



# **5 Key Risk Management Strategies for Multinational Operations in the Time of COVID-19**

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Managing operations throughout the world presents its own set of challenges. Now, more than ever, leaders have to get creative about how they stay in touch with their teams – and how they message their vision for their companies. **This paper highlights 5 risk management strategies for navigating the world as we move forward in this pandemic.**

## 1 COMMUNICATION

The leadership key to times of uncertainty is **communication**. This is even more critical for multinational organizations. They have staff who are dealing with challenges of language, culture, local laws, time zones, physical surroundings and working hours – then add the COVID-19 challenges on top of that. Sean Follin in *The Clearing's Leading from Afar*, advises that leadership who provide details, including the “why” behind the details, are most successful. “Without the luxury of walking down the hall, we must be more intentional and explicit with requests and commands.” This pandemic opens the way for leaders to share more of their personalities, so those in the field feel they can relate. Relatedness promotes community and community creates a sense of belonging.

Having overseas teams means that firms have already been navigating the challenges of international communications. It takes creativity and responsibility to ensure that out of site is not out of mind. It is easy for overseas teams to feel lost in the mix, especially if they are in remote or high-threat areas. Follin writes, “While we’re not fighting a war, leaders can take a note from Napoleon’s playbook by providing more detail than we’re used to. Communicating the context of our requests is more critical today, as we work with teams to navigate a drastically shifting virtual environment.”

## 2 KNOW YOUR RESPONSIBILITIES TO YOUR PEOPLE UNDER LOCAL LAWS

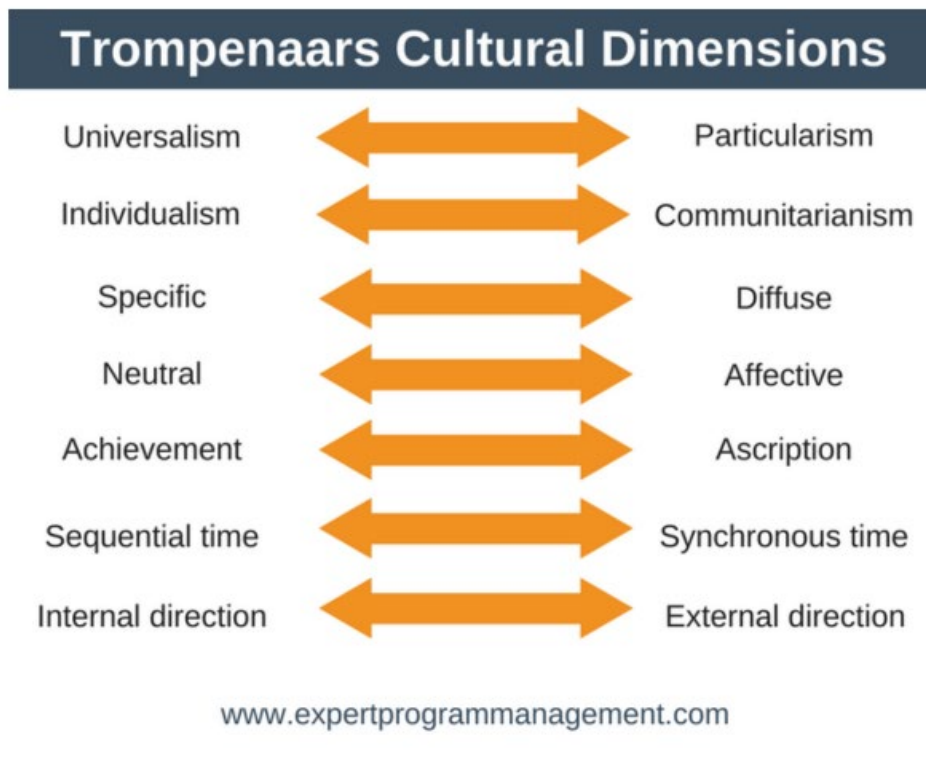
In the world of insurance, we in the United States have a fairly unique system for protecting people. We have a robust private workers’ compensation system and, what may seem to be, a complicated employee benefits system. When working with overseas operations, we start with what is covered under statutory obligations and these are often covered by social security systems. Employers pay into the system and employees and their families are automatically covered. Employers have the option to enhance coverages as means of retaining key employees or being competitive in the market. They also have a wide variety of legal requirements for when employees may or may not be furloughed or made redundant.

Where things get a bit more complicated is when coverage and benefits are dictated by employment agreements, collective bargaining agreements and responsibilities to work councils. Any changes to work status require an employee’s consent and approval from these councils. As multinationals experience changes in the need for staff, especially in this time of a pandemic, they must exercise care to make sure they are in full compliance with local laws and local agreements.

### 3 UNDERSTAND WHAT MOTIVATES YOUR PEOPLE

Cultural awareness is acknowledging there are differences between people. Based on this definition we expand the concept of cultural awareness from different nationalities to the culture of corporations to the culture of even neighborhoods in the same city. The best way to approach working across cultures is to do so with curiosity and the intent to learn about others. This includes learning where people are similar and where they are different, which in turn helps with communication and opportunities to avoid misunderstanding.

Fons Trompenaars and Charles Hampden-Turner developed the Trompenaars Cultural Dimensions, which identifies 7 dimensions across cultures: **Fairness, Getting Things Done, Status, Identity, Emotions, Time and Control**. This chart introduces the spectrums associated with those characteristics. Understanding the motivations and styles of people from different countries and where they fall on these ranges create awareness for how communication styles of the sender do not always match those of the receiver. Successful communications require an awareness that what works in one country doesn't always fare well in another.



## 4 UNDERSTAND THE ROLL OF EXPANDING DIGITAL TECHNOLOGY & DIVERSITY

It is safe to say that if you didn't appreciate supply chains and supply chain management, you do now. Closed borders, closed airspace and available transportation limit the migration of goods and services. As a result, we are seeing increased reliance on digital technology and diversity. The stories from Africa highlight these trends. In Africa, where only 10% of the population have steady jobs and income, the rest of society works with an informal economy. Having digital access helps decrease the disparity between urban and rural, men and women, and developed and developing countries. Having access to a mobile phone means that a woman can accept payment for her work digitally, which, in turn, means it is safer for her than when she walked home carrying cash. Being able to access a laptop – and commensurate bandwidth – means rural children can learn alongside those in urban areas.

And Africa reminds us of the value of diversity. IBM Labs in Kenya is staffed by Africans educated in schools like Purdue and Stanford. They are now selling their research from Kenya for managing droughts to the State of California. While they may be U.S. trained, these researchers are using African stories to solve African problems, which, in turn, are helping the U.S. to solve U.S. problems. Are we willing, open to and curious about new ideas?

## 5 HAVE A PLAN FOR RETURN TO WORK

Any return-to-work plans must be fluid and flexible. Multinational firms will see operations in different countries opening at different rates. And we will learn from each other. In Chile, firms will begin opening the last week in April. In the case of one firm, they will start with 20% of the staff going into the office. Those in the office will be required to wear a mask, have their temperature taken twice a day and use alcohol-based gel. Only those with private transportation may come in; riders of public transportation will continue to work remotely. And the office will be sanitized daily.

In China, the government is rolling out affordable pandemic insurance as an incentive to get people comfortable with going back to work. Local insurers, beginning with the largest, Ping An, are offering insurance policies to individuals (not companies). Coverage ranges from the U.S.\$ equivalent of \$14,000 from death due to the virus to \$1,000 for getting ill. There are a number of gaps and the main point is that the government, which has ownership interest in the insurance companies, is using this as a tool. They are using other incentives as well, including payroll, tax relief and rent relief.

The "pan" in "pandemic" means "all, every, whole, all-inclusive." In this time of a pandemic, we are truly relying on the successes and challenges faced by our partners across the globe. We live with the curiosity and openness to try new things as we support each other going forward.



## AHT Insurance

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