

Navigating the Covid-19 Crisis: The New Normal of the Workforce

Sharing by Willis Towers Watson for the Malaysia Context

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The content herein was presented in partnership with ICDM for the Covid-19 Webinar Series - Navigating the Covid-19 Crisis: The New Normal of the Workforce (Part 1) on 27th April 2020 at <https://icdm.com.my/webinar>

Willis Towers Watson has prepared this material for general information purposes as a preliminary response to the unfolding crisis. The contents of this document is based on our point of view on the COVID-19 situation and the implication it has on the workforce. In particular, its contents are not intended by Willis Towers Watson to be construed as the provision of legal, or other professional advice or recommendations of any kind, or to form the basis of any decision to do or to refrain from doing anything. The COVID-19 situation is dynamic, with changes happening on a daily basis. This document thus represents Willis Towers Watson's view at a particular point in time and will be updated from time-to-time as the situation progress. We advise that you make your own assessment as to the appropriate course of action to take using this presentation as a guide. Please take into consideration local laws and guidance, including the most recent advice issued by health authorities before making any decisions.

Today's Agenda



Snapshot of the current environment



Guiding principles to shape ethical and responsible actions in light of Covid-19



Three distinct stages and key scenarios to inform practical actions to consider moving forward



Questions and answers

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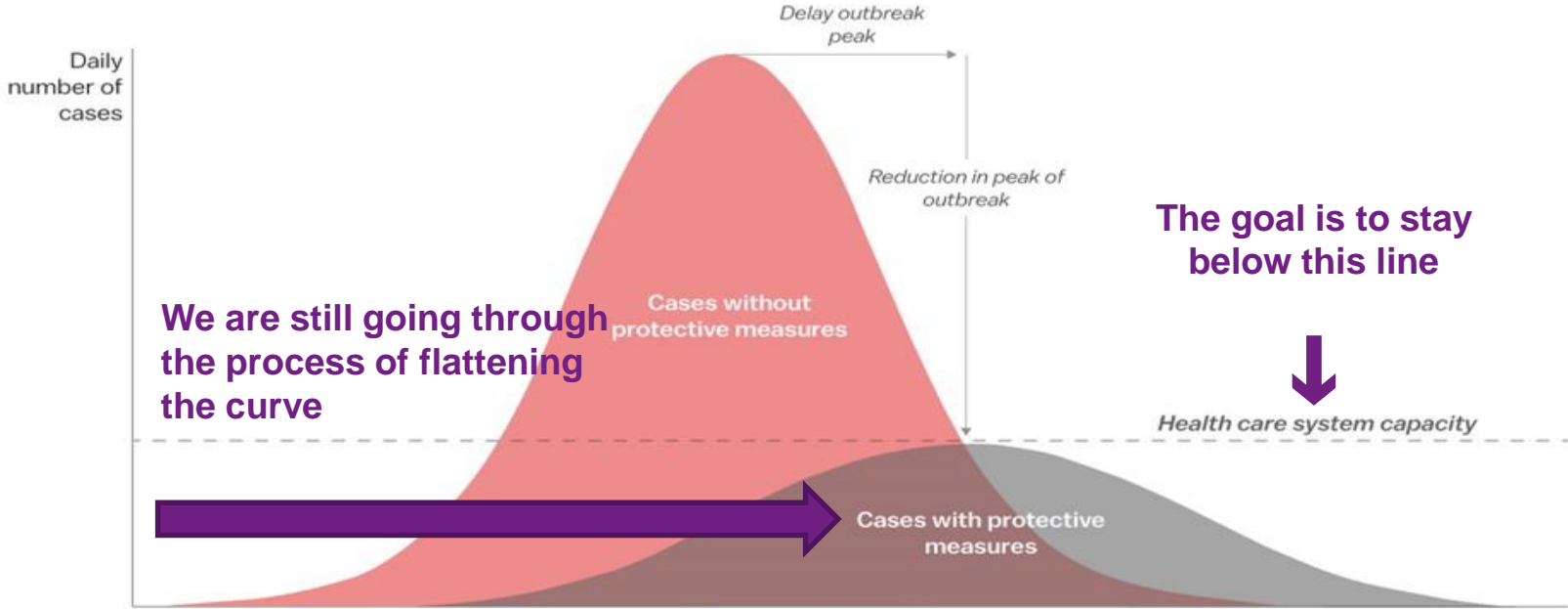
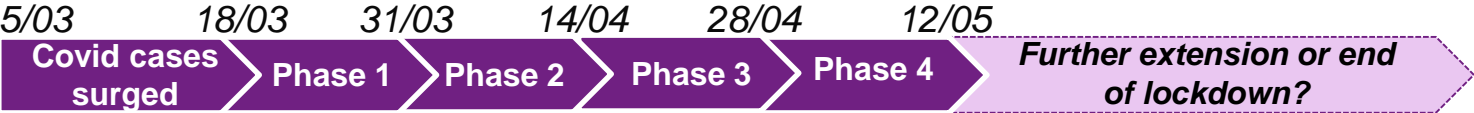


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Today is a time unlike no other in our collective experience as people, communities and organizations due to the Covid-19 pandemic and Malaysia has now gone through four rounds of Movement Control Order (MCO) extension in efforts to flatten the curve

Malaysia Covid-19 Lockdown Timeline



There needs to be a **clear exit strategy**, with business leaders navigating how to deal with the aftermath of lockdown, its immediate business implications while prioritizing wellbeing of employee post-crisis world.

Employers and policymakers are taking a variety of actions in response

Sampling of employer actions



- Delayed salary review, reduced increment funds or frozen salary increment
- Adjusted their goal or KPI to their sales incentive payouts
- Alternate work teams in office or split-teams arrangements and flexible work arrangement
- Provide compulsory paid leave while business is suspended
- Freeze / selective hiring

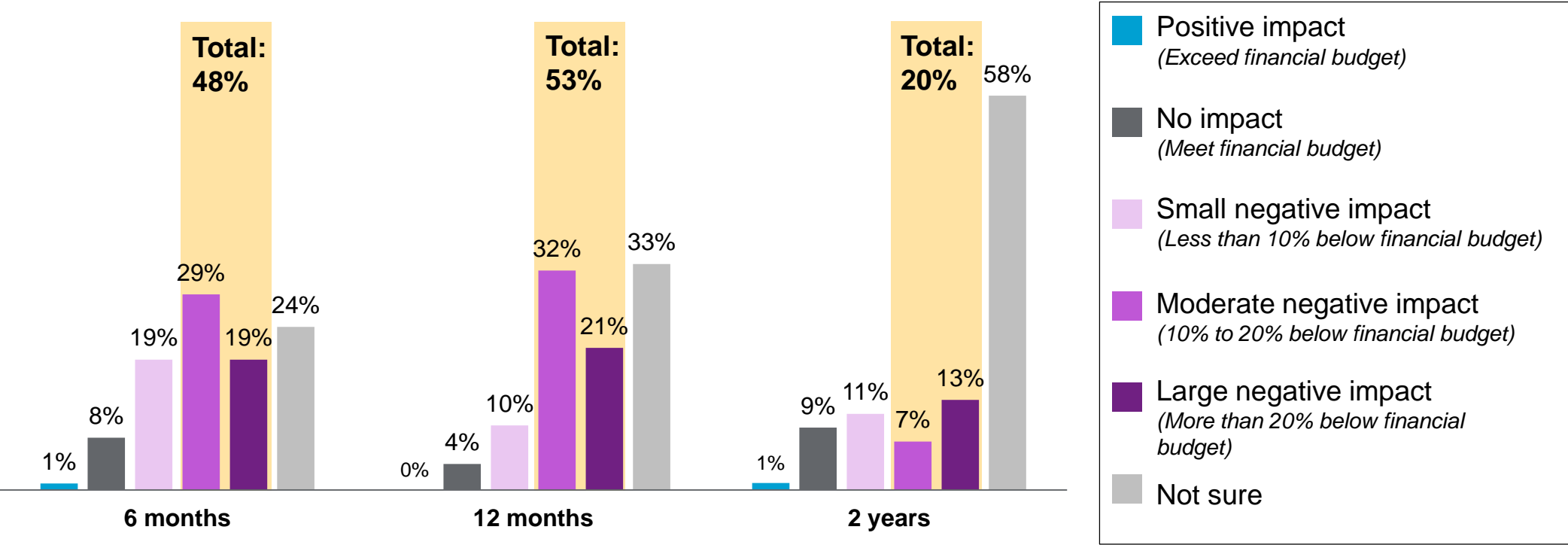
Economic effects have spurred policymakers to action



- Stimulus package to enable industries, support business owners and help families affected by outbreak
- Central banks provide monetary stimulus via interest rate cuts and quantitative easing
- Fiscal stimulus bills increase unemployment, paid sick leave, small business support, and business loans

Unsurprisingly, half of employers think Covid-19 will have a negative impact on their business in the next year and most are uncertain about the impact for the next two years

What impact will Covid-19 have on your business results over the next 6 months? 12 months? 2 years?



Employers are also in the **'wait and see' mode**, especially when looking at impact over the next 12 months and 2 years.

Note: Percentages may not add up to 100% due to rounding.
 Source: 2020 Covid-19 Survey, Malaysia

While the extent of impact remains to be seen, no two companies will be affected in the same way – some industries will be impacted positively and others negatively, hence there is no one-size fit all solution

Global health crisis

Significant number of the world's population could become infected with Covid-19

Global economic crisis

Volatile global financial markets, supply chain disruptions, increased unemployment

Humanitarian crisis

Lockdowns, self-isolation, school closures, social distancing, travel bans

Massive changes in demand across industries



- Consumer Goods (Essentials)
- Pharmaceuticals
- Telecommunications & Media
- Agriculture (Essentials)
- Education
- High Technology, IT, ITES
- Manufacturing
- Professional & Business Services — Shared Services



- Automobiles and Transportation Equipment
- Chemicals
- Construction, Property & Engineering Services
- Energy & Natural Resources
- Food and Beverage
- Highway Concessionaire
- Hospitality, Tourism and Leisure
- Financial Services — Banks & Insurance
- Transportations and Logistics

Right now is a pivotal moment to focus on the workforce impact and take action to protect, preserve and sustain that human capital value

Employers must rapidly and dramatically recalibrate their focus and response



While focus has been on the public health, economic and societal implications of the pandemic, workforce implications are no less profound

In 2019, fewer than 10% of business leaders from G20 and OECD countries considered the spread of infectious diseases as a looming global risk*



Most companies in these countries, across sectors, had not implemented flexible working arrangements.

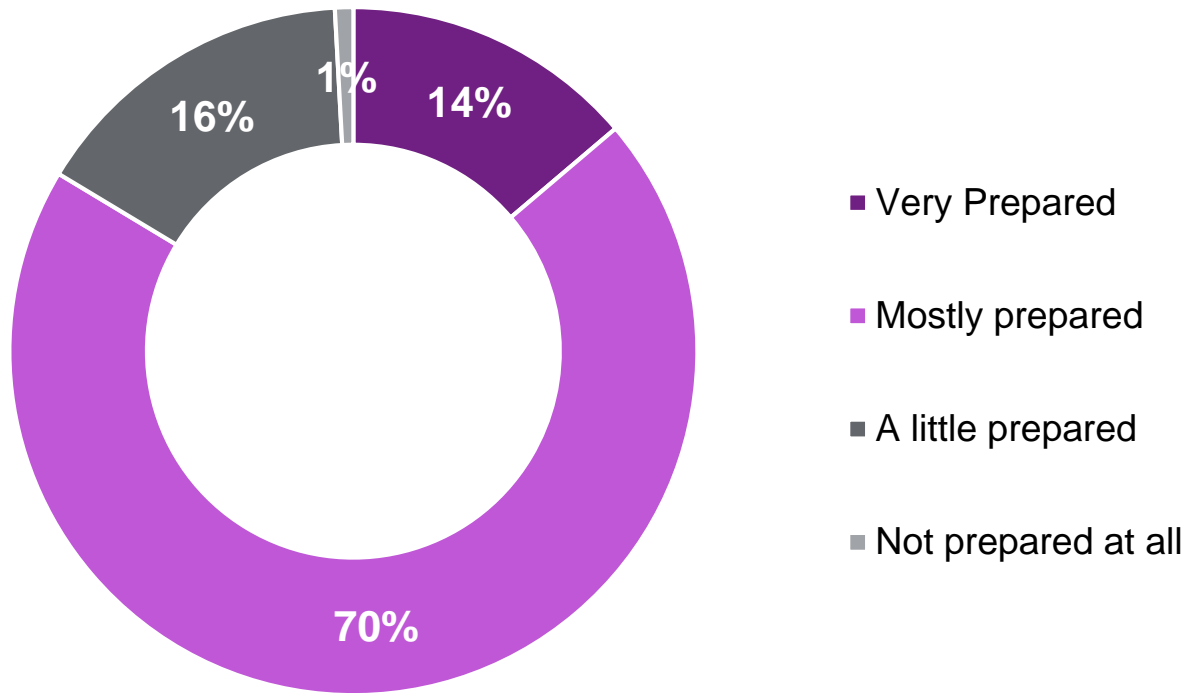
Now, most businesses are having to rapidly put in place new measures for their workforces – often with no previous comparable experiences.



*Source: World Economic Forum Executive Opinion Survey

Interestingly, most organizations in Malaysia indicated they are very prepared to operate during the current Covid-19 crisis – with majority taking a variety of immediate and short term actions

Was your company prepared / equipped to operate during the current Covid-19 crisis?



What do you really think is your level of preparedness for the Covid-19 crisis?

Note: Percentages may not add up to 100% due to rounding.
Source: 2020 Covid-19 Survey, Malaysia

Wuhan is on a slow path back to normality after 76-day coronavirus lockdown – but life post-lock down is anything but normal and after effects can still be felt by enterprise, businesses and people

State of Wuhan post-Covid lockdown

Large industrial enterprises have resumed operations – but not at full capacity

- *Only 429,000 people or 61% of the employees are back at these enterprises, due to strict quarantine measures and travel restrictions*

Not 'business as usual' as while pandemic is much eased, it is not over

- *Many shops remain close, restaurants only for deliveries and mass public places remain shut (e.g. schools, cinemas, entertainment venues)*

Caution still permeates the air with constant checkpoints to go through

- *'Health code' tagging of people with temperatures taken as they go about daily travel*

Pandemic state of mind in people remains

- *Questions of safety to be out and about*













Employees eat lunch at the Dongfeng Honda factory in Wuhan
Photograph: AFP/Getty Images

Source:

- <https://edition.cnn.com/2020/04/23/asia/wuhan-coronavirus-after-lockdown-intl-hnk/index>
- <https://www.marketplace.org/2020/04/09/wuhan-returns-after-covid19-lockdown/>
- <https://www.theguardian.com/world/2020/apr/12/wuhan-celebrates-its-liberation-as-covid-19-lockdown-ends>
- <https://www.theguardian.com/world/gallery/2020/apr/08/wuhan-ends-coronavirus-lockdown-in-pictures>

The Covid-19 pandemic underscores the material value of the health and contributions of people to business success

We believe there are five key principles for shaping an effective course of action

-  See this crisis as a defining leadership moment— and continue delivering the best possible outcomes for all stakeholders. 
-  Focus on the intersection of employee and company wellbeing 
-  Understand the perspectives of and engage all stakeholders (e.g., employees, shareholders, customers, suppliers, unions/works councils, healthcare providers, community) in decision making 
-  Make decisions and take actions that take into account medium-term needs and longer-term business objectives 
-  Adopt an agile and continuous learning mindset to ensure response is (re)calibrated to the circumstances at hand 

We see the situation unfolding across three distinct stages, along with the key scenarios and its priorities to address the current realities and prepare for the journey forward to protect, preserve and create human capital value

Three distinct stages

Key scenarios and priorities

1 | Managing through the crisis
Protect and Preserve Human Capital Value

Reacting and Resolving the sudden transition of work from home for employees by ensuring critical enablers are in place

2 | Restoring stability
Regenerate Human Capital Value

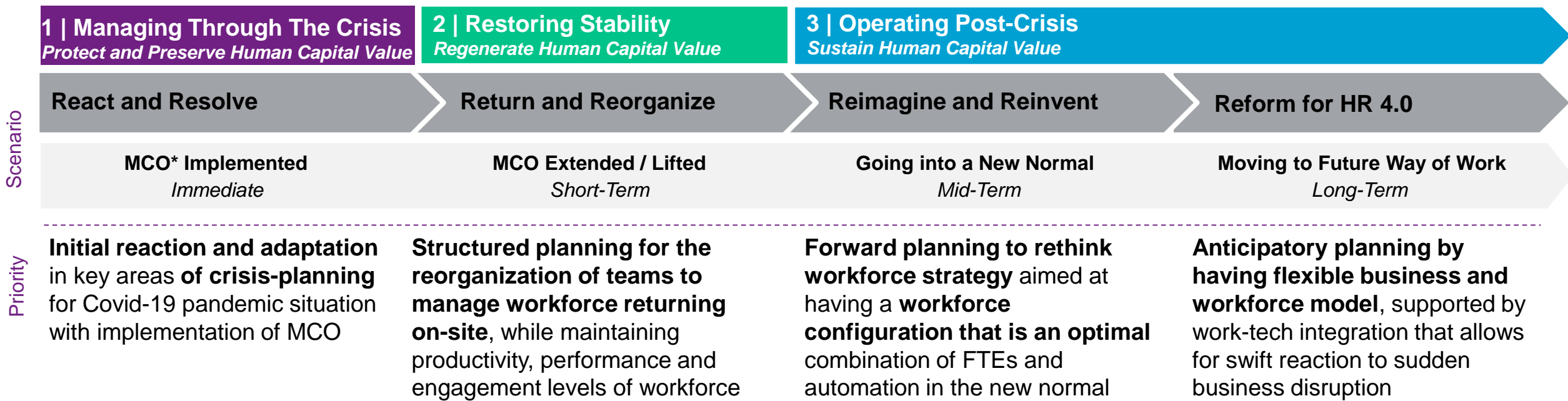
Returning and Reorganizing the workforce to restore stability and enhancing HR programs to further support a dispersed workforce working from anywhere

3 | Operating post-crisis
Sustain Human Capital Value

Reimagining and Reinventing the way work is done by looking at different work alternatives vis-à-vis the performance and value delivered

Reforming for HR4.0 to enable a positive transition to the future way of work by defining how work is experienced, how it is done and how the workforce evolves to be a combination of full-time employees, contingent workforce and automation

Three distinct stages and key scenarios that will impact the workforce and inform immediate, short-term and mid- to long-term actions to underwrite organization and people risks



Actions are underpinned by the way people work and are rewarded while managing employees' experience and their wellbeing



Work



Rewards



Health and Wellbeing



Employee Experience & Communication



Culture

*Movement Control Order - MCO

As companies go through the Covid-19 crisis, leaders are facing challenges in managing a dispersed workforce in an uncertain and complex environment

1 | PEOPLE MANAGEMENT & ENGAGEMENT



Lack of work clarity and direction on expected deliverables (e.g. reworks, confusion, misalignment)

Limited team visibility, interaction and engagement (out-of-sight, out-of-mind)

Reducing manpower that may be in excess with business not operating at full capacity

Higher need to actively manage employee wellbeing (e.g. personal stress and concerns)

'Everyone' is on WFH and SFH* mode – needing to juggle work and home responsibilities (e.g. space sharing, home schooling for children)

*SFH: Study from home

2 | POLICIES & PROCESSES



Compliance to regulations and eligibility of employee coverage (e.g. SOCSO, letter to travel to office)

Work policies not in place to support WFH arrangements (e.g. OSHE, social media, bring your own device (BYOD))

Policies to manage furlough (e.g. compulsory paid and non-paid leave, leave of absence, stay at home leave)

3 | TECHNOLOGY & ENABLERS



Insufficient work tools and peripherals for effective WFH (e.g. laptop, Wi-Fi, virtual platform, cloud resources)

Not all employees are familiar with digital and technology tools (e.g. insufficient time to on-board employees for WFH)

Home set-up may not be a conducive work environment (e.g. desk, chair, lighting, ventilation)

Acceleration of digital transformation to support new ways of working

React and Resolve – The course of action taken during the first stage is the defining leadership moment in shaping the values held by organisations to guide decisions affecting its workforce

1 | Managing Through The Crisis *Protect and Preserve Human Capital Value*

React and Resolve

Challenges in leading in a time of crisis and managing a dispersed workforce and deploying work from home (WFH) arrangements in an uncertain and complex environment

- 1 | What will be the principles and values that will guide the leadership decisions and actions taken in this time and era?
- 2 | How do we maintain and sustain productivity and performance of employees who are ‘out-of-sight’ and ‘out-of-mind’?
- 3 | How do we manage the wellbeing of employees beyond the ‘norm’ physical health – personal, emotional, financial?

React and Resolve – Guide and action items to focus on



Work



Employee Experience



Total Rewards



Wellbeing

1 | Managing Through The Crisis Protect and Preserve Human Capital Value

React and Resolve

MCO Implemented Immediate

Initial reaction and adaptation in key areas of **crisis-planning** for Covid-19 pandemic situation with implementation of MCO

- Set-up of command & control center and WFH initiated for employees, with quick measures taken to provide digital and technology tools
- Provide guidelines and checklist to facilitate transition to work from home (WFH)
- Supporting employees as they manage through the impact of the pandemic on their personal and professional lives

Move to remote work

- **Implement work from home arrangement** and provide necessary digital and technology tools & enablers (e.g. laptop pool, BYOD, video conference facilities, file sharing etc.)
- **Establish guidelines** for tracking and monitoring employees' performance and productivity (e.g. templates for managers / individuals)

Revise critical SOPs

- **Review and revise SOPs** that are important and impacted (e.g. WFH policy, leave management, sick leave, health & safety SOPs, performance management, temporary pay and benefits)
- **Eliminate 'hierarchical layers of approval'** to focus on critical approvals only

Shift benefits / assistance allowances

- **Shift portion of benefits / allowances** to cover critical items that are work and crisis related (e.g. laptop, Wi-Fi, headsets etc.)
- **Review claims management** for employees to make own purchases to have work enablers at home

Overcommunicate

- **Ensure on-going communication** to all stakeholders on preventive measures (e.g. BODs, leadership team, managers, employees, customers, vendors etc.)
- **Provide FAQs for employees** to refer to that is updated on regular basis (e.g. do's and don'ts, emergency response protocols, health & safety awareness, WFH tips)
- **Establish an 'open line' for employees** to reach out on any concerns they may have (e.g. weekly chat session with leadership team)

Protect physical health

- **Identify high-risk population** (on-site and older employees) and implement health, safety and well-being protocols. Exclude workers or visitors at high risk (e.g. workplace cleaning, temp. checks)
- **Distribute and provide health, safety and well-being guidelines** that covers home situations
- **Provide access to helpline** for employees to reach out for support, including family wellbeing support

Framework towards supporting WFH to maintain productivity and performance

Key elements to address for WFH

1 | Work Process

What is the nature of work and expected outcomes?

1. Nature of Work and Tasks

- Review the nature of work, tasks and expected outcomes (e.g. BAU, project basis, operational, deliverables etc.)

2. Measures and Targets

- Determine appropriate type of measures and targets (e.g. mix of KPIs and OKR) and frequency (e.g. daily / weekly)

3. Level of 'Work Cadence'

- Establish the 'work cadence' required to set the pace and put in place sequence of team events with clear agenda (e.g. check-ins, briefings, progress updates)

2 | Structuring Teams

What is the team structure required to support delivery of work process?

1. Organization of Teams

- Determine the segmentation of teams delivering on work outcomes, including categorizing by static vs. agile teams (Leadership Team, Bus. Enablers, Operations, Support Functions, Covid-Response Team, Org. Projects, Employee Levels etc.)

2. Clarity of Roles and Responsibility

- Ensure each team is clear of respective roles and responsibility, the priorities and deliverables, milestones and reporting mechanisms

3. Degree of Interdependencies

- Review the degree of interdependencies and the key touch points (i.e. Interaction vs. Collaboration)

3 | Leadership & People

What is the role of leaders to achieve business outcomes and manage employee well-being?

1. Communication & Engagement

- Communicate proactively about all aspects of the business and efforts undertaken
- Balance between projecting confidence and painting a 'true' picture
- Find ways to motivate and engage employees, reinforcing purpose and values

2. Decision-Making

- Establish clear decision and escalation paths

3. Empowerment & Enabled Teams

- Provide empowerment and discretionary authority to teams to make decisions for specific priorities / deliverables

4 | Technology & Enablers

What technology infrastructure and platform is needed to support a flexible and remote work arrangement?

1. Technology Infrastructure & Tools

- Equip teams with necessary technology and tools for remote work and collaboration (e.g. home setup, remote access, team discussion facilities, file share)
- Implement strong and practical security standards and practices

2. Reporting & Dashboard

- Set-up targeted reporting & dashboard covering key areas that should be monitored and tracked

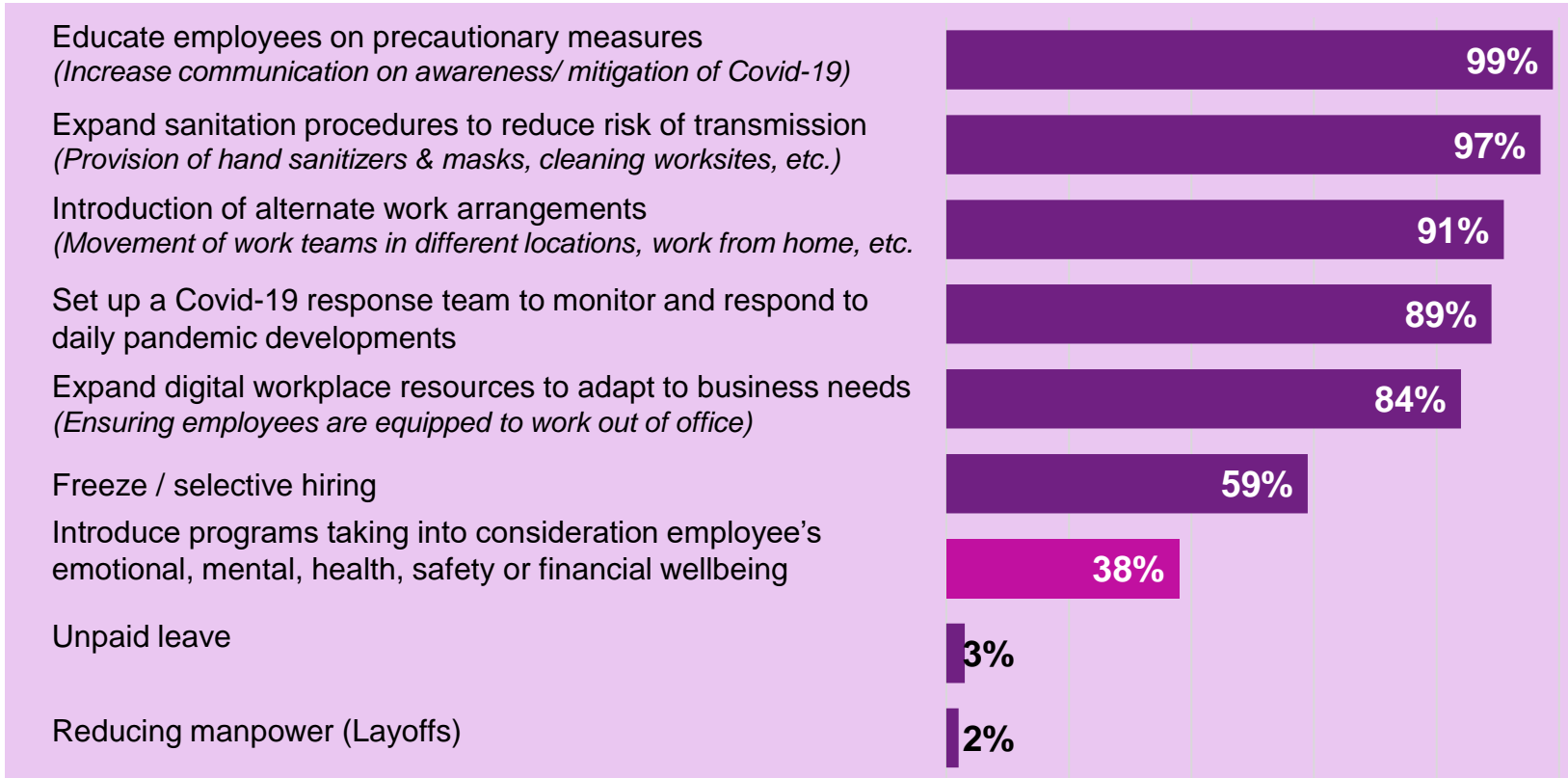
3. Data Security & Management

- Establish clear data governance protocol to ensure no data leak or breach

Employers are taking a variety of immediate and short-term actions in response to Covid-19

Most actions are addressing immediate business priorities (e.g. putting in work enablers, safety measures and awareness), with **only 38% are including overall wellbeing of employees as part of the priorities for action taken**

What actions has your organization taken or plan to take (apart from government initiatives), as a result of the Covid-19 epidemic?



As leaders continue to take actions in response to Covid-19, it will **reinforce the philosophy, principles and values** held by leaders to protect and preserve human capital value – **defining leadership moment to show compassion and solidarity**

Source: 2020 Covid-19 Survey, Malaysia

Return and Reorganize – Have the courage to rewrite the rules for the new normal to bring people back to work, focusing on reorganizing the workforce to balance short-term costs with medium-term resilience and rebound

2 | Restoring Stability *Regenerate Human Capital Value*

Return and Reorganize

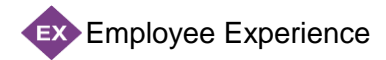
Challenges in bringing workforce back to work in a 'new normal' and restoring stability even while effects of Covid-19 is still prevalent (e.g. no vaccine until 2021)

- 1 | How do we restore stability in a challenging environment to meet not only the needs of shareholders but at a time when the wellbeing of employees is of paramount – intersection of employee and company wellbeing?
- 2 | How do we engage all stakeholders and actively listen to understand the shifting needs and priorities of all stakeholders and the evolving state of competing priorities in the 'new normal'?
- 3 | What will be the new rules of engagement that takes into consideration win-win situation for all stakeholders, and the essentials, enablers, policies and processes needed for safe return to work?

Return and Reorganize – Guide and action items to focus on



Work



Employee Experience



Total Rewards



Wellbeing

2 | Restoring Stability Regenerate Human Capital Value

Return and Reorganize

Priority

MCO Extended / Lifted Short-Term

Structured planning for the reorganization of teams to manage workforce returning on-site, while maintaining productivity, performance and engagement levels of workforce

Actions Considered

- Making it safe to return to work with new rules of engagement: Continuation of relevant workplace policies, on-site health checks, emotional support, and policies for protection (e.g. travel)
- Segment workforce according to priorities (critical, core, enablers and non-core) to inform different measures to take for each group with certain segments continuing to WFH (e.g. performance, rewards, leave management, workforce return)

Plan for return to work

- **Segment workforce** to determine priority groups to return to work – what roles are truly pivotal?
- **Reset and reorganize the workforce** under new assumptions, protocols, focus areas and pace to help bring people back to work
- **Invest in the infrastructure** required for the “new normal” with a focus on health, safety and wellbeing (e.g. separate lunch time / site, providing masks etc.)
- **Leaders to establish and lead the way** in new ‘rules of engagement’ (e.g. work protocols, maintaining safety distance, close contact etc.)
- **Seize opportunity to redeploy talent** to support business priorities (e.g. parts of business with higher impact)

Train & empower leaders

- **Ensure visibility and enablement of leaders and managers** to lead through change, restoring stability
- **Provide supervisor training** on preventing spread of Covid-19, exclusion of workers with symptoms, avoiding stigma, managing out-of-sight out-of-mind biasness, showing empathy etc.

Review implications to PM & Total Rewards

- **Readjust performance goal and rewards** to reflect current conditions and future outlook
- **Review/balance affordability** of compensation programs relative to profitability, cash flow, and share price
- **Protect key elements of Total Rewards** (e.g. moving part of variable and/or senior compensation to cover base salaries and benefits)
- **Develop retention programs or special pay premiums** for select workers (e.g. frontline)

Promote emotional health, financial security and essentials of the employee experience

- **Implement active listening strategy** to understand concerns and stress points of employees holistically
- **Execute wellbeing strategy** covering on-going hygiene, workplace safety and mobility and travel policies
- **Review benefits programs** to cover emotional health
- **Focus on the financial wellbeing** of most vulnerable employees (e.g. below min. wage, OT reliance, combined household income)
- **Support employee access** to available government programs

Even as Malaysian companies are taking actions that impact pay; others continue to evaluate options and companies need to design a program that is customized to balance their business needs with their workforce needs



Pay & Rewards

77% of organizations said 2020 annual **bonus payout** (based on 2019 performance) **for executives and broader employees** has not been impacted

1/3 have **delayed salary review, reduced increment funds or frozen salary increment**



Paid vs. Non Paid Leave

Most organizations who has suspended business temporarily are providing **compulsory paid leave** before and during MCO...

Only **3%** has taken action on unpaid leave...

...but **23%** are planning and considering unpaid leave with **18%** being unsure at this stage



Wellbeing Programs

38% has taken actions to **introduce programs** taking into account employees' **emotional, mental, health, safety or financial well-being,**

50% *planning and considering* taking actions



Reducing Manpower (Layoff)

Only **1%** has taken drastic action to reduce manpower...

...but **23%** are planning and considering taking more drastic action with **32%** being unsure at this stage

Source: 2020 Covid-19 Survey, Malaysia

We suggest the following objectives for managing work and rewards in the short-term

Tactical

- Invest in the infrastructure required for the “new normal” and to ensure continued protection for employees as they return to work
- Isolate work challenges to solve based on risk, cost, performance needs (e.g., independent vs interactive work)
- Take a segmented view of the workforce (e.g. at risk, pivotal roles)
- Look at 2020 as a year of two half, and necessary tactical adjustments for performance and rewards
- Recognize and reward where it's possible and needed most
- Inculcate real-time learning as the crisis unfolds

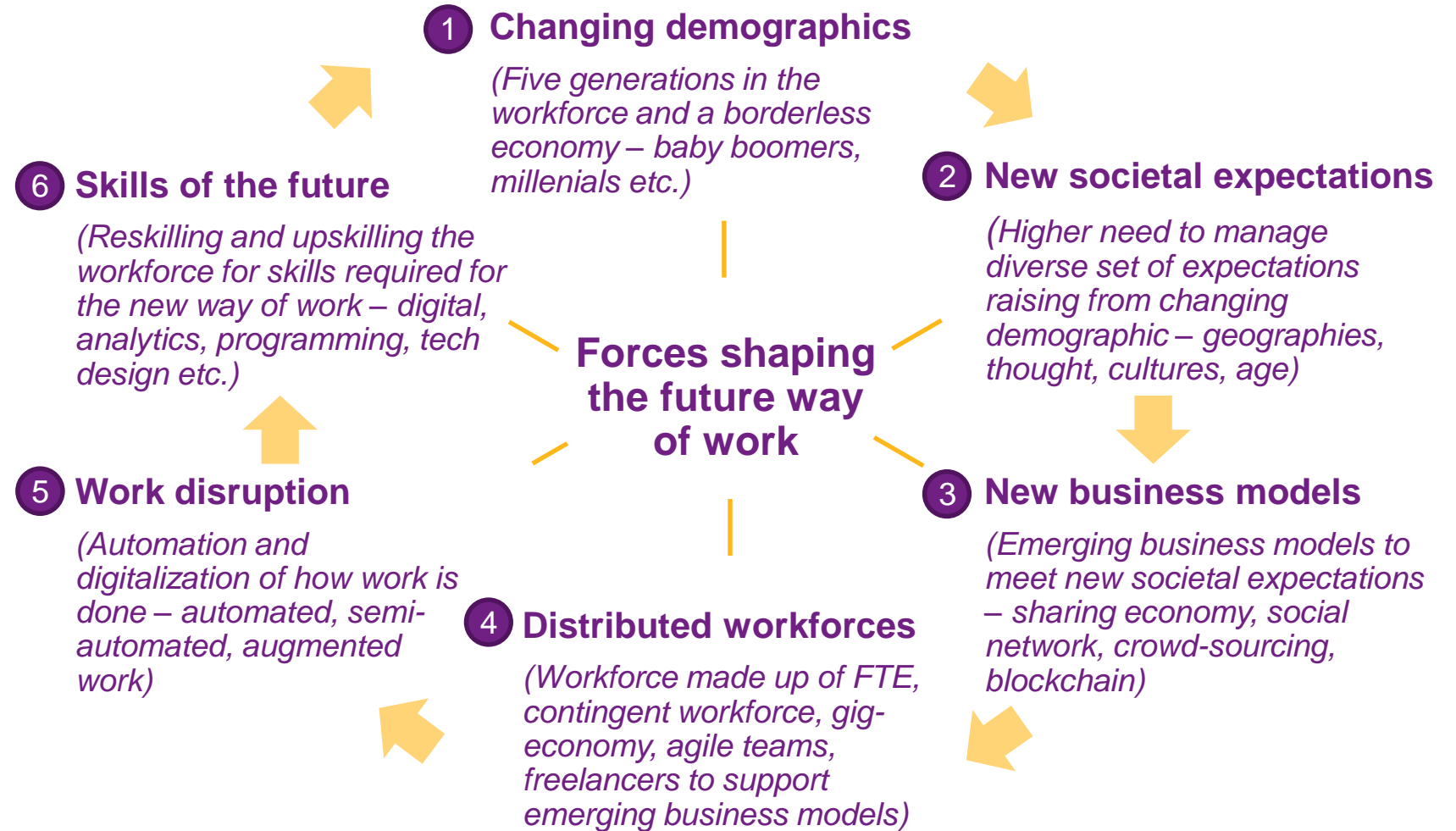
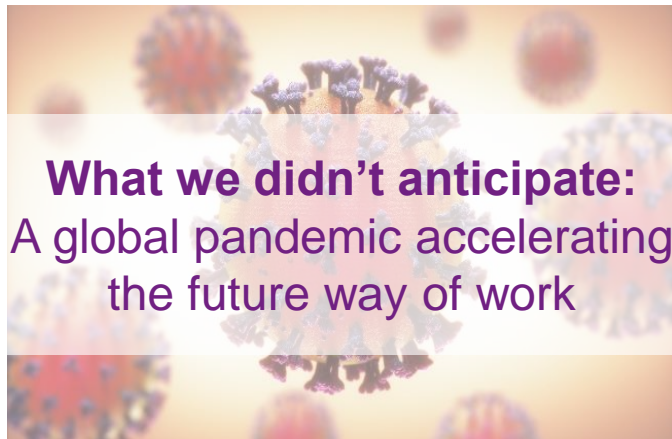


Strategic

- Identify business focus areas and required work acceleration/deceleration areas
- Review work and reward strategy in light of changes in organization strategy
- Optimize spend on rewards (e.g. balance short-term costs with medium-term resilience and rebound)
- Underscore focus on and align decisions and messaging around work and rewards with purpose, values, and principles
- Reconnect with employees to understand what they value in the new environment
- Create the purpose and culture for ‘new normal’ to employee experience and address essentials to enable and engage employees



While engaging in immediate and short-term actions, organizations should start having initial ideas for medium and long-term planning as Covid-19 has accelerated the future way of work



Idea in brief: HR 4.0 will be critical for a positive transition to the future way of work

From current way of work...

Workforce made up of employees, supported by process-driven systems and technology

Administrative, reactive and command & control leadership

Within the organization talent ecosystem based on fixed employment relationship

Fixed-mindset and company-directed periodic training to close gap based on training needs analysis

Employer-employee relationship focusing on being rewarded for the 'job' and provided basic support

Diversity due to compliance and directive to meet targets and quota

To future way of work...

Workforce made up of optimal combination of employees, contingent workforce and automation

Purpose-driven, adaptive and orchestrator leadership to manage combination of workforce

Beyond organization talent ecosystem with alternative employment relationship (virtual or market relationship)

Growth mindset and self-driven continuous learning with a culture of life long-learning embedded






Holistic and purposeful employee experience to connect and contribute to meaningful work

Diversity & inclusion embedded as part of culture and into HR programs

Two key imperatives for HR 4.0:

- 1 | Reinventing the workforce for alternative ways of work
- 2 | Determining where improved performance will enhance Strategic Value

Key takeaways to respond to Covid-19 and prepare for the way forward

-  Have a **clear exit strategy** to navigate the aftermath of lockdown, while prioritizing wellbeing of employee post-crisis world
-  There is **no one size fit all solution** – assess the level of impact Covid-19 will have on the business and financial performance before determining the course of action
-  See this crisis as a **defining leadership moment** – define the principles and values that will guide leadership decisions balancing company and employee wellbeing
-  **Resist the pressure to engage in short-term actions** that seem essential in the chaos of current environment, but may compromise longer-term sustainability of the business. Consider an instant reset to restoring stability
-  Be **agile and flexible** to pivot to multiple short-term scenarios while simultaneously building resilience to thrive in the new normal

Thank you

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“The best way to predict the future is to create it”

- Peter Drucker -