity as a driver for quality, reliability and customer centricity at the workplace, in processes and systems, and cope with an increasing acceleration and speed of change. They will in future be increasingly dependent on qualified professionals at all levels to meet these demands, in all sectors and in all occupational fields over the entire working life. At the same time, however, they are facing a reduction in the availability of skilled workers. The tension between the high level of demand for qualified skilled workers and the risk of decreasing availability makes the need for action evident for companies: thus, it will be just as necessary to expand the pool of people from which skilled workers are recruited as it will to increase productivity by promoting skills and motivation (employability) and through technology (digitization). The digitization of processes in particular is seen as having the potential to reduce the need for labor in the long term. Algorithm and robot colleagues are setting substitution and simplification effects in motion. In addition, more and more companies and institutions are confronted with the fact that they are not only competing on the sales market. Rather, they are also experiencing an increasingly competitive situation on the labor market. They are forced to create a brand as an employer.

The following developments can be derived from the “Organizations Under Pressure” survey in regard to the shortage of skilled workers and young talent (Figure 5):

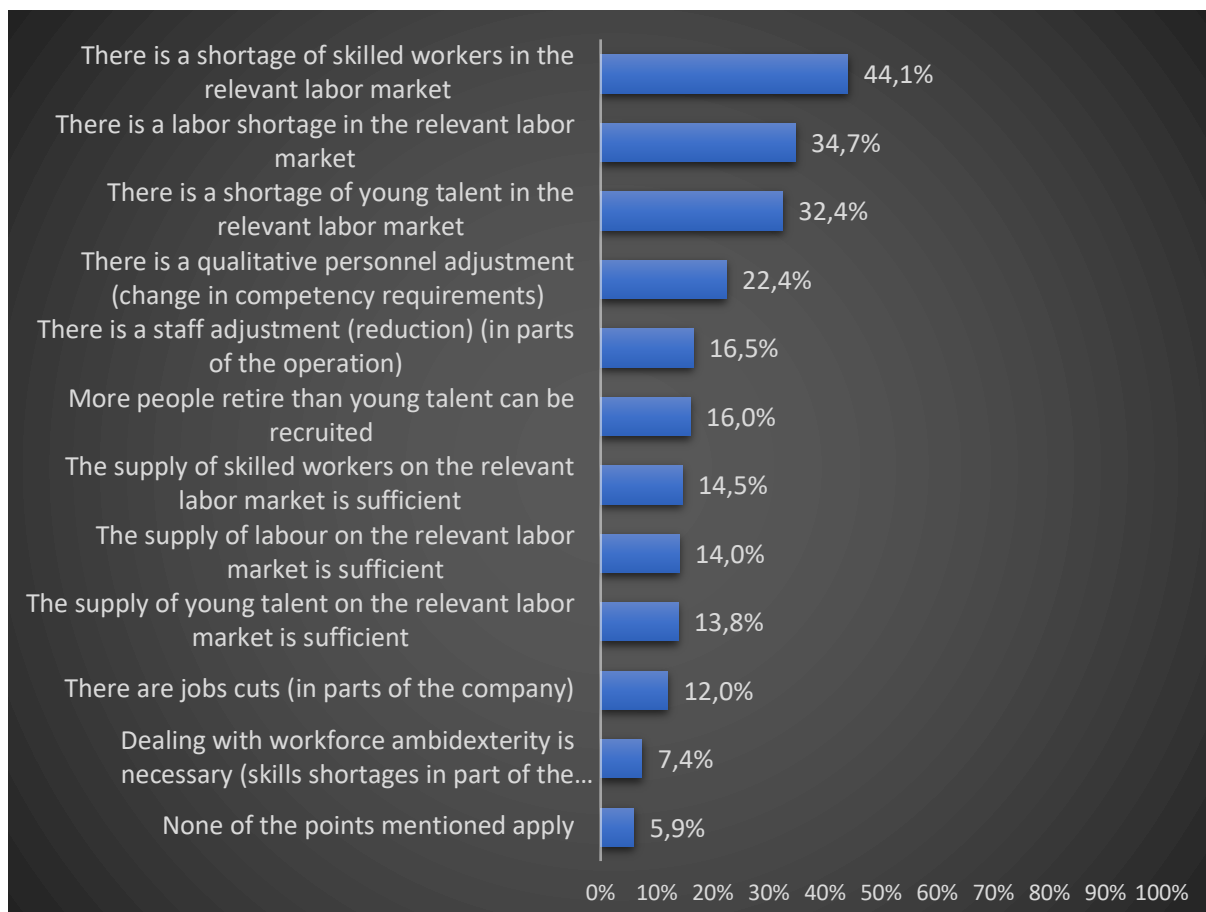


Fig. 5: What developments are you observing in regard to the shortage of young talent and skilled workers?

Almost half of respondents believe that there is a shortage of skilled workers in the relevant labor market. More than a third talk of a labor shortage, which includes not only skilled workers but also low-skilled workers. The survey shows that this mainly concerns the industrial sector. Thus, almost one in two industrial enterprises surveyed perceives a general labor shortage. Slightly less than one third of respondents observed a shortage of young talent. At this point, it should be noted that the shortage of young talent stated here must be linked to the statement from the complex of questions “Which ... factors do you currently feel are most likely to limit the achievement of your strategic goals?” There it is stated that the shortage of young talent has rather little influence on the strategic goals (see 3.2). It follows that a shortage of young talent is perceived in principle, but that this has little impact on meeting strategic goals at the present time. Young talent is therefore needed more for operational day-to-day business now, and only in the future will they be needed for strategic tasks.

According to the survey, staff reductions are not seen as an issue, nor is workforce ambidexterity perceived. Workforce ambidexterity is seen by experts as a consequential effect of digitization. On the one hand, the aim here—as described above—is to ease the burden on the labor market. On the other hand, the working world of the future will be characterized by

an increasing polarization of employment. Studies indicate that the current division of work into low-skilled, medium-skilled and high-skilled work will change fundamentally. Whereas today medium-skilled work accounts for the majority of dependent employment in Germany, it can be assumed that demand for medium-skilled work will decline due to digitization, as extensive substitution potential can be expected here through AI applications. Routine activities, even in highly complex contexts, can be replaced more and more by algorithm and robot colleagues. At the same time, demand is expected to increase for high-skilled work that calls for a high degree of creativity and innovation. Growing demand is also expected in the area of low-skilled work, especially in the context of support and auxiliary functions in the interaction between humans and machines, but also in the field of personal services that cannot be digitally substituted.<sup>17</sup> From the results of the survey, it can be stated that—at least for the moment—the hypothesis of workforce ambidexterity is probably more of a theoretical scientific discussion. Do respondents lack the imagination for this development because they are still in crisis mode? Or do they lack an eye for it because they only act operationally and therefore have not yet thought about possible future trends? Or is the science wrong?

At least almost one in four people sees qualitative staff adjustment due to changed competence requirements as a field of action. If the position of respondents is taken into account, it is noticeable that employees without management responsibility in particular identify this development as relevant (35%). This is in contrast to managers in the HR sector (13%). A somewhat surprising result!

### **3.3 Investments**

Investments are usually linked to strategic goals. The survey identifies as relevant strategic goals: increasing turnover, market share and operating profit; securing competitiveness; stabilizing the core business; generating innovations; and establishing sustainability (see 3.1). The strategic goals then determine the focus of investments.

Fig. 6 gives an overview of the solution design.

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<sup>17</sup> See: Kienbaum / IBE (2021)

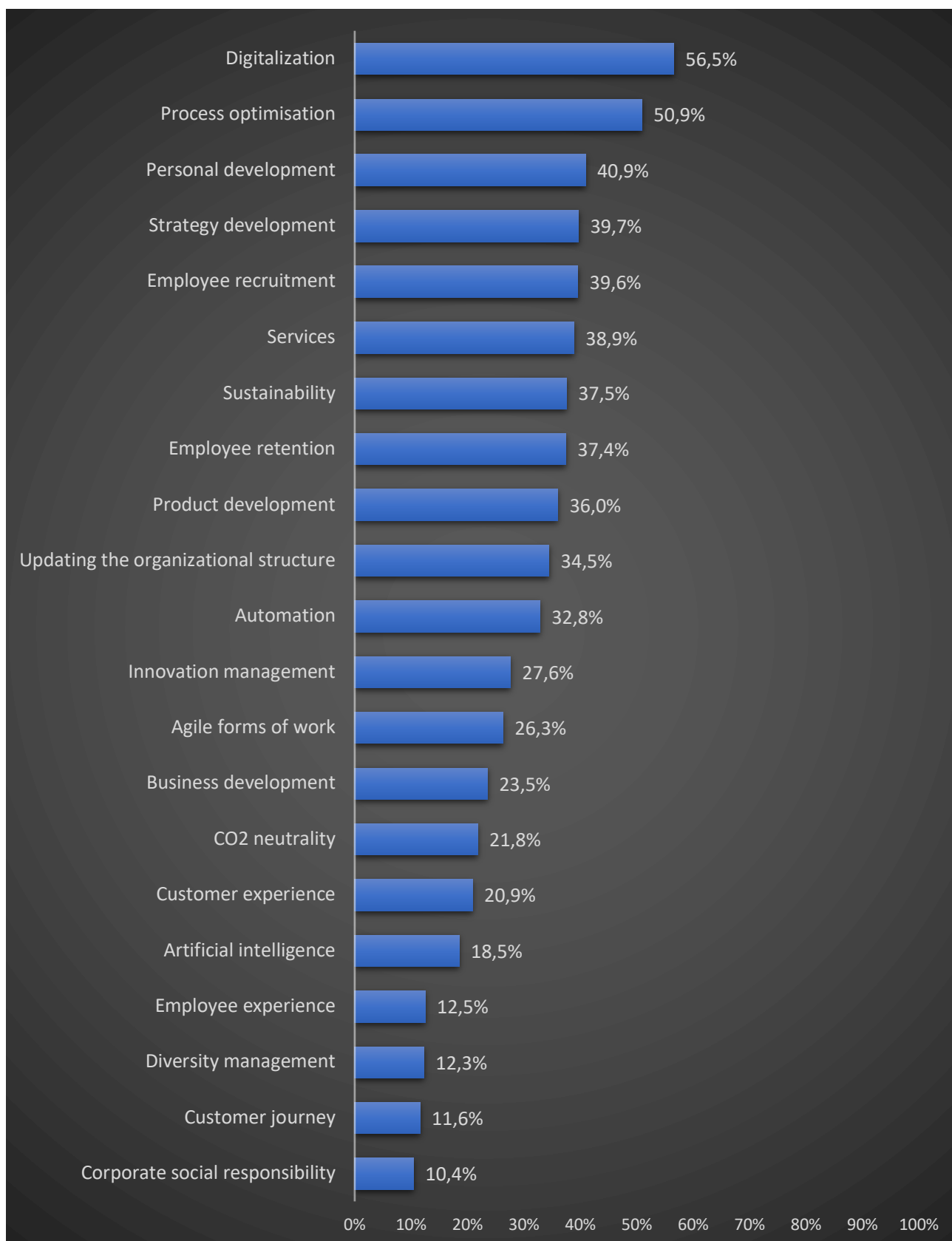


Fig. 6: In which areas/topics are investments currently being made in your company/organization?



According to the survey, the focus of investments is primarily on hard facts, such as technology (digitization) and process optimization, followed by product development, personnel development and qualification as well as strategy development. This view coincides with the results regarding the strategic goals. Here, too, as already discussed several times, traditional economic goals are in the foreground.

It is noticeable that topic areas that are currently dominant in the public discussion are not rated very highly by respondents in the “Organizations Under Pressure” empirical study. There seems to be talk about it, but no action. This applies in particular to agile working, carbon neutrality, customer experience, employee experience, diversity, etc. Sustainability is an exception. The impression is that respondents regard such issues as “fair-weather” or fashion issues. It may also be that they are waiting and seeing if they become established. Most of them do not seem to be trendsetters, but rather they act conservatively.

If company size, sector affiliation and position are taken into account, the following can be derived:

- Large companies invest primarily in digitization, process optimization and CO2 neutrality, while smaller companies focus on digitization, process optimization and services.
- In the industrial sector, the focus is on digitization, process optimization and product development. The public sector invests primarily in human resources development, staff retention and recruitment, as well as digitization. For service companies, the focus is on digitization, process optimization, strategy development and services.
- Management sees investments in digitization, services, process optimization and strategy development. In contrast, HR executives focus on employee recruitment and retention, staff development and digitization.

Digitization and also process optimization connect all groups.

### ***3.4 Reasons for the Investments***

The reasons for investments would have to show a high compatibility with the strategic goals. Within the context are, for example,

- improving the financial situation with the strategic goal of increasing turnover and operating profit,
- changing customer expectations with the strategic goals of expanding the product portfolio and market share,
- market pressures with the strategic goal of gaining market share,
- competitive situation with the strategic goal of increasing competitiveness,
- attractiveness as an employer with the strategic goal of increasing prestige,
- social responsibility with the strategic goal of strengthening corporate social responsibility.

The survey results documented in 3.2 and here demonstrate these correlations. However, the approval ratings differ significantly in some cases, so that confirmation of the perception of the relationships shown cannot necessarily be assumed. It may well be that “motivations” are not directly linked to “strategic goals” or that respondents are not aware of the link.

Figure 7 summarizes the motivations:

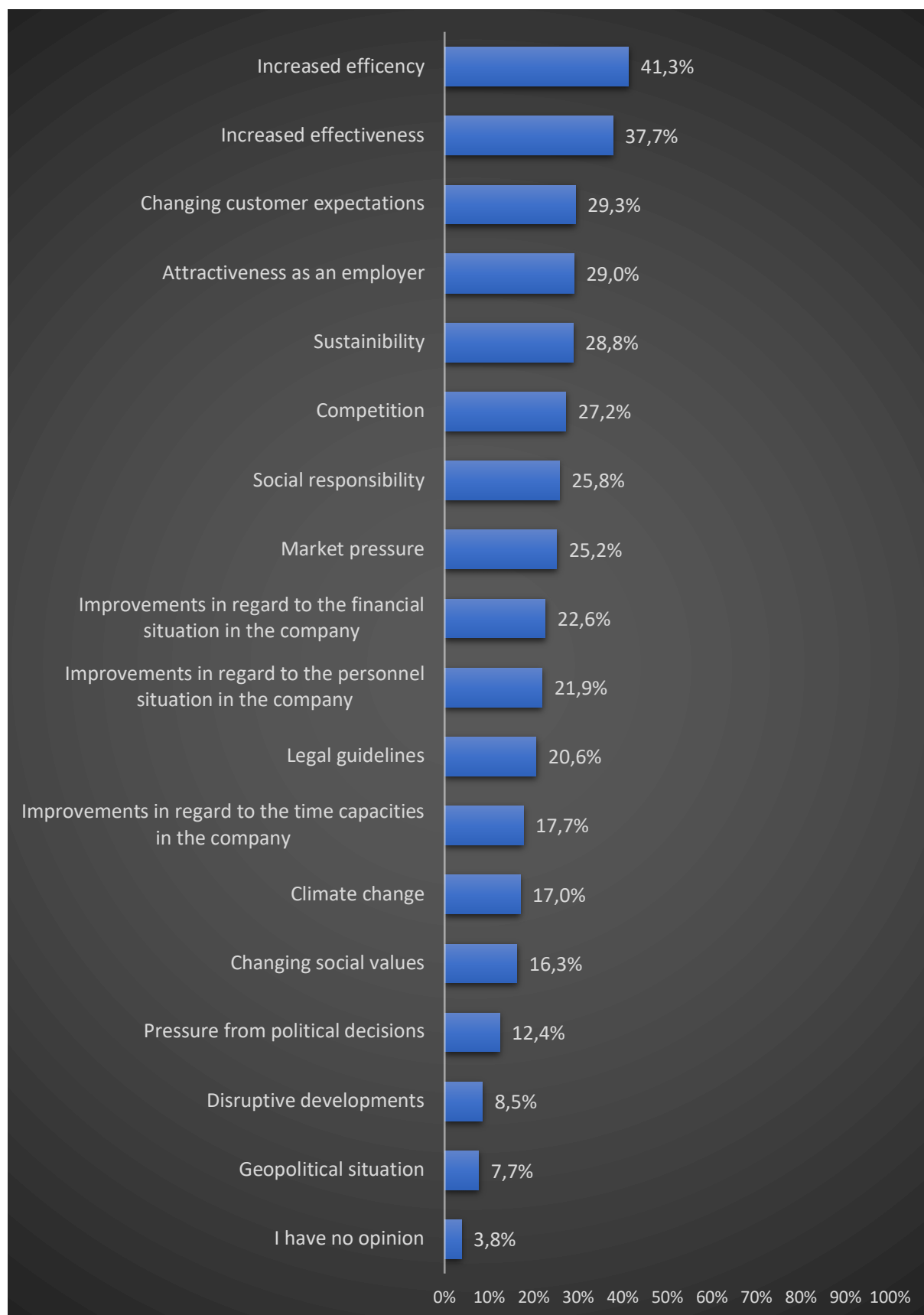


Fig. 7: What are the motivations for investing in these areas?

If the reference to the strategic goals is excluded, but taken into account for the investment topics (see 3.3), the following can be determined in regard to the motivations:

- According to the ranking of investment topics (digitization, process optimization), efficiency and effectiveness are identified as central motivations.
- The change in customer expectations leads to investments in product development and service.
- The competitive situation, combined with market trends, is linked to strategy development.

The reasons for investment identified in the survey are reflected in the results of the entire survey. The attractiveness as an employer is closely related to the limited factor of skilled labor. The striving to improve the financial, personnel and time situation is reflected in the activities in dealing with the scarce goods of money, time and manpower.

When asked whether climate change, changing values, pressure from political decisions, disruption and geopolitical influences play a role in investment decisions, only a few answer with a clear YES. Most consider these factors to be of little relevance. It can be concluded from this that such issues are discussed more at the societal level and in the political context, but less so in companies. Such issues do not (yet) seem to have arrived in the business world. The analysis of the survey results by sector verifies this conclusion. While the service and industrial sectors show low values, the public sector shows comparatively high agreement in regard to pressure from political decisions, legal requirements and social responsibility.

What is particularly striking is that disruption has no significance, nor does the geopolitical situation. There are tendencies to re-focus on the transnational and national levels due to compartmentalization and lockdowns. At the same time, the focus of media coverage since March 2020 has been strongly regional rather than national—with corresponding consequences. As far as disruption is concerned, the low value is surprising because the corona crisis itself is a disruptive development par excellence.

### ***3.5 Reasons That Speak against Investments***

Although there is often an understanding of the necessity of investments, there is often a reluctance to make them. In times of crisis, this dilemma becomes particularly prominent. It is precisely then that investing in the future becomes particularly important in the face of a simultaneous shortage of financial and time resources as well as a lack of knowledge.

The “Organizations Under Pressure” empirical study shows the spectrum of motivations that lead to investments (see 3.4). Likewise, reasons can be identified that hinder and even prevent investment activity.

Figure 8 summarizes the hurdles and obstacles identified in the survey.

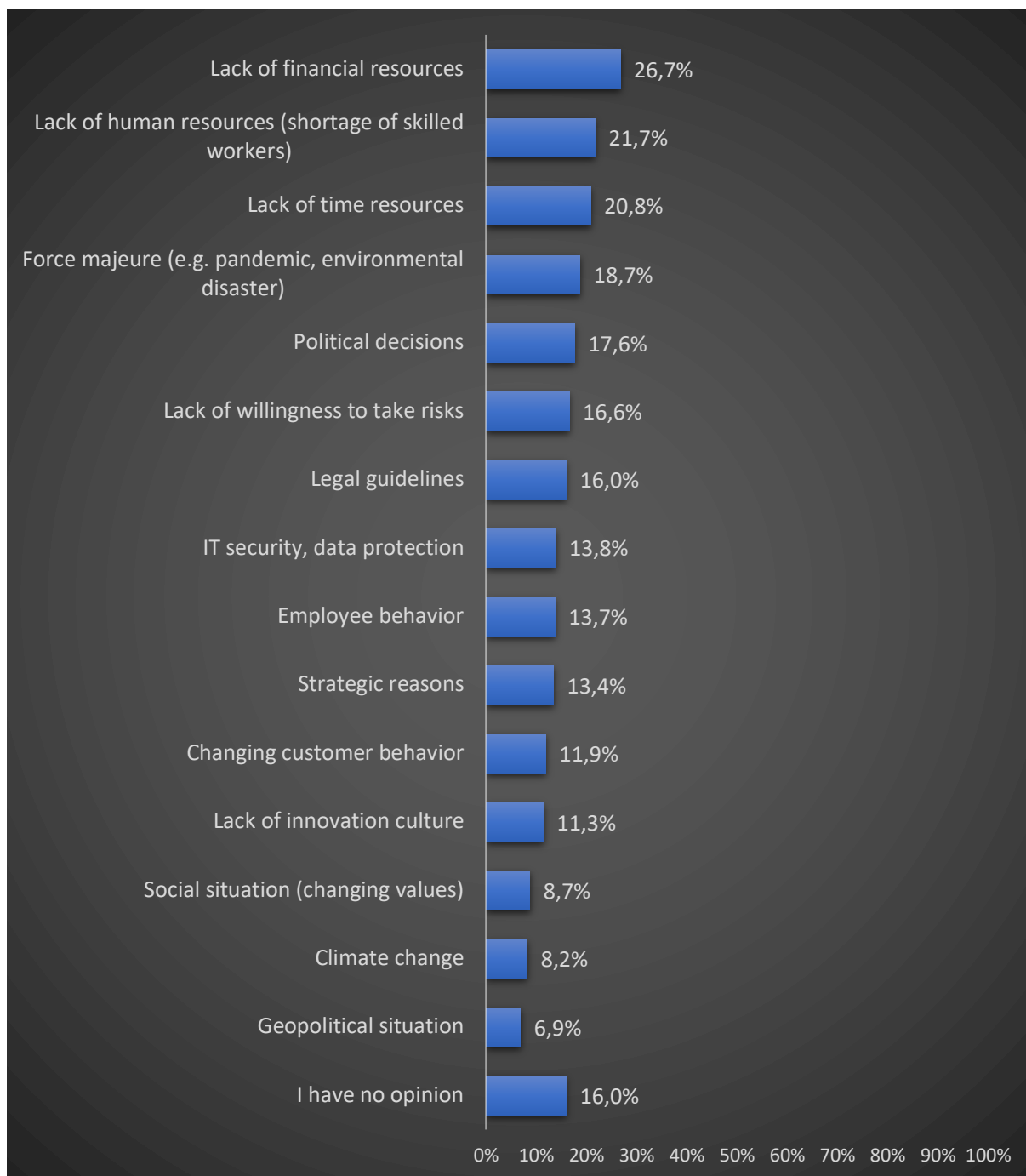


Fig. 8: What are the reasons for not investing?

The survey confirms the basic hypothesis that the limiting factors of money, time, and manpower are important as restrictions today and in the future. First and foremost, a lack of financial resources is mentioned, which can slow down the investment process. Skilled labor shortages follow, as does time as a scarce commodity. Due to the increasing speed of change and the decreasing reaction time, investments fall by the wayside and skilled workers who plan, design and implement investments are lacking in view of the demographic development. So there is a lack of three important “raw materials”.

There is hardly any difference in this assessment whether it is small, medium or large enterprises that are surveyed. If the sector is brought into focus, it can be seen that industrial companies identify the three scarce goods of “money, time and manpower” as hurdles, while the service sector mentions money and time, above all, as obstacles. The public sector, however, is an exception. In addition to financial constraints and shortages of skilled labor, political decisions and legal requirements are highlighted as reasons against investment.

Furthermore, a lack of willingness to take risks and reluctance of employees to embrace change, as well as a lack of an investment culture, were also mentioned, albeit sporadically. Mindsets, therefore, must not be neglected in the discussion about investment decisions. Here, a bridge can be built to intercultural research, which can provide insight and explanations. Numerous intercultural studies attest to Germany’s comparatively high value of uncertainty avoidance, which is directly related to attitudes towards change. Germans show less tolerance for uncertainty and ambivalence. They have a greater need for predictability, which is reflected in rules, laws and planning. In contrast, Americans, for example, are considered more willing to take risks and embrace unfamiliar situations to a greater extent. They seem to have less need of regulations, are more flexible, and more open to new things. It can thus be assumed that in countries with a high value of uncertainty avoidance, decision-making (also in the context of investments) is associated with the clarification of multiple contingencies and is shaped with a plethora of KPIs. In addition, standardization is being sought to avoid surprises. Formal structures provide the framework that offers security. Moreover, this logic assumes that precise work instructions inevitably lead to good work results.<sup>18</sup>

### **3.6 Investment Decisions**

Swarm intelligence is called for in a working world characterized by high speed, complexity and networking density as well as change as the normal state of affairs. This makes participation an important success factor. Decisions by a single person or by a small homogeneous team may be made quickly, but will only have limited ability to cover the complexity. This calls for the wealth of perspectives and competencies that are only available in a diverse team. At this point it should be noted that participatory and to some extent also agile decision-making processes should not be unsystematic, without structure

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<sup>18</sup> See: Rump, J. / Eilers, S. / Wilms, Gaby (2020); Hofstede, G. et al. 2017; Orlov, K. 2020.

and without a set of rules. Every democratic construction needs binding rules and a culture of consequences as well as a commitment from the people involved. At the same time, it is important to realize that there may also be a trade-off here: complex decision-making processes with a diverse team absorbs time investment. Fast action, on the other hand, usually works with limited negotiation processes, which leads to only a limited mapping of complexity.<sup>19</sup>

Figure 9 illustrates the way in which investment decisions are made in companies.

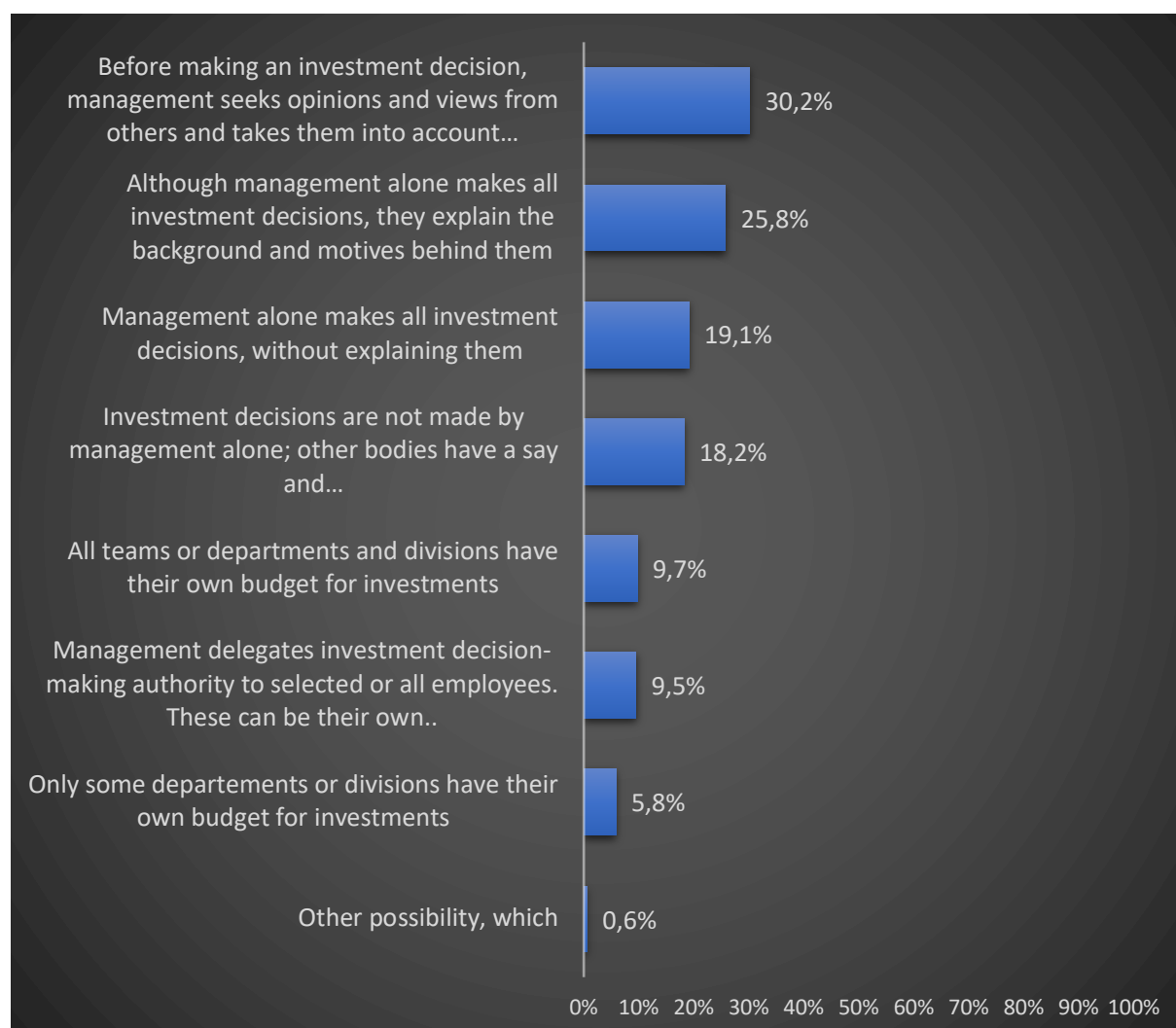


Fig. 9.: How are (major) investment decisions generally made in your company?

The survey shows that at the moment the “simple” form of participation receives the highest approval. Two thirds of respondents report this. Information is provided on the background and opinions are sometimes sought before management makes the decision (30.2% + 25.8%). Committees are involved in decision-making in one in six companies. Somewhat one-dimensional, authoritarian decision-making behavior is practiced in one in five companies. Delegation of decision-making powers is a rarity. It is striking that the connection between the

<sup>19</sup> See: Rump, J. / Eilers, S. / Wilms, G. (2020); Borggräfe, J. / Rump, J. (2021); BDA Digital Council (2021).

complexity that is often associated with investment decisions and the way in which the decision-making process is organized and carried out is hardly perceived by the companies and institutions surveyed. Consequently, participation is only used to a limited extent to generate swarm intelligence. It shows more of a participation with conservative features. The logic of new work and agile forms of work organization is not reflected in the response behavior. At least: not when it comes to investment decisions.

It is also noticeable that the degree of participation decreases with an increased size of company. Or to put it another way: the smaller the company, the more participation is practiced. In terms of the sector, it can be seen that the business sector is more participatory than the public sector.

### 3.7 Behavior After the Budget Decision

Behavior after the budget decision reflects, among other things, the corporate culture. The spectrum can be wide: from a culture of acceptance and a culture of consequences, to a culture of acquiescence and a culture of powerlessness, to a culture of questioning and a culture of revenge.

An overview of behavioral patterns in the context of budget decisions is given in Figure 10.

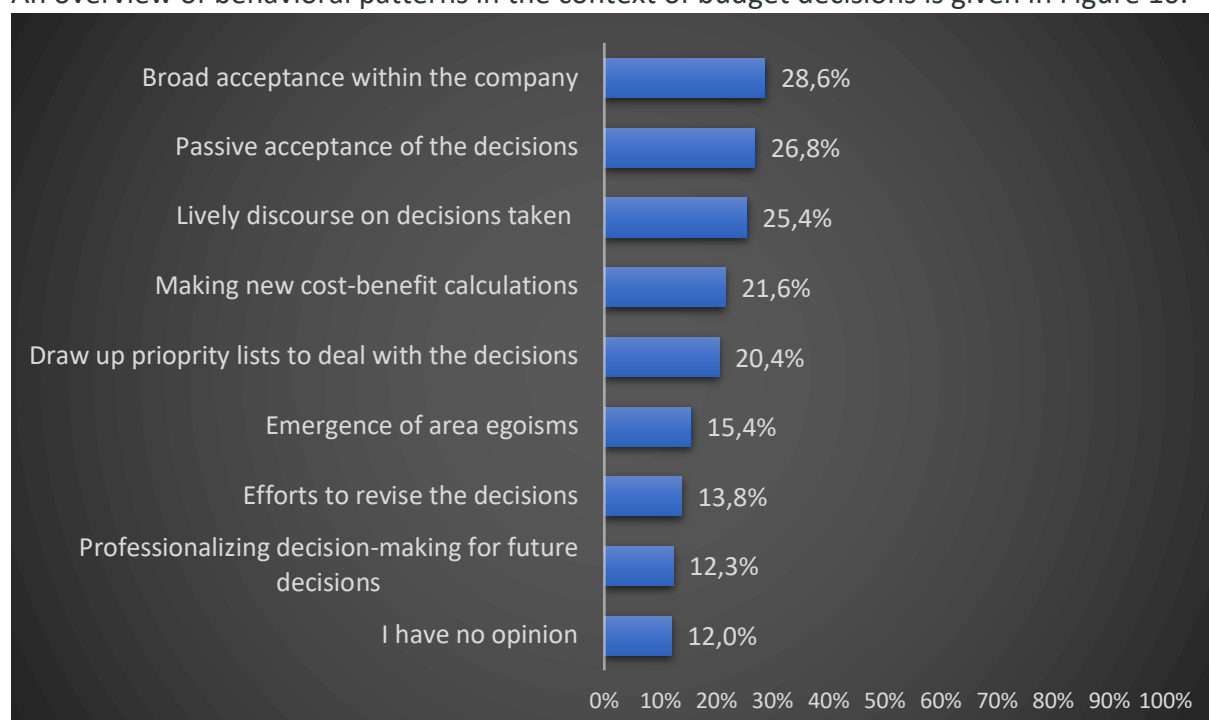


Fig. 10: What dynamics arise in your company when budget decisions have been made?

More than half of respondents believe that the budget decision is either accepted or passively accepted. In both cases it is not questioned.



- The pattern of acceptance can hide a consensus orientation and/or trust in the decision-makers to make the right decisions and to have the appropriate competences.
- A fatalistic attitude probably emerges behind the pattern of passivity. “We can’t change anything anyway. So we’ll just have to accept it.”

One in eight interviewees talk about wanting to revise the decision. So the decisions are not accepted, nor are they passively accepted. There seems to be a lack of trust in the competences of the decision-makers and/or in the system and the process of decision-making.

In addition to the two extreme ways of responding to budget decisions, there are a number of reactions ranging from discussing the decision made to professionalizing decision-making for future decisions. Learning from the experience of previous decisions and their processes is identified as a mechanism, but one that is rather rarely mentioned and thus probably not frequently implemented.

Approximately one in four respondents indirectly addresses the scarce commodity of money. Making new cost-benefit calculations and formulating priority lists are typical procedures when financial possibilities are limited. However, it is noticeable that this is then only put on the agenda after the decision on the budget.

Not surprisingly, the empirical study shows that the surveyed company managements expect to receive broad acceptance of their decisions. In contrast, employees are much more reticent about accepting budget decisions. A figure of 51% compares to 18%. At the same time, passivity in dealing with the decisions taken on the part of employees is hardly observed by the management. Self-perception and external assessment seem to diverge here.

### ***3.8 Ways to Deal with the Limiting Factors***

Based on the hypothesis that the new normal in the world of work is influenced by the three limiting factors of “money—time—manpower”, the final question is how to deal with these.

#### ***3.8.1 Scarce Commodity of “Money”***

One in four respondents who took part in the “Organizations Under Pressure” empirical study identifies money as the most important scarce resource (see 3.2). The financial possibilities are limited. Accordingly, action is called for.

When asked what the possibilities are in the company to reduce the limiting effect of the “money” factor, the respondents answered as follows:

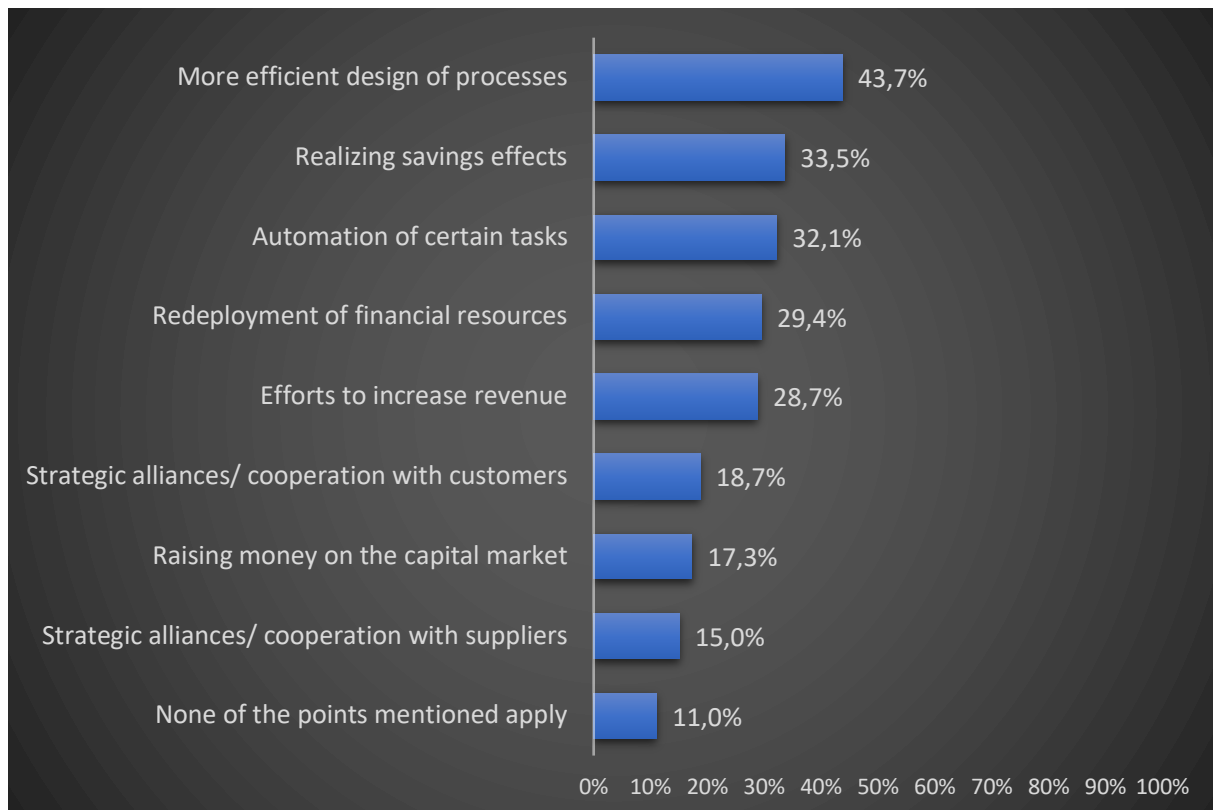


Fig. 11: What possibilities are there in your company to reduce the limiting effect of the money factor?

The survey shows that there is a classic reaction pattern of how the scarce commodity “money” is dealt with:

- The first step is to look at the expenditure side and the cost structure. Efficient design of processes, leveraging economies of scale and savings potential are examples.
- In a second step, we look at the reduction of marginal costs through technology.
- Only in a third step does the focus turn to the revenue side.
- In a fourth step, the focus is then on cooperation, on economies of scope and thus on synergies.

### 3.8.2 The Scarce Resource of “Time”

Time is most frequently named as the most important scarce resource in the survey. One in three respondents identifies shortage of time.

Options for action in dealing with the scarce commodity of “time” identified in the survey are shown in Figure 12.

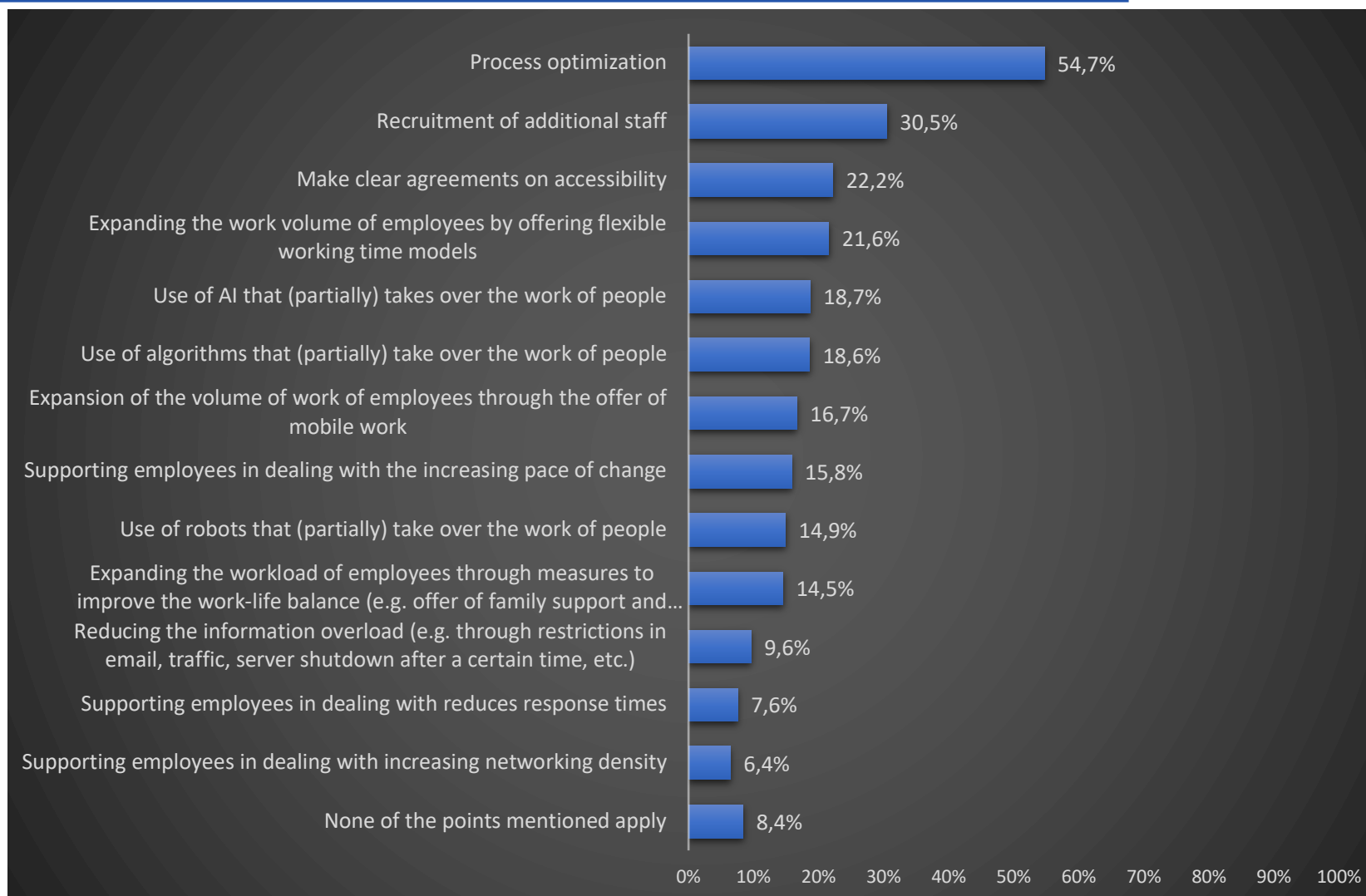


Fig. 12: What possibilities are there in your company to reduce the limiting effect of the time factor?

The survey makes it clear that the scarce commodity of time is also approached in a classical and traditional way: Process optimization is the dominant focus. Some distance behind, the focus is on recruiting additional staff. This seems to be a reflexive, one-dimensional pattern. The question arises as to whether employee recruitment has sufficient of a solution potential in view of the shortage of skilled workers. Hiring more staff to generate time is realistically not a real option. Options that would help are less perceived. AI, algorithms, robots as “new” colleagues do not seem to be on the agenda at the moment. Work organization measures that allow the volume of working time to be increased and labor productivity to be raised, which can also lead to relief, are also rarely mentioned. For example, the reduction of commuting time in the context of mobile work could result in employees offering this time to the employer as additional working time.

Similarly, support in dealing with change and information overload is only considered as a possibility here and there.

- If employees are willing and able to change, they do not spend so much time dealing with change emotionally. Moreover, they do not get lost in resistance. They do not perceive changes as “energy vampires”. Instead, they are more focused and engage more effectively and efficiently with the change.
- Empowering employees to deal with data and the information overload can be helpful in dealing with shortages of time. Data literacy prevents information overload.
- In addition, the strengths and talent orientation in staff deployment has a relieving effect. When employees are deployed and qualified according to their strengths and talents, they perceive change less as a risk and more as an opportunity. They are able and willing to deal with a lot of information and filter out the relevant data. Stress is then perceived as a challenge rather than an excessive demand.

The “Organizations Under Pressure” empirical study shows that only a few respondents consider these option palettes and instead rely on activities that are known but already have limits and whose cost-benefit ratio is (by now) suboptimal.

### ***3.8.3 The Scarce Resource of “Manpower”***

The survey makes it clear that the shortage of skilled workers takes second place when it comes to the importance of limiting factors in the new normal (see 3.2).

As Figure 13 visualizes, there is a wide range of ways to deal with the shortage of skilled workers.

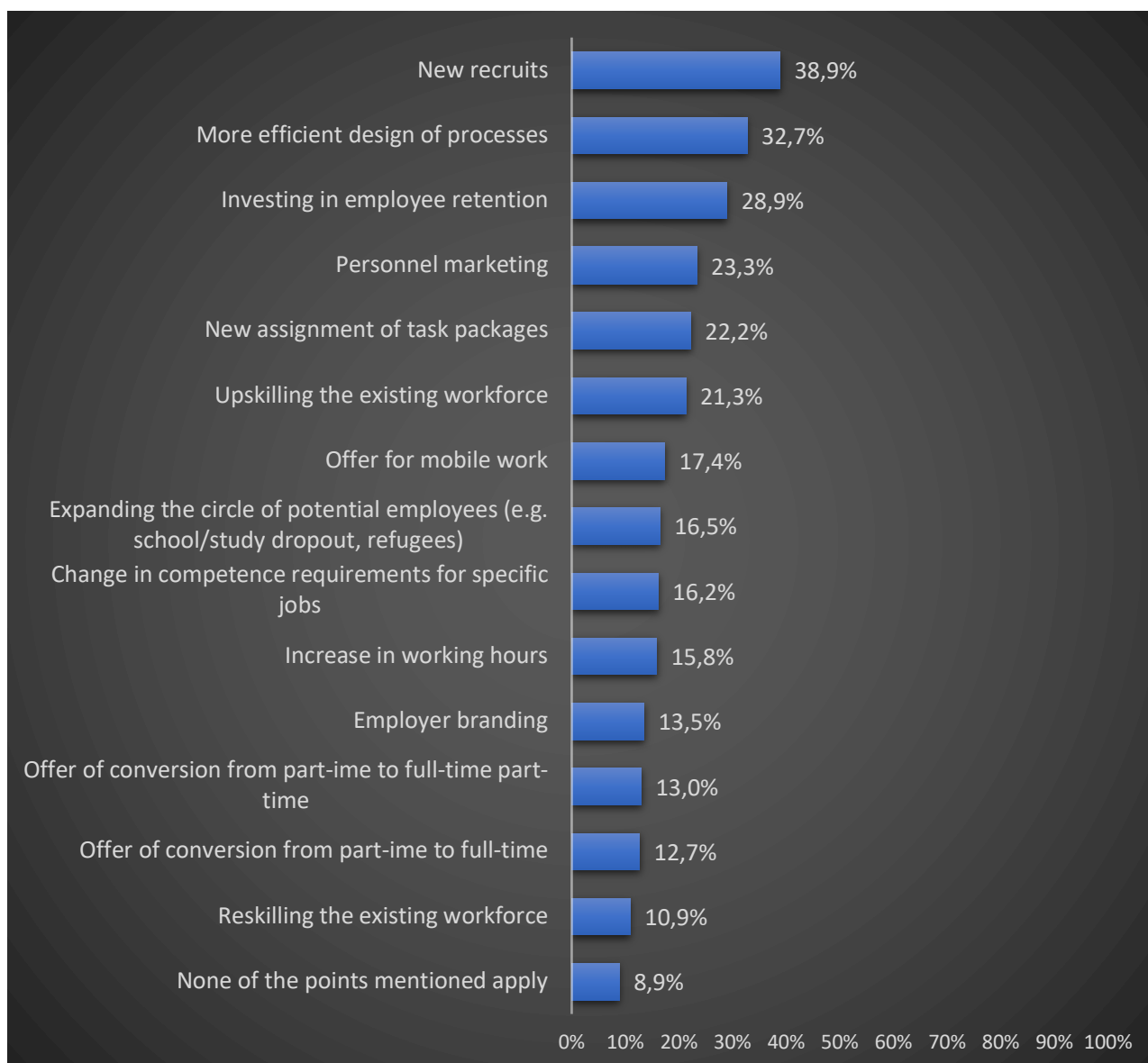


Fig. 13: What possibilities are there in your company to reduce the limiting factor of personnel?

Although the range of possibilities is large, the spectrum of measures actually used is small. Dealing with the limiting factor of personnel shows similar conservative patterns as dealing with the scarce resources of “money and time”. New recruitment is paramount. In theory, this is certainly a sensible measure, but in practice, against the background of the shortage of young talent and skilled workers, it is an option that involves a lot of effort and has its limits. The question arises whether there may be other options that have a more balanced cost-benefit ratio. It is noticeable in the survey that many seem to lack imagination here. The last 10 years of the “economic party” and the demographically induced bottleneck situation on the labor market have certainly made a difference when it comes to the creativity of staff recruitment and retention. Nevertheless, the low values of the “somewhat different measures” are surprising. Qualifications, work organization, increasing part-time to full-time part-time are used or considered less than expected in the context of the shortage of skilled workers.

## 4. Summary

The corona crisis combined with key megatrends have given rise to a new normal in the world of work. The “new normal” is currently associated with seven dimensions of three aspects each. One is the transformation trilogy: digital transformation—economic transformation—ecological transformation. This is accompanied by three limiting factors: limited financial resources—time as a scarce commodity—shortage of young talent and skilled workers. Furthermore, three “currencies” (money—time—purpose) become the central factors of attractiveness as an employer. Three aspects of organization, described as agile working, mobile working and flexible forms of working, go hand in hand with three forms of collaboration (stationary—hybrid—virtual). Three characteristics of leadership are also part of the new normal: transparency—participation—crisis team. Last but not least, it requires employability of all employees. This approach is also called the 7\*3 rule.

The 7\*3 rule, which emerges from a number of explorative studies and was determined by means of a hypothesis-generating procedure, includes, among other things, the dimension “Limited factors—limited financial possibilities, time as a scarce commodity, shortage of young talent and skilled workers”. This dimension was evaluated in the representative, large-scale “Organizations Under Pressure” empirical study.

The “Organizations Under Pressure” empirical study addresses the following aspects:

- Strategic goals in the new normal
- Limiting factors/scarce goods in the context of the new normal
  - Limited financial possibilities
  - Time as a scarce commodity
  - Young talent and skilled workers as a scarce commodity
- Investment in times of scarce resources
- Reasons for the investments

- Reasons that speak against investments
- Investment decisions
- Behavior after the budget decision
- Ways to deal with the limiting factors
  - The scarce commodity of “money”
  - The scarce commodity of “time”
  - The scarce commodity of “manpower”

As far as strategic goals in the new normal are concerned, the results of the “Organizations Under Pressure” empirical study show reactions to the corona crisis. Increasing turnover and stabilizing the core business are also balancing and attempting to compensate for the negative effects of the crisis. Increasing operating profit is intended to offset losses, build up financial resources for investment associated with the transformation trilogy and at the same time (re)build reserves for future crises. Furthermore, it is noticeable that topics such as diversity and corporate social responsibility are not crisis topics, but rather belong to the “fair-weather topics” category. Furthermore, it can be seen that in the context of sustainability and ecological transformation, a gap between talk and action becomes visible. Everyone talks about it, but few seem to act on it.

The hypothesis that three central scarce goods determine action in the new normal is confirmed. The survey shows that time and lack of skilled workers, followed by limited financial resources, are seen as limiting factors in terms of achieving strategic goals. One third of the respondents choose time, 30% see the shortage of skilled workers as the most important scarcity factor, one in four respondents identify money as a central scarcity factor. The lack of young talent seems to be the most important issue for only 11% of respondents.

- Focus on financial opportunities: costs have increased for about 30% of respondents. In addition to the cost increases, a quarter of respondents observed a reduction in turnover, which is certainly due to the crisis. One fifth of respondents observed the opposite. They are seeing an increase in turnover. They are the winners of the corona crisis or have a business model that is not impacted by the crisis or is dependent on the crisis. Customer needs seem to be changing. Changes in the political and legal environment, a change in social values, the transformation of working conditions and contexts can have an influence on business models and turnover developments.
- Focus on time: the survey confirms the hypothesis that the speed of change is increasing. The study also speaks of an increase in densification, noticeable, for example, in the rising number of projects and the increasing abundance and complexity of information. Respondents from the SME sector in particular perceive this development. The question arises here as to who can still process the wealth and complexity of information at increasing speeds. Time and mental processing capacity are becoming scarce commodities. A quarter of respondents address the need for work-life balance. Staying in balance is

becoming a key core competence in a world of increasing speed, complexity, interconnectedness and information abundance.

- Focus on skilled workers: almost half of respondents believe that there is a shortage of skilled workers in the relevant labor market. More than a third talk of a labor shortage, which includes not only skilled workers but also low-skilled workers. Furthermore, it is stated that the shortage of young talent has rather little influence on the strategic goals. At least almost one in four people sees qualitative staff adjustment due to changed competence requirements as a field of action. According to the survey, staff reductions are not seen as an issue, nor is workforce ambidexterity (shortage of skilled workers with simultaneous hard staff adjustment) perceived.

A new aspect arises from the combination of a shortage of skilled workers and the scarce commodity of time: On the one hand, it also requires professionals who can deal with the speed of change doubling and reaction times halving who are in demand. On the other hand, they must not be knocked off balance and they must be able to cope with the time stress. It follows that in the future, skilled workers will primarily seek out employers who produce less time stress and/or have comprehensive structures that enable employees to remain in balance despite the shortage of time.

The survey reveals another limiting factor—besides money, time, and manpower: risk-taking. For example, the lack of willingness to take risks and the reluctance of employees to embrace change as well as the lack of an investment culture are addressed. Mindsets, therefore, must not be neglected in the discussion about investment decisions.

The “Organizations Under Pressure” empirical study also deals—in addition to the limiting factors—with investment decisions associated with the transformation trilogy (digital, economic and ecological transformation also taking into account demographic development). According to the survey, the focus of investments is primarily on hard facts, such as technology (digitization) and process optimization, followed by product development, personnel development and qualification as well as strategy development. This view coincides with the results regarding the strategic goals. Here, too, as already discussed several times, traditional economic goals are in the foreground. It is noticeable that topic areas that are currently dominant in the public discussion are not rated very highly by the respondents in the “Organizations Under Pressure” empirical study. There seems to be talk about it, but no action. This applies in particular to agile working, carbon neutrality, customer experience, employee experience, diversity, etc. Sustainability is an exception.

The motivations for investments are identified as the pursuit of efficiency, effectiveness, attention to customer wishes and the competitive situation. When asked whether climate change, changing values, pressure from political decisions, disruption and geopolitical influences play a role in investment decisions, only a few answer with a clear YES. Most consider these factors to be of little relevance. It can be concluded from this that these issues are discussed more at the societal level and in the political context, but less so in companies. Such issues do not (yet) seem to have arrived in the business world. There are tendencies to re-focus on the transnational and national levels due to compartmentalization and lockdowns.



At the same time, the focus of media coverage since March 2020 has been strongly regional rather than national—with corresponding consequences.

If we take a look at the decision-making process, we can see that at the moment the “simple” form of participation receives the highest approval. Two thirds of respondents report this. Information is provided on the background and opinions are sometimes sought before management makes the decision. Delegation of decision-making powers is a rarity. It is striking that the connection between the complexity that is often associated with investment decisions and the way in which the decision-making process is organized and carried out is hardly perceived by the companies and institutions surveyed. Consequently, participation is only used to a limited extent to generate swarm intelligence.

Finally, the “Organizations Under Pressure” study analyzes the possibilities of dealing with the limiting factors.

- Focus on money: it turns out that there is a classic reaction pattern in dealing with “money”. The more efficient design of processes, savings and automation or digital transformation are just as much in focus as efforts to increase revenues.
- Focus on time: it becomes clear that the scarce commodity of time is also approached in a classical and traditional way: Process optimization is the dominant focus. Some distance behind, the focus is on recruiting additional staff. This seems to be a reflexive, one-dimensional pattern. The question arises as to whether employee recruitment has sufficient of a solution potential in view of the shortage of skilled workers. Options that would help are less perceived. AI, algorithms, robots as “new” colleagues do not seem to be on the agenda at the moment. Work organization measures that allow the volume of working time to be increased and labor productivity to be raised, which can also lead to relief, are also rarely mentioned. Similarly, support in dealing with change and information overload is only considered as a possibility here and there.
- Focus on skilled workers: Although the range of possibilities is large, the spectrum of measures actually used is small. Dealing with the limiting factor of personnel shows similar conservative patterns as dealing with the scarce resources of “money and time”. New recruitment is paramount. In theory, this is certainly a sensible measure, but in practice, against the background of the shortage of young talent and skilled workers, it is an option that involves a lot of effort and has its limits. The question arises whether there may be other options that have a more balanced cost-benefit ratio.

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