

The Consequences of Bad Leadership During The COVID-19 Pandemic:

An Agent-Based Model

by

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ABSTRACT

In response to the COVID-19 pandemic, countries took serious measures to control its spread and reduce its effect on health, social, and economic aspects. The United Arab Emirates (UAE) has taken unprecedented preventive measures against the spread of COVID-19, including complete lockdowns and the closing of some businesses. Therefore, 27% of companies expected to lose their businesses within a month, while 43% of companies expected to go out of business within six months. This was not only due to the countrywide lockdown, or the impacts caused by the pandemic, but also due to the bad leadership of some leaders during this crisis. There are little of studies and data that discuss the consequences of these decisions on businesses, and it will be helpful to measure the consequences over three years.

This study answers the following question: How much did myopic staffing and compensation decisions in the context of COVID-19 affect companies' performance? To answer this question, I use agent-based modeling (ABM) supported by secondary data to create a simulation to study the consequences of myopic decisions made on employees' performance in the private sector in the United Arab Emirates starting from the 2020 year and through an anticipated period of 3 years. The study found that under the assumptions that pay deductions, layoffs, and unpaid leaves, are myopic decisions and in the context of the COVID-19 pandemic and its impact on the companies' performance, there is a huge affect on companies' performance over the study period which is 3 years.

Keywords: bad leadership, myopic decisions, companies, businesses, COVID-19, agent-based model.

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CHAPTER 1

INTRODUCTION

Many successful companies around the world failed to deal with the COVID-19 pandemic, even those who are well prepared for all kinds of risks and disaster scenarios because they set their plans to deal with risks like recessions, human resources, leadership, and war (Tucker, 2020). However, few had a plan to deal with the COVID-19 pandemic. That is why most of the leaders are figuring things out by making mistakes through the decisions they make and ignoring the leadership lessons they have learned (Freedman, 2020).

The COVID-19 crisis had a greater impact on the UAE economy than the 2008-2009 financial crisis because some emirates had dropped in revenues even before the COVID-19 crisis (Turak, 2020). According to the UAE's statistics center, the UAE's economy shrank by 6.1% in 2020, as the COVID-19 crisis hit the country's main sectors, resulting in a decline in revenues and financial losses. The UAE's economy is mainly dependent on foreign investment, trade, and revenues from petroleum and natural gas, in addition to tourism and global transportation. These sectors dropped sharply in 2020, which resulted in a population contraction of 10% in the same year. The Dubai Chamber reported that the non-oil economy shrank by 6.2% due to the COVID-19 pandemic and the lockdown decision, in addition to the difficulties in trading with GCC markets which suffered from the oil price, while some sectors declined by 23.6% (Reuters, 2021). The unemployment rate, the country's labor force actively seeking jobs, in the United Arab Emirates increased from 2.28% in 2019 to 5 percent in 2020 (O'Neill, 2021).

In the context of the significant effects of COVID-19, leaders in organizations have an important role to play as they are responsible for their employees, especially since they have a wide range of business challenges and risks due to the COVID-19 pandemic. Leaders need to help each member of the company to understand how they have been affected by the COVID-19 pandemic and how they can overcome their concerns to get all the employees back on the right track to achieve the organizational goals (Silverthorne, 2020). Leadership has been considered a strategic first priority to most companies during the COVID-19 pandemic, and they recognized that they could not afford to lose leadership, especially since 40% of companies do not have a succession plan strategy to develop leaders who can deal with potential risks and contingencies (Silverthorne, 2020). Silverthorne (2020) also stated that leaders need to focus on the physical and mental health of employees because it is an essential aspect of overcoming stress. Additionally, leaders should create opportunities for informal conversations and discussions to come up with the best solution to the challenges faced as well as promoting belonging. Leaders should focus on maintaining the stability of their work environment by communicating effectively with internal and external stakeholders and maintaining employees' safety and well-being. Furthermore, leaders must keep employees away from the pressures caused by the COVID-19 pandemic that could affect their performance and lead to negative consequences (Saleem et al., 2021).

The main gap in leadership during the COVID-19 pandemic is that leaders aim to achieve their organizational goals while making myopic decisions that lead to negative consequences on performance. Myopic decisions are short-sighted decisions made by

decision-makers who are overly concerned with short-term results while ignoring the future consequences (Lee & Nawata, 2021).

There is a psychological gap behind making such decisions because leaders want to see instant results and improvements when making decisions (*Myopic Behavior*, n.d.). They think shortsightedly by focusing on what they want now without taking into account the impact of such decisions on the organizational goals (*Myopic Behavior*, n.d.). They desire certainty, and they want to feel control under the situation imposed by the COVID-19 pandemic and the VUCA world. Leaders aim to reach their goals despite all the challenges posed by this pandemic by relying on the currently available data such as the demand volume and the financial indicators, to make their decisions while ignoring some crucial aspects like the impact of the decisions on employees' performance that could lead to lower overall productivity. As they first have to identify the critical factors that would impact productivity, evaluate the options and assess alternatives, anticipate the results and consequences of the decisions, infer the risks and uncertainty behind the data provided, and understand the data very well before making decisions (Ahmed, 2012).

Despite the bad consequences of myopic decisions and the COVID-19 pandemic on both employees and organizations, little is proven by studies, and there are no studies that have distinguished between the negative consequences of myopic decisions and the COVID-19 pandemic consequences. The future consequences of myopic decisions during the COVID-19 pandemic on employees and organizations cannot yet be properly estimated (Nyqvist et al., 2020). However, the short-term consequences can be measured from recent studies, articles, and journal news. Nyqvist et al. (2020), stated that the COVID-19 pandemic has severe negative consequences on sustainable development goals in the short

term. In addition to the other consequences that can be measured using the open data available on the companies' websites or from their annual reports and announcements.

The study aims to answer the following: How much did myopic staffing and compensation decisions in the context of COVID-19 affect companies' performance? To answer this question, I use agent-based modeling (ABM) supported by secondary data to create a simulation to study the consequences of myopic decisions made on employees in the private sector in the United Arab Emirates starting from the 2020 year and through an anticipated period of 3 years.

CHAPTER 2

LITERATURE REVIEW

Defining Bad Leadership

Leadership during the Covid-19 crisis has been a challenging area in the business domain. The pandemic has uncovered many weaknesses and gaps in leadership capabilities and strategies worldwide (Wilson, 2020). Some leaders and managers stood helpless in facing the crisis, and others could not make the right decisions in such difficult circumstances (Schyns & Schilling, 2013). Bad leadership can come in a variety of forms from the most explicit, visible, to unethical ones. Myopic decisions reflect one type of bad leadership during a crisis: bad decisions. Bad decisions by leaders and managers will negatively affect the organization's performance (Schyns & Schilling, 2013). Corporate leaders did not effectively manage the challenges and risks in the Covid-19 crisis. They overlooked their primary role in driving changes and dealing with potential risks after considering all related parts, including the internal and external environments of the organizations, in addition to their responsibilities for achieving the organizational goals no

matter how many risks will have and how many crises will face (Andersen, 2014). For example, in DDI's leadership trends survey, leaders said that they struggled to handle the COVID-19 situation, and they were not well prepared to deal with the risks and challenges or how to respond to a competitive environment in terms of maintaining or improving the companies' performance during the COVID-19 crisis (Neal, 2021).

In general, bad leadership is significant in bringing adverse effects to the organization, and thus organizations need to deal with bad leadership and avoid its existence (Schyns & Schilling, 2013). Schyns & Schilling (2013) also argue that bad leadership practices still lack a comprehensive and quantitative review of their consequences on different levels. Leadership experts explored that the reasons for bad leadership can be determined by the people who are acting leaders, followers, or leaders to become (Örtenblad, 2021). The study also suggests that reasons could be due to the leadership role in the organization, such as having a lack of support and leadership beliefs (Örtenblad, 2021). Many studies show that the bad practices of some leaders and managers should not be linked with crises. These studies also add that there are no excuses for making bad decisions by leaders and managers in hard times, given the negative implications and the bad consequences on the organization caused by these myopic decisions. Leaders must be open to all possibilities and options and not insist on their own opinions, leading to ignoring others' opinions and making bad decisions (M. P. Trinh, 2019).

According to Anderson (2013), the consequences of bad leadership are not only limited to financial losses or low employees' productivity but also shareholders. Employees cannot flourish under bad leadership, so when the company does not provide a positive working environment that allows the employees to grow and develop a good product or

service, the company will not succeed. Therefore, the shareholders' return on investment will be affected negatively. Moreover, bad leadership has consequences in many other aspects, such as financial, organizational, economic, academic, and social. So bad leadership affects more people than just employees; it affects the whole society (Myatt, 2010).

Bad Leaders:

In the field of leadership, the term “leadership” is usually associated with positive qualities and connotations, and it is most common that this term is led by ethical, effective, or positive leadership concepts and examples. On the one hand, leadership is ultimately a reflection of all good behaviors that resemble a good leader in any field in any organization. On the other hand, and according to Conger (1990), there is a dark side of leadership that has not been discussed widely in research. Schyns & Schilling (2013) define bad leaders as destructive leaders' behavior and link this type of leader with actions conceived as harmful and deficient by followers or employees within an organization. Some leaders take mischievous actions toward their followers and the whole organization, leading to negative and bad leadership actions (Schyns & Schilling, 2013). Extant research shows that there are many bad leaders in organizations worldwide and many reasons for the bad leadership style (Örtenblad, 2021).

However, Schyns & Schilling (2013) argue that there is a difference between destructive leaders and destructive leadership, in the sense that destructive leader refers to negative behaviors from any leader in a leadership position. Destructive leadership is a broader concept reflecting a whole set of negative actions toward the organization and not

only followers. To be more specific, talking about bad leadership, a possible classification of a bad leader could be a micromanagement or a disorganized leader (Noguchi, 2017).

Leaders can take several actions to avoid bad decisions. First, leaders should seek their subordinates' opinions and professional views to improve their decisions (Vuori & Huy, 2015). Additionally, Coulson-Thomas (2017) stated that leaders and corporate managers must adapt their priorities, plans, approaches, perspectives, and ambitions with a change management strategy to successfully address the problems in organizations. In a study by Alvesson & Sveningsson (2003), they talked about bad leadership, using micromanagement as a referral. Their article is based on a qualitative study of an international and highly knowledge-intensive R&D company in the life science sector. It was also mentioned by Alvesson & Sveningsson, (2003) that through interviews, they were able to observe how managers reflect negatively about micromanagement as part of a bad leadership style. In addition, managers in the study discuss micro-management as eliminating the subordinates' work in laboratories and the scientists' testimonials. Therefore, avoiding it means giving a better opportunity to subordinates and staying out of their expertise zone. According to (Andersen, 2014), leaders and managers are not able to meet the organizational objectives without the help and efforts of subordinates and the performance of the overall organization because the leaders cannot achieve the organizational objectives through their own efforts.

Bad Decisions During the COVID-19:

The latest literature revealed that the recent crisis, which is the COVID-19 pandemic, has uncovered many weaknesses and gaps in leadership capabilities and strategies worldwide (Wilson, 2020). Most organizations suffered from this crisis

worldwide, and most of the experts, the most experienced leaders, and managers were not able to make the right decisions to address the risks and the negative impacts caused by this crisis. (Avolio, 2007) prefaced his research paper by talking about how leadership theory has changed from being formal and focused on internal factors to becoming more evolved to a broader environment that considers different factors like behaviors of followers and partners, contexts, and attributes. And this is ultimately true in the case of leadership decisions during a crisis like COVID-19.

Solomon (2004), argued that leaders and managers should take into consideration the humane aspects when analyzing and evaluating the different decisions they could handle. Unfortunately, Solomon, (2004) mentioned that some organizations support the bad decisions taken by their leaders and celebrate them while ignoring the humane aspects of the organization. The thinking of some leaders and managers becomes Darwinian because they keep talking about Darwinian terms, and they consider the organizations as military installations. This means that the business world is brutal as the humane aspects are ignored in terms of care and showing compassion for employees, and the leaders behave as if they are in military installations making inevitable decisions, not in cooperative communities where all people cooperate with each other to achieve mutual goals (Solomon, 2004). This is because they are the only authorized people to set the policies and rules to manage the organization (Solomon, 2004). Eventually, making wrong decisions by leaders and managers will negatively affect the organizations (Schyns & Schilling, 2013). In addition to the future negative effects, which will result from the wrong decisions made by leaders and managers in organizations, it may lead to the organization's closure or loss of its ability to compete in the field of industry (Schyns & Schilling, 2013).

Myopic Decisions

Myopic decisions are one type of bad leadership, defined as short-sighted decisions made by decision-makers who are overly concerned with short-term results while ignoring the future consequences (Lee & Nawata, 2021). Myopic decisions may also reflect an inability to consider long-term options (Jachimowicz et al., 2017). Furthermore, myopic decisions could be effective in the short term when leaders make such decisions to overcome challenges. Still, these decisions will negatively affect the employees and the organization's overall performance (Schyns & Schilling, 2013).

Pieces of literature have shown that layoffs, pay deductions, and forcing employees to get unpaid leaves are short-sighted decisions, and I assumed that they are myopic because they have the same characteristics mentioned in the definition and they are bad overall. So, what happens in the short term can have unintended consequences, and it's going to affect the system it is nested in. From that perspective, here are some scholars that talked about how harmful myopic decisions are in the context of the largest system:

Layne (2018) said that when companies make decisions to deduct from employees' salaries, they aim to cut costs and increase revenue in the short term. However, the highly qualified employees will be the first to leave those companies looking for better opportunities and getting paid what they are worth. That, in turn, decreases the performance even faster. Turak (2020) stated that The UAE depends mainly on expatriates in its economic activities, who make up 80% of the population. That is why the expatriates have a great impact on the UAE economy because if they cannot find jobs due to the pandemic and the companies' financial losses that resulted in the termination of a huge number of employees to reduce their costs, they will likely return to their home countries. This will

lead to a depletion of the consumer base in the country, which will exacerbate the crisis. Thus, if leaders are only looking at what's in front of them and look at that pursuing short-term results, they may have unintended future consequences. Also, part of what I observed during covid-19 is that everyone scrambles to handle the current situation, but they do not think about the long-term that's going to be really bad.

According to Benson & Campbell (2007), some decisions taken by leaders affect the leadership performance that may be effective in the short term but ultimately erode trust and support from those around the leader and lower the employees' performance in the organization. The COVID-19 pandemic places leaders in difficult situations that put them under pressure, and their negative emotions about these challenges make them act myopically in decision-making (Guan et al., 2015). Also, myopic decisions under negative emotions were associated with altered time perception but not response inhibition (Guan et al., 2015). In such circumstances, the orders from leaders to employees flowed downwards, but their feedback did not flow upwards (Vuori & Huy, 2015). This will create a bad work environment, and the problems will be increased, and its negative impacts will be maximized to affect the organization's performance.

Myopic Leaders and Their Behaviors:

Corporate managers are considered engaged in myopic management if they focus on business strategies that over-emphasize short-term benefits rather than the company's long-term value (Lee & Nawata, 2021). Myopic decisions may reflect not just greater impatience but a lack of belief that the long-term payoff will occur. Myopic decisions may also reflect an inability to consider long-term options (Jachimowicz et al., 2017).

People tend to behave myopically when they have imperfect or asymmetric information. That is why leaders and managers in companies tend to set strategies to achieve long-term objectives. At the same time, the shareholders make myopic decisions because they do not have information about business performance throughout the year (Jacobson & Aaker, 1993). In addition, Guan et al., (2015), found that negative context resulted in myopic behaviors. Taken together, we propose that people may usually make myopic decisions under a negative context independent of emotional material.

Many studies showed that bad practices of some leaders and managers should not be linked with crises, and there is no excuse for making wrong decisions by leaders and managers in hard times, given the negative implications and the bad consequences on the organization caused by these myopic decisions. This study will measure the effect of myopic staffing and compensation decisions made by leaders to overcome organizational challenges during the COVID-19 pandemic. Furthermore, I will identify the extent of the effect of these decisions and their negative consequences on employees' productivity during the COVID-19 pandemic and explore how bad leadership can negatively impact the organizations' performance and the work environment.

UAE Leaders' Myopic Decisions During COVID-19:

The UAE government succeeded in controlling the spread of the virus and reducing the number of cases to an impressive rate compared to other countries (Abbas Zaher et al., 2021). In addition to that, it focused on improving communication with residents to keep them updated with the decisions and the reasons behind each decision through media briefings. On the other hand, the companies' leaders in the UAE were ignoring employees when making myopic decisions such as layoffs, pay deductions, and forcing them to get

unpaid leaves. Moreover, they did not study the right procedures to implement such decisions before making their decisions, whereas HR professionals emphasized the right way to deal with those decisions to avoid lowering productivity and generating resentment among employees (Cleeland, 2020).

Those leaders tend to make such myopic decisions to reduce their labor costs and avoid financial losses while hoping to recover quickly from the impacts of the pandemic. However, they did not take into account the consequences of those decisions on the performance and how those decisions could hurt their employees' morale, drive their best employees to leave, and get them out of business (Cleeland, 2020). In addition to that, the negative consequences will be persistent over time.

CHAPTER 3

METHODS

In this study, I will use agent-based modeling (ABM) to identify the consequences of myopic decisions on businesses in the UAE during the Covid-19 pandemic. This methodology will also assess the impact of the Covid-19 pandemic on employees' productivity and the companies' performance. ABM is an appropriate methodology to use because it has the capacity to analyze the temporal effects (e.g., short and long-term impacts) and includes recursive processes (e.g., outcomes return to become new inputs into the system's dynamics). In addition to that, ABM can be programmed to separate the variables, change parameters, and analyze the continuous change within a specific period of time (Castillo & Trinh, 2018). These characteristics are important in this study to observe the effects of each myopic decision made by leaders and identify the consequences on both employees' and organizations' performance.

Agent-based modeling supported with secondary data is used to measure the effect of myopic staffing and compensation decisions made by leaders during the COVID-19 pandemic to overcome the challenges of the COVID-19. The agents in the system (e.g., employees) have been affected by myopic decisions made by leaders sequentially, so each decision will have different impacts on the employees, which is difficult to be predicted. The interdependence between the myopic decisions made will lead to many consequences, which are the essence of the research problems. Specifically, each myopic decision affected the performance of employees in certain proportions. For instance, pay deductions decision dropped the productivity of all employees as all of them have been affected by this decision as same as the COVID-19 impact on them. Along with that, the layoff decision also decreased the productivity of employees who were directly affected by the decision, but it also affected the other employees who remained in the company by lowering their productivity and generating resentment in their work environment. Similarly, employees forced to take unpaid leaves not only have reduced performance but also affected the performance of those who remain working. Furthermore, the COVID-19 cases and the unpaid leave decision, in addition to the layoffs, led to a sharp decrease in the total number of employees in the model during the first year of the simulation.

The ABM has special characteristics that help to identify the potential causes and consequences of emerging phenomena by relying on the what-if questions (Castillo & Trinh, 2018). This enables simulations and experiments on different hypothetical scenarios to identify the consequences of myopic decisions made during the COVID-19 pandemic (M. Trinh & van Esch, 2022).

These experiments included not only the scenarios that happened in the companies but also the scenarios that could have happened to study the different consequences that happened based on each scenario. Next, I will explain how I built the ABM and tested the different scenarios.

Model Objectives and Assumptions

The objectives of the ABM simulation are to (1) create a simple model to study the consequences of myopic decisions made sequentially on employees in the private sector in the United Arab Emirates in 2020 year during the pandemic, (2) demonstrate how much the myopic decisions during the COVID-19 pandemic affected the productivity of employees (3) simulate the outcomes through an anticipated period of 3 years, and (4) explore what-if scenarios and their impacts on the employees' productivity and organizations' performance.

Agents in this model are full-time employees, and they work in the private sector in the United Arab Emirates. More than 23% of the employees in the United Arab Emirates have reported unmanageable work stress during the COVID-19 pandemic (Alketbi et al., 2022), and in 2020, 70% of companies expected to go out of business (Turak, 2020). These are considered huge challenges for employees to maintain their performance. The Ministry of Human Resources and Emiratizations (MOHRE) noticed these challenges, that is why it introduced new policies to provide additional confidence to employees and guidance to leaders to play a vital role in managing and dealing with these challenges while protecting employees' welfare.

For ABM, assumptions must be specific to set clear expectations from the model and determine how it works. Thus, the model needs to be very simple. The assumptions listed in this study are considered reasonable in different industries in the private sector in the UAE.

First, this model did not take into account the differences in the job titles and grades of employees in organizations. This is because myopic decisions affect the whole organization, including all the employees. For simplicity's sake, the model will not consider any types of leaves of employees, such as annual leaves, sick leaves, maternity leaves, paternity leaves, or other leaves.

Second, the model assumed that all employees give 100% of their performance and they all have the same quality of work in their organizations, and it did not account for the differences in skills, competencies, and performance evaluations of employees. However, the model assumed that if employees got covid-19, their performance would be 0% as they have to be on sick leaves, while the productivity of the rest of the employees will be dropped by 5%. (Bloom et al., 2020). If employees received pay deductions, their performance would be dropped by 20% (Kube et al., 2013), and when they receive their full payments, their performance will return back. If employees are forced to get unpaid leaves, their performance would be 0% during the leave periods, and the performance of the rest would be decreased by 14% (Ashfaq et al., 2013). When employees return from their leaves, their performance will be 60%, while the rest of the employees will get their performance back (Zhang et al., 2017). If employees are laid off, the performance of the rest of the employees would be dropped by 20% and this will remain the same due to the

stress and workload caused by layoffs (Price, 2020). These secondary data have been collected through a variety of studies, articles, and reports.

Finally, I assumed that companies would go out of business when their performance was equal to 48% or less (Cornwell et al., 2021), regardless the company's financial status, which was not part of this study. Therefore, the change in employee productivity would lead to a corresponding change in company performance. A limitation of my model is that I could find no existing data to capture the variability of business contexts and the key performance indicators that provide accurate data about increased and decreased employee productivity and company performance during the COVID-19 period. For many reasons such as (1) companies are still struggling to identify the root cause of their low performance, and they cannot differentiate between the consequences of COVID-19 and their myopic decisions (2) performance appraisal results reports of the employees are confidential, and some of them are not available due to COVID-19, and unpaid leaves (3) performance reports of the companies are also confidential, and it is not shared even in the annual reports which are limited to profits and losses to identify the performance of the company, in addition to that, the performance standard varies from one company to another. However, I took advantage of the commitment of companies to follow the excellence standards and their participation in the Government Excellence Awards in the UAE that assess the extent to which companies share open data to the public on their official websites to get some data that helped me to build the model from the open data available on the companies' websites or from their annual reports and announcements. The model parameters are summarized in Table 1.

Table 1. *Model Parameters*

Parameter	Definition	Baseline Average Value	Source
Company Size	The total number of employees in the company.	10,000	<i>(About Us / Emirates United Arab Emirates, 2022)</i> <i>(Emirates NBD Announces Full Year 2020 Results, 2021)</i>
Layoffs	The percentage of employees terminated from their jobs in the company.	31%	<i>(Debusmann, 2020)</i> <i>(Al-Sayegh et al., 2020)</i> <i>(Emirates Group Announces 2020-21 Results, n.d.)</i>
Pay deduction	The percentage of pay deductions from employees' salaries per month.	50%	<i>(Fattah, 2020)</i>
Unpaid Leaves	The percentage of employees forced to take unpaid leaves.	10%	<i>("Emirates Airline Asks Some Pilots to Take 12 Months Unpaid Leave," 2020)</i>
COVID-19 Cases	The percentage of employees got COVID-19 in the company per year.	10%	<i>(Ritchie et al., 2020)</i>
Covid-19 impacts on general employees' performance	The percentage of general employees' performance dropped in the company due to the Covid-19 pandemic.	5%	<i>(Bloom et al., 2020)</i>
Productivity after layoffs	The percentage of employees' productivity dropped after layoffs decision for the employees who remained working in the company	20%	<i>(Price, 2020)</i>

Productivity after pay deduction	The percentage of employees' productivity dropped after the pay deductions decision.	20%	(Kube et al., 2013)
Productivity after unpaid leaves	The percentage of employees' productivity dropped after returning from their unpaid leaves.	40%	(Rynne, n.d.) (Zhang et al., 2017)
Productivity after unpaid leaves	The percentage of employees' productivity dropped due to unpaid leaves decision for the employees who remained working in the company	14%	(Ashfaq et al., 2013)
Go out of business	The percentage of companies expected to go out of business within six months after the lockdown during the COVID-19 pandemic.	70%	(Turak, 2020)
Financial Loss	The percentage of revenue declined in some companies and set in ABM.	52%	(<i>Emirates NBD Announces Full Year 2020 Results</i> , 2021) (Cornwell et al., 2021)

Model Space and Parameters

The agent-based model that I used in this study was built using NetLogo (Wilensky, 1999). The model space consisted of 10,000 employees, which represents the minimum number of employees in a big company in the private sector in the UAE. The study covers companies from different industries, including airlines, banking, and real estate. According to Turak (2020), 70% of companies are expected to go out of business within six months due to the COVID-19 pandemic based on the Dubai Chamber of Commerce's survey that was conducted from the 16th of April to the 22nd of April, 2020, with 1,228 CEOs from

different sectors. The survey revealed that 27% of CEOs expected to lose their businesses within the next months, while 43% of them expected to go out of business within six months. One of the UAE's largest banks, has laid off many employees due to the impact of the COVID-19 crisis, and the estimated number of employees that lost their jobs is 10% of its staff, which represents around 800 employees (Al-Sayegh et al., 2020).

This study only covered three industries based on the secondary data allocated to companies under these sectors. The total number of employees working for these companies is around 165,000, representing 3.36% of the employees working in the private sector in the UAE. As the total number of employees working in the private sector in the UAE is 4.9 million, based on data revealed by the Ministry of Human Resources and Emiratization (Puri-Mirza, 2021a). Moreover, the total companies that are covered in this study are five big companies from the total number of companies in the UAE, which are around 343 thousand companies (Puri-Mirza, 2021b).

Agent Characteristics

The agents in my model, which are the employees, had the following characteristics: baseline performance, workload expectations, productivity expectations, vulnerability to COVID-19, and being impacted by myopic decisions. The productivity of employees in the model has been simulated to be impacted by different factors, such as the COVID-19 cases in the company, in addition to myopic decisions such as pay deductions, unpaid leaves, and layoffs. The employee who is exposed to infection with COVID-19 may be subject to being affected by other decisions taken by the company. This means that if an employee has been infected with the COVID-19 virus, he/she might be subjected to pay

deduction,/and unpaid leaves, or/and layoffs. The employees were randomly selected from the agents' world. The productivity drops in employees' performance were set depending on the secondary data found through articles and studies that discussed the impact of such decisions on employees' performance and the factors that affect their performance, including work overload and stress, and other factors.

Employees in the model were expected to perform 100% of their performance, which indicates that their productivity was at its maximum at the beginning of the COVID-19 pandemic.

First, I assumed that 10% of employees would get covid-19 and go to quarantine for 14 days as sick leaves, and this will be applied for the whole study period, which is three years. The employees are randomly selected from the model, and their performance will be 0 during the quarantine period. However, the productivity of the rest of the employees will be dropped by 5% during that period.

Second, all the employees are assumed to have a 50% pay deduction from their monthly salaries, and the deduction will be affected for two years. These employees' productivity will decrease by 20% during the deduction period (Kube et al., 2013). Then, starting from the third year, the employees will get their salary paid fully, and their performance will be recovered as well.

Third, 10% of employees are assumed to be forced to get unpaid leaves for one year. Therefore, the productivity of these employees will be 0 during the leave period, and the productivity of the rest of the employees will be dropped by 14% during that period. Then, starting from the second year, the employees will rejoin the companies, and

I assumed that their productivity would be 60% while the rest of the employees would recover their productivity again.

Finally, 30% of employees are assumed to be laid off from their jobs in the first year, according to Debusmann (2020), and this will lead to a drop in the productivity of the rest of the employees in the companies by 20% (Price, 2020). I assumed that this drop in performance would stay active for the rest of the study period due to the overload of work and tasks on the rest of the employees.

Initialization and Model Procedures

In this study, I assumed that each round in the model represents two weeks of the year. At the initial stage, 10,000 employees are created with agent characteristics. The model will randomly select employees to be infected with COVID-19 and affected by one or all the myopic decisions included in the model. Their productivity will be affected based on whether the model selects them or not. The performance of employees, as well as the companies, will be changed as the simulation proceeds.

Figure 1. Model Procedures

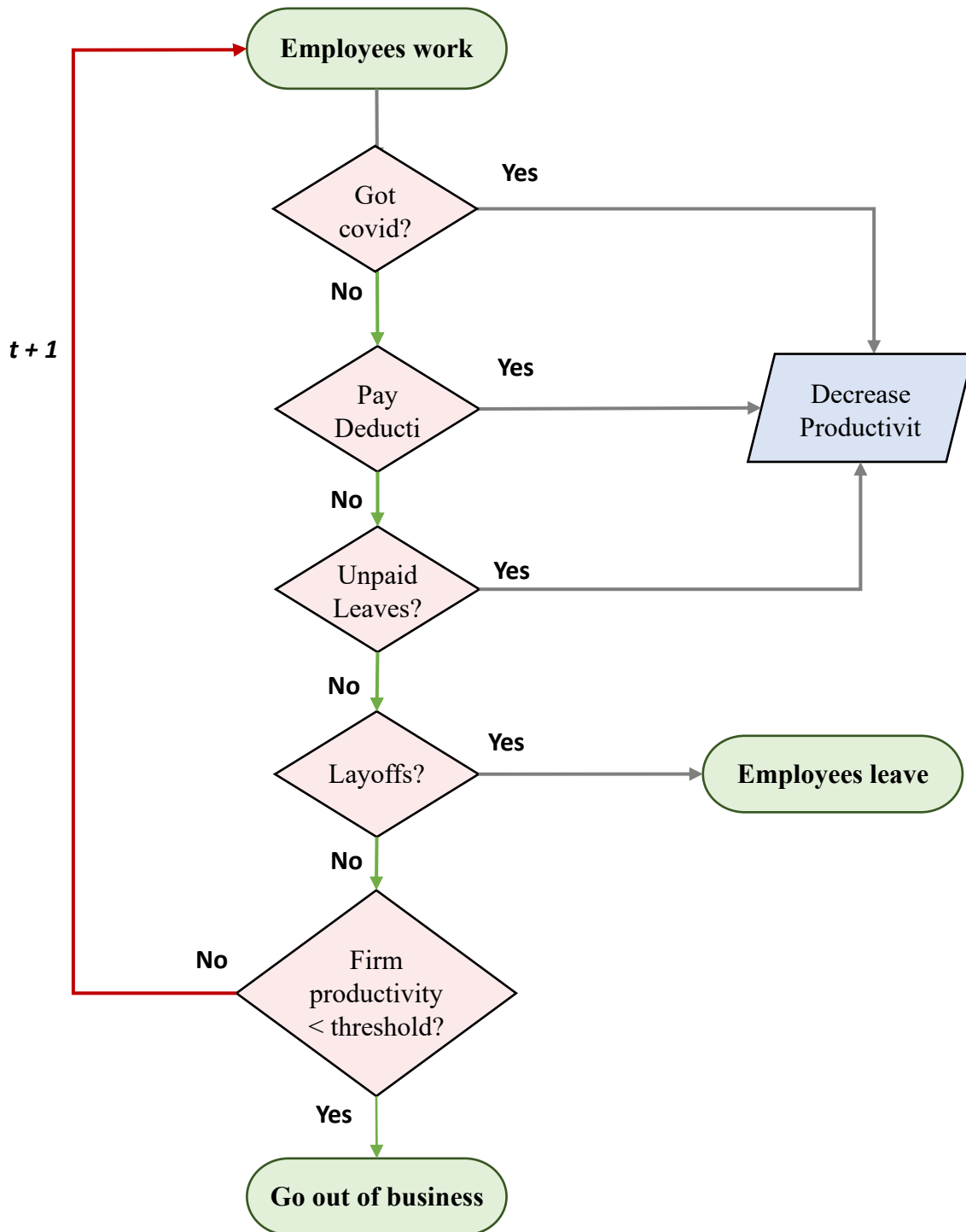


Table 2. *Baseline, and Experimental Scenarios*

Model	Scenario	Change in Parameters
Baseline/ default	Simulate the consequences of Covid-19 impacts, pay deductions, unpaid leaves, layoffs in productivity.	<ol style="list-style-type: none"> 1. Covid-19 = 10% of employees per year (All the time) Productivity drops (5%) 2. Pay deductions= 50% (year 1 & 2), (year3) returns to normal. Productivity drops (20%) 3. Unpaid leaves= 10% of employees (year 1), then (year 2 & 3) returns to work Productivity drops (100%) Year 1 Selected Productivity drops (40%) Year 2 & 3 Selected Productivity drops (14%) All 4. Layoffs= 31% of employees (year 1), (year 2 & 3) no layoffs. Productivity drops (20%)
Experiment 1	Simulate the consequences if organizations made temporary deductions for one year only by offering them to work remotely and deduct 50% from their salaries, then return to normal.	<ol style="list-style-type: none"> 1. Covid-19 = 10% of employees per year (All the time) Productivity drops (5%) 2. Pay deductions= 50% (2 years), then returns to normal. Productivity drops (20%), during the deduction period only 3. Unpaid leaves= 0 4. Layoffs= 0
Experiment 2	Simulate the consequences of Covid-19 impacts, pay deductions, and unpaid leaves in productivity without laying off employees.	<ol style="list-style-type: none"> 1. Covid-19 = 10% of employees per year (All the time) Productivity drops (5%) 2. Pay deductions= 50% (year 1 & 2), (year3) returns to normal. Productivity drops (20%) 3. Unpaid leaves= 10% of employees (year 1), then (year 2 & 3) returns to work Productivity drops (100%) Year 1 Selected Productivity drops (40%) Year 2 & 3 Selected Productivity drops (14%) All

		4. Layoffs= 0
Experiment 3	Simulate the consequences of the Covid-19 pandemic without making any myopic decisions.	<ol style="list-style-type: none"> 1. Covid-19 = 10% of employees per year (All the time) Productivity drops (5%) 2. Pay deductions= 0 3. Unpaid leaves= 0 4. Layoffs= 0

Model Outcomes

The main outcome of this model measures the company's performance per year for the whole study period, which is three years. The model will measure the differences between the base performance and the company performance throughout the mentioned period. The results will be reported yearly, which will be affected by the consequences of each myopic decision on the productivity of employees. The main focus will be on the degree to which each decision affects performance, in addition to the overall company performance at the end of each year, which will determine the company's survival or getting out of business. The baseline model starts with the year 2020, when the COVID-19 pandemic spread in the UAE, and simulates the employees' and company's performance over the next three years. I ran three experimental scenarios to simulate the impact of the COVID-19 pandemic and the myopic decisions on employees' productivity and the company's overall performance. Table 2 indicates the different experimental scenarios that I ran, along with the changes in the parameters of each experiment. In order to clarify the experimental scenarios in more detail, I mentioned a full description of the experiment under each one of them. Furthermore, I repeated each scenario 1,000 times, whereas the data presented in the figures were the averages of the 1,000 repetitions.

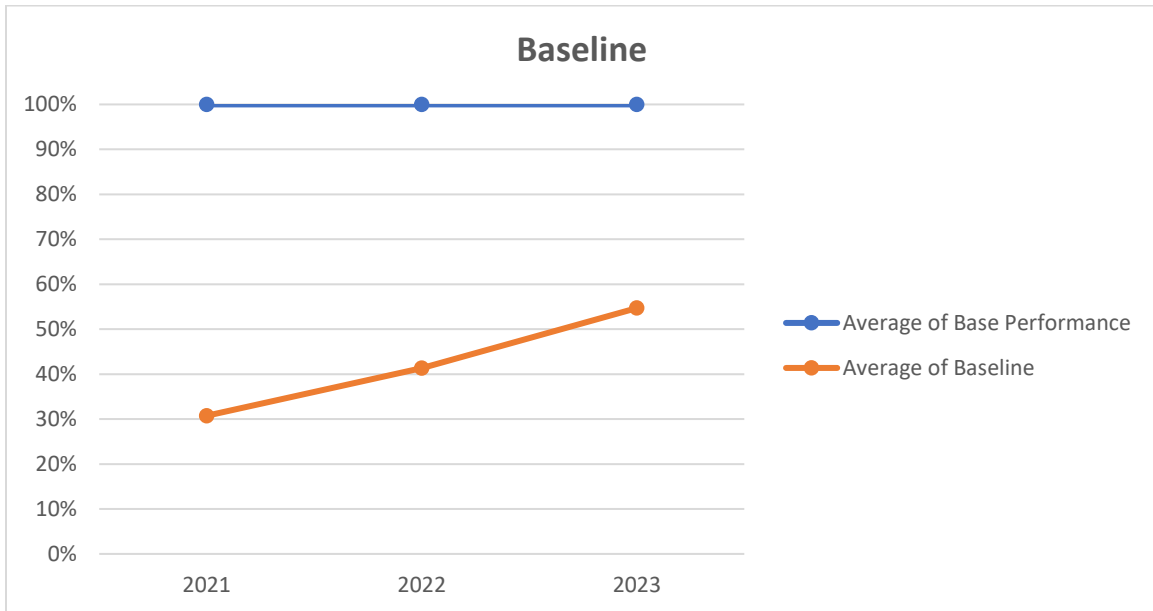
CHAPTER 4

EXPERIMENTATION AND RESULTS

Baseline Model

First, the baseline model simulated companies in the UAE during the year 2020 after the lockdown period due to the Covid-19 pandemic. The baseline model focused on the consequences of the Covid-19 pandemic on businesses in the UAE, in addition to the myopic decisions made during the period 2020 – 2022, including pay deductions, unpaid leaves, and layoffs. Figure 2 shows the percentage of companies' performance over the three years. As shown in the figure, the percentage of companies' performance dropped due to the myopic decisions taken during the 2020 year, which directly impacted the employees' productivity and performance. The gap between the companies' performance and the base performance was enormous in the first year of 2020. Then it's starting to dwindle in the second and third years, 2021-2022, as part of the recovery phase.

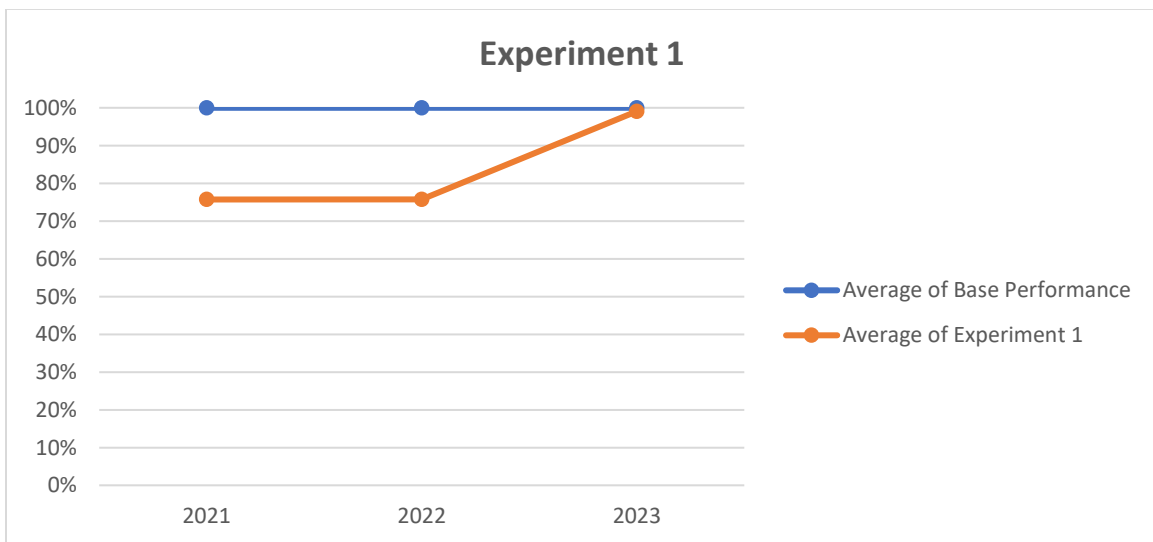
Figure 2. *Average of Companies' Performance at the End of 2020, 2021, 2022 Years, Including the Consequences of COVID-19, Pay Deduction, Unpaid Leaves, and Layoffs.*



Experiment 1.

The first experiment simulated companies from 2020, when the Covid-19 pandemic happened to the end of 2022. In experiment 1, I focused on the consequences of the Covid-19 pandemic on businesses in the UAE, in addition to the myopic decisions taken during the period 2020 – 2022, including pay deductions, unpaid leaves, and layoffs. Figure 3 shows that the companies' performance decreased to 76% at the end of 2020 year, and there were no changes in the companies' performance between the first and second years because the pay deduction decision was applied. However, the performance started to increase during the third year when the companies stopped the pay deduction and the employees received their full salaries. By comparing experiment 1 with the baseline model, we can notice the consequences of both the pay deductions and the Covid-19 pandemic only on employees' productivity and the companies' performance. Figure 3 shows that the performance of companies was higher than the baseline model, which indicates the level of impact of Covid-19 and pays deductions decisions on productivity and performance.

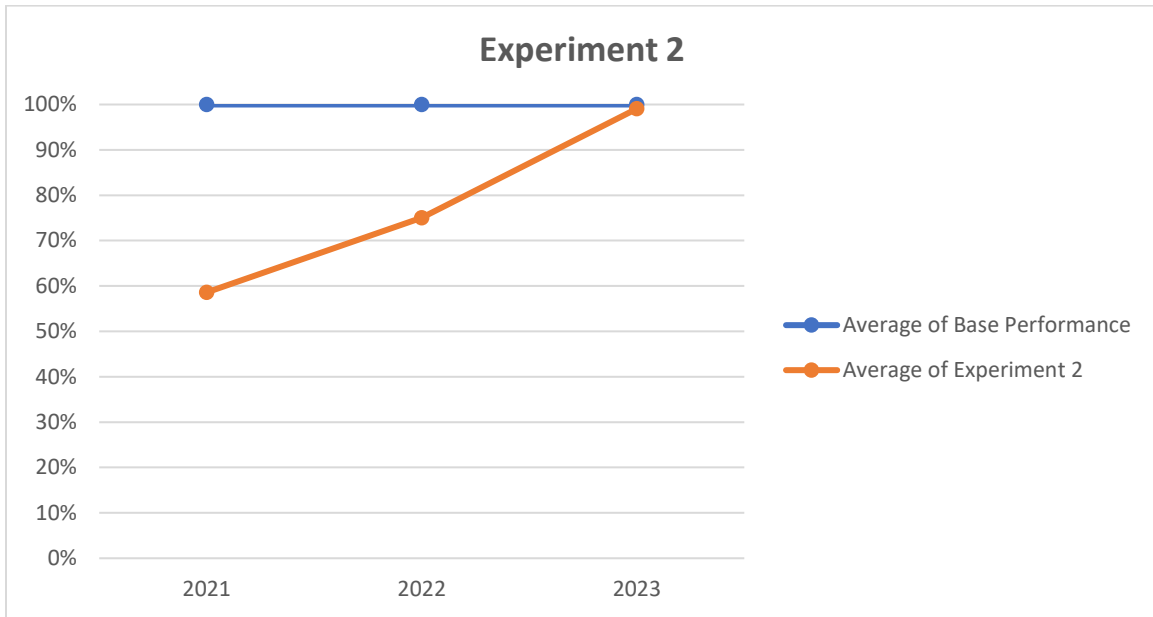
Figure 3. *Average of Companies' Performance at the End of 2020, 2021, 2022 Years, Including the Consequences of COVID-19, and Pay Deduction,*



Experiment 2.

The second experiment simulated companies for the same period 2020 - 2022. In this experiment, I focused on the consequences of the Covid-19 pandemic on businesses in the UAE, in addition to the myopic decisions, including the pay deductions and unpaid leaves. This experiment is a bit similar to the baseline model, but I wanted to compare the result between the baseline and this experiment if I excluded the layoffs decision. This will help me identify the level of impact of layoffs on the productivity of employees and the performance of companies. In addition to that, I wanted to discover how the performance would be affected if leaders avoided layoffs decision. Figure 4 shows that the companies' performance decreased to 59% at the end of 2020 year after implementing the pay deductions, and unpaid decisions, in addition to the impact of covid-19. In this experiment we excluded the layoff decision, and the performance started to increase over time until it reached a close performance to the base performance at the end of the third year. Furthermore, this experiment shows that whatever the negative consequences of other myopic decisions on the company's performance, avoiding the layoffs decision will lead to the company's performance recovery during this period. By comparing this experiment with the baseline model, we can notice the performance gap of the companies in the baseline was much bigger than the performance gap in this experiment. Moreover, the companies were able to recover their performance and get back on the right track by the third year, while there was still a great gap between the performance of the companies in the third year and the base performance in the baseline model.

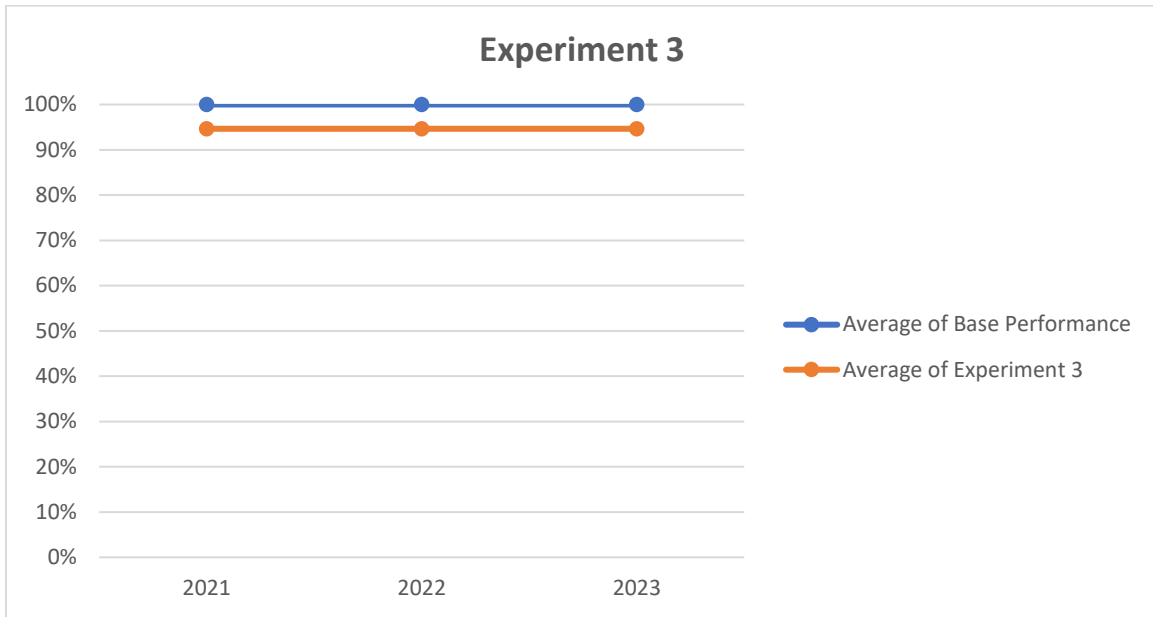
Figure 4. *Average of Companies' Performance at the End of 2020, 2021, 2022 Years, Including the Consequences of COVID-19, Pay Deduction, and Unpaid Leaves,*



Experiment 3.

The third experiment simulated companies from 2020 to 2022 as same as the period mentioned in the previous experiment. However, this experiment focused on the consequences of the Covid-19 pandemic only on businesses in the UAE if there were no myopic decisions made by leaders during this period of time. Figure 5 shows that there are no changes in performance over the years, as we excluded all the myopic decisions from this experiment, and we only kept the impact of the covid-19 pandemic on the general performance. However, there was a slight decrease in the companies' performance over the years. This experiment indicates that without myopic decision-making, the COVID-19 pandemic would not significantly affect the performance of the companies and would not have long-term consequences that may lead companies to go out of business.

Figure 5. Average of Companies' Performance at the End of 2020, 2021, 2022 Years, Including the Consequences of COVID-19.



CHAPTER 5

DISCUSSION

My study about the consequences of bad leadership during the COVID-19 pandemic through ABM methodology shows that under the assumptions that pay deductions, layoffs, and unpaid leaves, are myopic decisions and in the context of the COVID-19 pandemic and its impact on the companies' performance, the myopic decisions made by leaders during the Covid-19 pandemic greatly impacted employees' productivity and the companies' performance during the study period.

Furthermore, the myopic decisions impacted the employees' productivity and companies' performance more negatively than the COVID-19 pandemic. The impact of the COVID-19 pandemic will lead to a slight drop in the performance of the company, while myopic decisions will hugely affect the company's performance and the productivity of the

employees. However, the myopic decisions made by leaders during the COVID-19 crisis in trying to react to the challenges faced had a greater impact on not achieving the organizational goals by companies due to the drop in productivity and performance, which in turn led to huge losses caused many companies to go out of business. I used the ABM to test the impact of each COVID-19 pandemic, pay deductions, unpaid leaves, and layoffs on performance through the what-if scenarios.

I found that the layoff decision has a greater impact on the companies' performance due to the overload of tasks after the management decided to cut the cost and reduce the losses. The unpaid leave decision will similarly impact the companies' performance but for the short term, while the layoff decision will continue to affect the companies' performance for the long term. The pay deduction decision also affects the productivity of employees during the deduction period, but after that, their performance will return to normal, and this will lead to an incremental improvement in the companies' performance. As for the COVID-19 impacts, I tested the scenario of what if the COVID-19 pandemic happened and no myopic decisions have been taken by leaders regardless of the lockdown decision made by the government.

A future study is needed to identify the impact of the lockdown decision on the businesses in the UAE. The overall aim of the study was to quantify the effect of myopic decisions and the COVID-19 pandemic on the companies' performance, which I did by building an agent-based model to measure these impacts under different experimental scenarios.

To reiterate, the result shows a slight drop in the companies' performance during the COVID-19 period during the third experiment. However, the baseline experiment made

us understand that myopic decisions have a significant effect on performance when they are applied together in the company. The pay deductions decision has the same effect on the employees' productivity over the years, and the companies' performance started to increase when the pay deductions decision was stopped in the first experiment. The performance of companies started to increase over the study period until it reached a close performance of the base performance at the end of the third year because of excluding the layoffs decision from the second experiment.

While most executives and managers are aware of the consequences of such decisions on the companies, the decisions are usually made based on personal opinions and perceptions (Wilkinson, 2017). They usually justify their decisions by stating that they have a broader view of what is going on in the company. This leads to an increase the stress and the feeling of job insecurity by employees, which leads to lower productivity.

ABM allowed me to test many decisions simultaneously in simulated models to assess the impacts and consequences on performance from different interactions. The lack of similar studies prevented me from comparing the results of the other studies with the results of this study and discussing the differences in terms of findings. However, some findings can be noticed in reality, such as the number of businesses that went out of business and the number of licenses canceled during the COVID-19 pandemic. In addition to the increment of the unemployment rate and the turnover rate, which are all results of myopic decisions.

I encourage further research on the impact of myopic decisions on the employees' productivity and the companies' performance during the COVID-19 pandemic and beyond to increase the awareness of leaders about the consequences of such decisions on

companies. Additionally, I encourage further research on the lessons learned by leaders through the COVID-19 pandemic and how they evaluate their decisions during the pandemic, as those lessons will help leaders to deal with future crises more effectively. Moreover, a study about the current status should be done to compare the real-life results with the results of this study.

To sum up, the results of the ABM show that identifying the consequences of myopic decisions is a complicated process because the impact could vary from one company to another based on several factors that could be taken into consideration when identifying the impact of each decision on the performance. In addition to that, there is a lack of studies on this subject, and the data related to myopic decisions are not readily available. Moreover, companies did not reveal their detailed data to the public during COVID-19 to avoid questions related to decisions taken during this period and maintain their positive images.

CHAPTER 6

LIMITATION OF CURRENT RESEARCH

I faced many challenges while doing this study, and there were a lot of limitations as well. Future research should address the scarcity of data related to bad leadership and general and myopic decisions in particular, in addition to the lack of studies about the impact of the COVID-19 pandemic on the employees' productivity and the companies' performance.

The study covers the companies in the private sector in the UAE by studying a sample of five different companies from three different industries. This is due to the

inability to obtain additional data related to companies from other sectors or industries, as well as ambiguity about decisions and financial statements during the COVID-19 period. The reason that I covered some myopic decisions only in my ABM is because of the availability of data related to those decisions. However, I excluded some factors from the ABM that I did not find any data or previous studies related to them due to the huge gap in terms of the data available.

Even though I found some data related to the mentioned companies, obtaining this data was difficult. It was not taken from previous studies but rather from annual reports and news from reliable sources. Moreover, there was a survey conducted by the Dubai Chamber of Commerce with CEOs across a range of sectors stated that 70% of Dubai companies expect to go out of business, but they did not publish or share any details or results about this survey. Therefore, there was a huge gap in terms. Furthermore, I did not find relevant studies not only locally within the study scope in the UAE but also globally, making me more insistent on doing this study.

Nevertheless, while I found data related to the consequences of myopic decisions and COVID-19 on performance, some of the data were not related to companies in the UAE or studies conducted in the UAE, which forced me to feed the ABM with those data to be consistent with myopic decisions chosen to be studied. For future research, getting additional data can improve future models by including more parameters in the study, and the comprehensive data will be able to answer the research question in a broader sense. I have learned a lot of lessons while working on this study about the decisions that really need to be studied due to their impact on the performance and decisions to be considered while making them simultaneously with other decisions.

CHAPTER 7

IMPLICATIONS

In this study, I focused on the practical implications for companies in the private sector as well as theoretical implications for businesses in general in the UAE. This study might be the first of its kind to discuss the affect of myopic decisions on companies' performance during the COVID-19 pandemic, especially in the UAE. The goal of the ABM is to increase the awareness of leaders and decision-makers about the negative impact of myopic decisions that may not be considered while they are in a crisis, such as COVID-19, and the consequences of leadership in general. That is why my ABM was not a realistic prediction of what was happening in the companies or what would happen if these decisions were made. However, the ABM helped me to develop an effective decision-making tool for leaders to predict the consequences of each decision on performance through the simulation process of multiple scenarios. Likewise, the goal of the ABM is not to provide accurate results because of the simplicity of the model, but the results of the experiments can be used as key indicators while leaders make their decisions.

This study discusses important information related to the impact of myopic decisions on the sustainability of businesses during the COVID-19 pandemic. It will let the leaders recognize the consequences of different scenarios of myopic decisions on the overall performance of the companies. Specifically, the scenarios and decisions that were tested in this study which is widely taken by leaders in the companies and not lead to the sustainability of the businesses. The ABM indicates that the consequences are predicted for the period from 2020 to 2022, as I do not know when the COVID-19 pandemic will end.

The COVID-19 pandemic forced companies to change their policies related to wages, leaves, layoffs, and job descriptions, which had been previously considered as essential policies in any company to maintain employee rights. Hence, the scenarios tested in my ABM prove that the changes made to these policies based on decisions made will not help companies sustain their businesses when considering the broad-based productivity losses inflicted by the COVID-19 pandemic. Furthermore, the results show that each myopic decision has a different impact on the employees' productivity, but this did not link to achieving the organizational goals, which is the key indicator of the companies' performance.

There is a lack of studies related to the consequences of the COVID-19 pandemic on employees' or companies' performance. Specifically, the myopic decisions and their impact on productivity and sustainability. That is why more similar studies must be done to better understand the consequences of myopic decisions during COVID-19 and beyond. However, additional data need to be available in order to conduct further studies related to this topic, and the companies must be transparent while sharing their data during COVID-19 to get accurate results in future studies.

While the results represent the companies located in the UAE, future research should study international companies, or you can go further by studying different industries and sectors, taking into account the contextual differences in different countries. However, the results may extrapolate to other countries because the COVID-19 pandemic affected the whole world (Anayi et al., 2021). Moreover, future research should study the impact of the different policies implemented in other countries and their impact on the consequences of myopic decisions during COVID-19. I encourage future research to study all the factors

that affect the productivity of the employees and how this will reflect on the performance of the companies.

Not all leaders or companies will agree with the results of the ABM because there are a lot of factors that they should look into before predicting the potential consequences. However, I think that this study is worth to be taken seriously by leaders, as it shows some important points in the effect of myopic staffing and compensation decisions during the COVID-19 pandemic such as, myopic decisions have a significant effect on performance when they are applied together in the company. When leaders do not make layoff decisions, the companies' can back to track by the end of the third year or when the impact of the other decisions ends. The pay deductions decision had the same effect on the employees' productivity over the years, and the companies' performance started to increase when the pay deductions decision was stopped. Leaders who did not make any myopic decisions during the pandemic, their companies' will have little effect on their performance.

The ABM will help the leaders to better understand the consequences of myopic decisions on the employees' productivity and companies' performance. Many factors must be added to get more accurate results through the simulation, such as stress, job insecurity, turnover rate, satisfaction results, loyalty level, flexibility, and work environment (Xuecheng & Iqbal, 2022). I encourage future research to study all the factors that affect the productivity of the employees and how this will reflect on the performance of the companies.

CHAPTER 8

CONCLUSION

This study used ABM to identify the consequences of bad leadership during the COVID-19 pandemic by using the “what-if” scenarios to run multiple tests and identify the consequences of each one of them. The study focused on myopic decisions as one type of bad leadership, defined as short-sighted decisions made by leaders during COVID-19.

The COVID-19 pandemic increased the challenges for companies to reach sustainability, and the myopic decisions in my experiments that were made during the pandemic did not help the companies to overcome these challenges. Recognizing the consequences of myopic decisions is a complicated process because I did not cover all the aspects that affect the performance, and we cannot reach this goal without conducting further studies and collecting more data related to the study. In addition to that, the transparency of companies in sharing real and accurate data to identify the consequences that impact the sustainability of companies.

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APPENDIX A
MODEL DATA

breed [employees employee]

employees-own [

covid; 0 = no, 1 = yes

deduction; 0 = no, 1 = yes

leave; 0 = no, 1 = yes

productivity

]

globals [

base-performance

firm-performance

out-of-business

]

to setup

clear-all

reset-ticks

create-employees number-of-employees [

setxy random-xcor random-ycor

set size 0.5

set shape "person"

```

set color green

set productivity random-normal 100 10 ;;default productivity will be drawn from a
normal distribution with the mean of 100 and the SD of 10

]

set base-performance (sum [productivity] of employees * 26)

end

to go

if ticks = 78 [stop] ;;each tick = 2 weeks; model stops after 3 years

recover

check-covid ;;red

deduct-pay ;;violet

check-unpaid-leaves ;;gray

layoff ;;dead

calculate-firm-performance

tick

end

to check-covid

ask n-of (round (number-of-employees * covid-rate / 100)) employees [

set color red

```

```

set covid 1

set productivity 0 ;;got covid = no productivity
]

ask employees with [covid = 0] [
  set productivity (productivity * .95)
]

end

to deduct-pay
  if ticks <= 52 [
    ask employees [
      set color violet
      set deduction 1
      set productivity (productivity * .8)
    ]
  ]

  if ticks > 52 [
    ask employees [
      set color green
      set deduction 0
      set productivity random-normal 100 10
    ]
  ]

```



```

]
end

to check-unpaid-leaves
  if ticks <= 26 [
    ask n-of (round (number-of-employees * leave-rate / 100)) employees [
      set color gray
      set leave 1
      set productivity 0 ;; leave = no productivity
    ]
    ask employees with [leave = 0] [
      set productivity productivity * .86
    ]
  ]

  if ticks > 26 [
    ask employees with [leave = 1] [
      set productivity random-normal 100 10
      set productivity productivity * .6
      set leave 0
    ]
  ]
end

```

to layoff

if ticks = 0 [

ask n-of (round (number-of-employees * layoff-rate / 100)) employees [

die

]]

ask employees [

set productivity productivity * .8

]

end

;;Conditions can accumulate: an employee could get Covid, and be deducted pay, and get unpaid leave, and get laid off in the same 2-week period.

;;Conditions reset after 2 weeks.

to calculate-firm-performance

if (ticks = 0) or (ticks = 26) or (ticks = 52) [set firm-performance 0]

set firm-performance (firm-performance + sum [productivity] of employees)

if (ticks = 25) or (ticks = 51) or (ticks = 77) [;;at the end of each year

```
    if firm-performance < (base-performance * (100 - econ-threshold) / 100) [ ;; if firm
performance is less than 38% of original performance (i.e., > 62% loss), go out of
business
    set out-of-business 1
    stop
]
]
end
```

to recover

```
ask employees [
    set color green
    set covid 0
    set deduction 0
    set leave 0
    set productivity random-normal 100 10
]
end
```

APPENDIX B
ANALYSIS RESULTS

Table 3. *Baseline PivotTable Results*

Row Labels	Average of Base Performance	Average of Baseline
26	100%	31%
52	100%	41%
78	100%	55%
Grand Total	100%	42%

Figure 6. *Baseline Power BI Analysis Results*

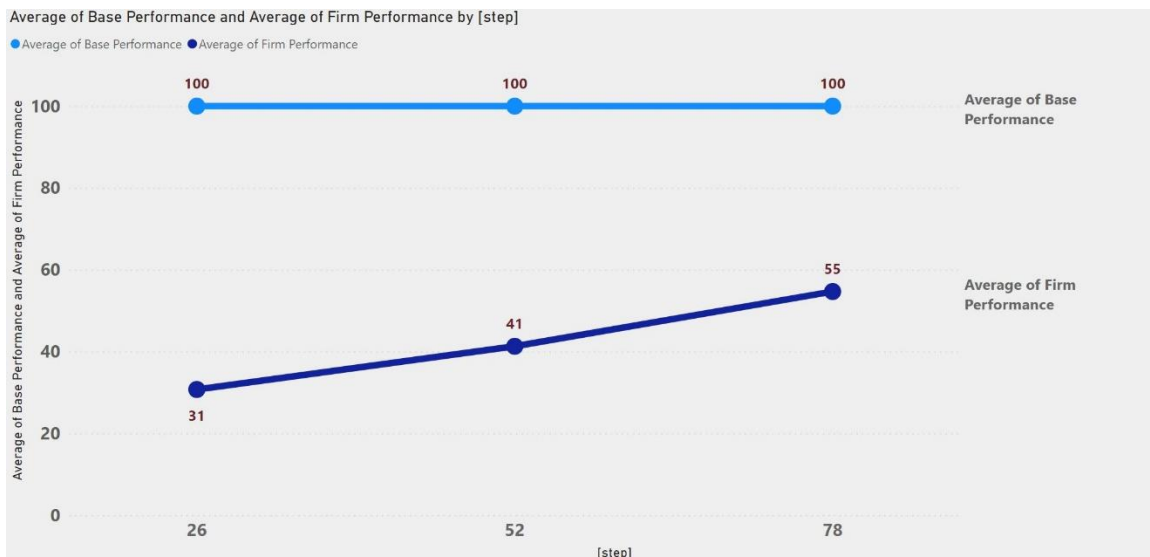


Table 4. *Experiment 1 PivotTable Results*

Row Labels	Average of Base Performance	Average of Experiment 1
26	100%	76%
52	100%	76%
78	100%	99%
Grand Total	100%	83%

Figure 7. Experiment 1 Power BI Analysis Results

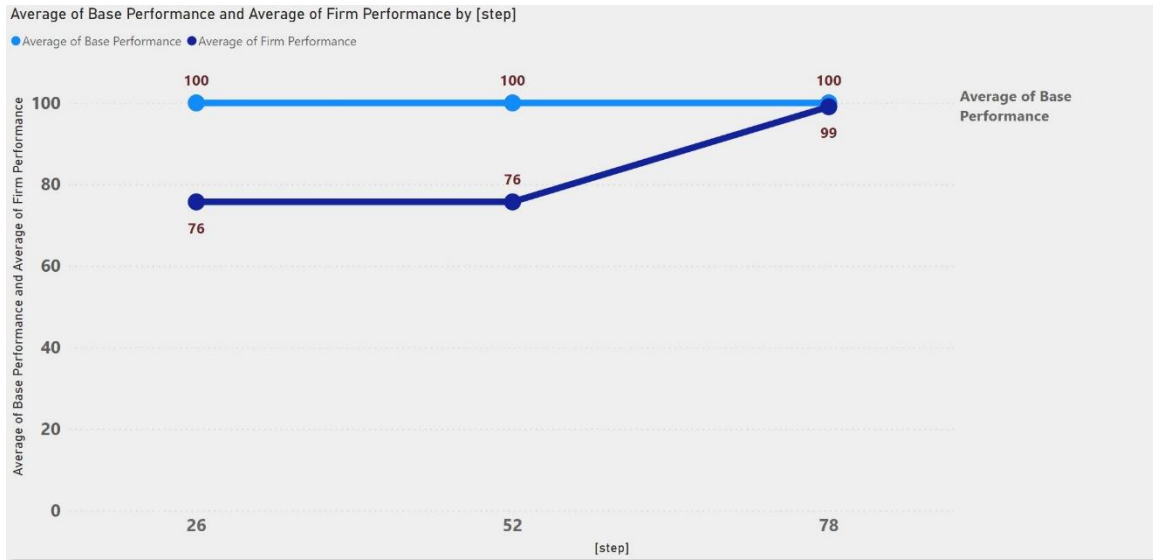


Table 5. Experiment 2 PivotTable Results

Row Labels	Average of Base Performance	Average of Experiment 2
26	100%	59%
52	100%	75%
78	100%	99%
Grand Total	100%	78%

Figure 8. Experiment 2 Power BI Analysis Results

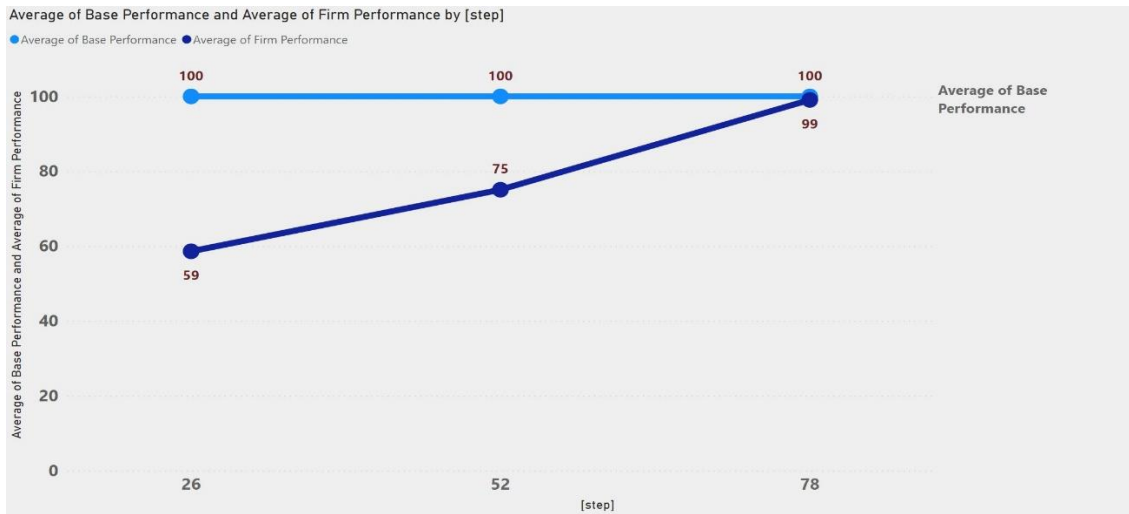


Table 6. *Experiment 3 PivotTable Results*

Row Labels	Average of Base Performance	Average of Experiment 3
26	100%	95%
52	100%	95%
78	100%	95%
Grand Total	100%	95%

Figure 8. *Experiment 3 Power BI Analysis Results*

