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Turbulent Times: Purpose, Certainty and Sustainability During COVID-19

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“Purpose-driven companies that offer employees a sense of certainty have an edge over those that don’t.”

That was true when we wrote it in June 2018, and it becomes more real in turbulent times — such as during global market fluctuations and broadscale public-health issues.

Today, we find ourselves in one of the most disruptive periods in modern history, with companies (and their leaders) being tested to make decisions and act in ways that remain aligned with their purpose, while also creating greater certainty for employees, despite the external challenges.

In countries where COVID-19 (coronavirus) cases are increasing, business leaders seek to learn practices from locations that have experience with the operational, human and financial implications of the crisis (e.g., Wuhan/Hubei Province, Italy). Anecdotally and through surveys, we are observing a wide range of reactions from leadership teams to the situation.

Many companies are making decisions that remain highly aligned with their purpose and values and are increasing (or at least stabilizing) certainty for employees, as well as other key stakeholders such as consumers and investors. This differs from the companies that are making decisions with less attention to purpose and values and/or are potentially increasing levels of uncertainty for these groups.

Workforce-related actions that companies have taken in previous periods of uncertainty (e.g., Y2K; after the Sept. 11 terrorist attacks; earthquakes/tsunamis/hurricanes/fires; epidemics/pandemics) have spoken volumes to the various stakeholders — not only during the respective crisis, but also long afterward. Decisions made in turbulent times send enduring signals to employees (through the Employee Value Proposition), consumers (through brand integrity) and investors (through leadership credibility and financial alignment). Through their actions and words, companies also send signals about their long-term commitments to their broader communities and to corporate social responsibility, all of which are being absorbed by the stakeholders, as well.

These signals are being conveyed against a backdrop of the basic economic reality that companies face stemming from a period of intense market volatility, uncertainty and social disruption. Companies often are



forced into contingency arrangements, such as reducing staff, furloughing employees, decreasing merit budgets, cutting bonuses, lowering defined-contribution plan matches and discontinuing other benefits. Such decisions generally are believed to lessen risks and protect the short-term financial interests of their owners/shareholders, while creating greater long-term stability for both the organization and its employees.

Differentiated Practices

In this context, companies that make and communicate decisions in ways that align with their purposes and values — and in ways that increase employees' certainty and sense of performance sustainability — often weather storms more successfully than those that do not. Following are several practices we are observing among employers that understand this.

Lead with Action and an Employee-Centered Approach to Health and Well-Being

HR policies can help companies mitigate the effects of infectious disease and prevent unnecessary concern and harm to employees, while at the same time conveying a sense of dignity and a message that “employees matter.” Data analysis suggests that dignity and engagement are highly linked in the U.S., for example, with 87% of employees who report high levels of workplace dignity in Willis Towers Watson's recent 2019/2020 Global Benefits Attitude Survey (GBAS) saying they are highly engaged, versus 5% of employees who report low levels of dignity.

Whether it's giving permission and/or encouraging workers or visitors who are sick to stay home or clarifying/temporarily bolstering paid time off and sick-leave policies, companies can help reduce the spread of the illness to others. Among 158 employers representing 1.5 million employees that responded to Willis Towers Watson's COVID-19 Survey (fielded Feb. 19-Feb. 26, 2020):

- 89% have increased access to hand sanitizers for employees in China.
- 83% have communicated directly about virus prevention.
- Many respondents have provided advice on everything from seeking medical care to reducing transmission by shielding sneezes and coughs, from washing hands often to considering elbow-bumps instead of handshakes.
- 70% have disinfected worksites.
- 61% have established travel restriction and/or quarantine procedures, with many also providing additional guidance and rationale for limiting travel and in-person meetings.
- 22% have evacuated personnel or their families.

A separate Willis Towers Watson Pulse Survey of employers in China in February 2020 revealed that the top early practices of companies were highly employee-centric — to provide medical masks, disinfection products and other daily protective equipment for employees (92%) and set up an emergency team for the outbreak (73%) — actions directly related to health and well-being.

Connect Well-Being, Productivity and Security with Practical Decisions for Alternative Work Arrangements

Nearly two-thirds (59%) of employers either already have increased the flexibility for remote work or plan to do so, according to the Willis Towers Watson COVID-19 Survey (COVID-19 Survey). Where possible, leading companies are providing guidance on remote work that can be performed by knowledge workers who are either well or might be contagious but feel well enough to do their jobs.

Service and manufacturing workers typically don't have the option to work from home, but employers can issue clear guidance about work rules if they are too sick to work or if they are furloughed as a result of such an epidemic. Creating a sense of psychological safety that allows employees to make decisions that are right for them, whether they are ill and/or concerned about becoming ill, is a characteristic of purpose-

driven employers. This ensures employees not only maintain a healthy and physically safe workplace, it also minimizes presenteeism (when employees show up for work in body but not mind or spirit).

Among companies with operations in Wuhan/Hubei Province, more than half reported that 75% or more of their workforce was eligible to work remotely during the epidemic (a significant jump from pre-COVID-19 eligibility). Other regions are following suit as the virus spreads.

For employees working remotely, leading employers provide direct support through access to needed technology. They also offer immediate training for managers and guidance on best practices and rules/expectations when working remotely (including frequency of check-ins and visibility) and other aspects of communication, collaboration and the work environment.

Increase Certainty by Reinforcing Business Continuity Plans and Procedures

Most companies have business continuity plans to protect critical processes, operations and functions (the COVID-19 Survey reported 70% of employers have these plans in place). Where appropriate, leading companies communicate these plans to managers and employees — this helps align with both purpose and certainty.

Business continuity plans generally include aspects related to communication; human resources and staffing; equipment; technology; supply chain; accessibility to key business assets; redundancies; contractual obligation reviews; and potential financial losses. During critical-crisis junctures and after the recovery phase, leading companies also review and update processes with key learnings, often soliciting feedback from managers and employees at an appropriate time.

Underscore Purpose and Values by Identifying the Support Employees Need to Execute Plans During the Crisis

Other reported practices by the Pulse survey participants in China included support to employees such as:

- Providing lunch to avoid crowded places (27%)
- Free psychological counseling (22%)
- Additional insurance subsidies for impacted or at-risk employees (22%).

Additionally, the COVID-19 Survey (conducted several weeks after the Pulse survey) reported 50% of organizations increased access to counseling in China, indicating such access grew during the crisis. Many organizations also reported offering special allowances for home-office technology or connectivity during the crisis, and/or other forms of special allowance for facilities workers who must remain on-site. Other employers set up hotlines for employees or managers who have questions or concerns, or need other forms of support.

These efforts entail costs, but generally their return on investment — in the form of employee well-being, engagement and productivity, and commitment to purpose and value — is high. These actions also help create more certainty for employees during unpredictable times.

In the Context of Purpose and Certainty, Make Tough Total Rewards Decisions

It is realistic to expect some negative consequences for companies and employees during any crisis, including this one. At the same time, it is unrealistic to expect that most companies will be able to operate without changes to their cost structure. While no one can predict how long the COVID-19 crisis will last and what the financial implications may be, many companies already are pursuing short-term staffing reductions, adjusting merit budgets and bonus pools, and pulling back on certain less critical benefits.

As is the case in any crisis, the most effective companies work to make such decisions in a manner that is consistent with their purpose and values (e.g., reducing bonus funding to protect salary, delaying merit

increases to reduce the number of layoffs) and communicating them as such. Highly effective companies also are focused on the pay and benefits elements that are most important in the current environment to create needed certainty for employees (e.g., health benefits, salary continuation, other resources).

The COVID-19 Survey reports that 78% of employers operating in Wuhan/Hubei Province are paying furloughed workers in full during the crisis, and 22% are paying a portion of the usual wages. For those operating in other parts of China, 91% are paying furloughed workers in full and 9% are allowing workers to use sick days or other paid time off. In terms of benefits, 90% in Wuhan/Hubei Province and 97% in other parts of China are continuing benefits for furloughed workers.

Looking Through Investors' Eyes

Today, investors watch company decision making through multiple lenses, with impact and ESG investing estimated to be \$20 trillion to \$30 trillion of assets under management, according to various estimates (MarketWatch places the number in the U.S. alone at approximately \$12 trillion).

The Conference Board's 2018 Global Leadership Forecast showed that purpose-driven companies outperform the market by 42%. Additionally, the Edelman Earned Brand Study reported that nearly two-thirds (64%) of consumers around the world are belief-driven buyers, choosing their brands based on position on social issues.

Employees have noticed, too. Willis Towers Watson's Global Workforce Study and Talent Management Report found that companies that follow a set of practices relating to employee engagement and the employee experience are 93% more likely to report significantly outperforming their industry peers financially (those with high engagement levels achieve average one-year EBITDA growth of 16.9%, versus those with low engagement of 4.5%).

This doesn't mean companies are off the hook for delivering financial results — to the contrary, they're even more on the hook during disruptive moments. But now multiple constituencies are watching to see how and why companies are making decisions, in addition to what those decisions are. Constituents are asking questions around the extent to which the decisions:

- Are aligned with purpose and values
- Help foster a culture of dignity and engagement
- Continue to support goals around ESG, brand reputation, corporate social responsibility, and other related factors

Leaders today are evaluated based on the extent to which they demonstrate a sincere interest in employee well-being, and their ability to calm workforce concerns rather than increase them. This is true in the particular context of leaders' knowledge that engagement and productivity were already at risk due to high employee stress levels prior to the crisis.

Data from the "2019/2020 Willis Towers Watson Global Benefits Attitude Survey (GBAS)" suggest that 28% of U.S. employees already reported suffering from severe stress, anxiety or depression in the past two years. And a study by the Global Wellness Institute found that the emotional well-being of the world's workers is declining, with about 40% of workers suffering from excessive stress and 25% actively disengaged at work.

As such, leaders have an opportunity to be actively visible in their communication to employees, to ensure awareness of — and transparency in — company decisions, to strengthen trust through their commitment to employee health and well-being, and to provide a sense of comfort and stability where possible. Communication is a critical part of effective leadership during times of uncertainty.

A Defining Moment for Employers

This is not the first global crisis or moment of intense market volatility that most organizations have faced in recent years. However, the nature of the uncertainty is different. It involves health and well-being rather than climate, technology or other issues — making the challenges feel both far more personal and far less predictable, with very different types of potential outcomes.

While there are clear short-term economic implications, many experts believe the fundamentals of the global economy will restore confidence in the near- to mid-term. As such, we submit that we are experiencing a moment when companies and their leaders — through the decisions they make today and their ability to respond tomorrow — will define who they are, and what matters to their people, their consumers, and their investors.

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