



Workforce and Business Implications of the Coronavirus Webcast

April 2, 2020

Recap

While there currently is a significant focus on the public health, economic and societal implications of the coronavirus (COVID-19) pandemic, the workforce implications are no less profound. Almost seven in ten employers (69%) expect the pandemic to negatively impact business results in the next six months. The following principles can help guide organizations in shaping an ethical and responsible course of action:

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

In the current environment many businesses are having to introduce new measures for their workforces rapidly – often with no previous comparable experiences. The following workforce management imperatives can help employers put the guiding principles into action and shape effective measures.

- **Prioritize planning, wellbeing and communication.** It is critical to clearly articulate key policies and procedures. Moreover, companies need to support employees' physical, emotional, social and financial wellbeing. Frequent, empathic communication has never been more important.
- **Focus on employee experience, engagement and motivation.** Leaders must lead with integrity and shape an employee experience that will engage and motivate employees in turbulent times. An ongoing listening strategy can help identify employee needs and concerns.
- **Ensure responsible work redesign.** It is important to responsibly rethink workforce strategy to incorporate contingent labor/gig talent while optimizing the role of automation. The crisis also affords companies the opportunity to make progress against their upskilling and reskilling agenda.
- **Balance short-term costs with medium-term resilience and rebound.** Variable pay reduction can serve as tool to fund protection of key Total Rewards elements including health benefits and salary. There must be a special focus on the financial wellbeing of the most vulnerable employees.

These actions will help organizations earn the trust of employees and unlock the discretionary effort needed to manage through the crisis.

Frequently asked questions

Q We're thinking of postponing or cancelling our upcoming engagement survey – what impact might we see on scores and response rates?

A In some circumstances, cancelling or postponing an employee engagement survey might send the wrong message. During a crisis, employees value the opportunity to participate in surveys and to be heard. In fact, we are seeing high survey response rates at this time. Moreover, such surveys will equip leaders with valuable insights into employee concerns and provide strong data to take back to the board. Of course, one needs to be sensitive to different circumstances in different industries. Fielding a survey right now may not be appropriate for all organizations.



Q Do you anticipate a reversion to the old ways of working when the crisis is over? How are companies dealing with automation during the crisis?

A We may see a reversion but to a lesser extent than some expect. A small enterprise that transitioned from having all employees working in a traditional office environment to everyone working remotely and achieved high levels of productivity may opt not to go back to its previous ways of working. Many organizations will take a hard look at the impact of remote work on real estate costs.

There is typically an increase in the use of automation following a downturn. However, it's essential that companies implement automation in a responsible manner. If organizations opt to merely use automation as a substitute for human labor, the downturn may end up being more pronounced. There's upside to be had from using automation to augment human work and to create entirely new work that can potentially be more fulfilling for humans.



Q How are companies evaluating what steps to take in the area of Total Rewards?

A Before making changes to Total Rewards programs, it's important to survey your workforce to better understand what employees value. Any changes you make need to be relevant to your workforce. For example, it is possible to use variable pay reduction as tool to fund protection of key Total Rewards elements. But it's critical to understand the Total Rewards programs that matter to your employees.

Q Are many retirement plan sponsors adopting the withdrawal and loan options allowed under the CARES Act?

A It is still early in the process as defined contribution(DC) recordkeepers have been rolling out their respective administrative protocols and communicating them to their clients. First, sponsors and recordkeepers are focused on the tax favored withdrawal option. It's the fastest way to support participants, and we see many sponsors inclined to use this tool. Sponsors are hesitant to create long-term retirement readiness issues, but there is a desire to provide immediate relief to affected participants.

The focus will then shift to the loan provisions; sponsors are still evaluating whether and how to offer these as they come with additional administrative complexities. Sponsors may not adopt all of the loan relief – for example, they may allow for the deferral of loan repayments (with recordkeepers having differing perspectives), but not necessarily implement the new loan limits.



Q What actions are employers taking with respect to sales plans and/or sales professionals?

A In a recent survey of 775 employers on COVID-19's impact on incentive plans, 63% of participants providing sales incentive plans/employing sales professionals indicated a negative impact on the plan/professionals due to COVID-19. Of those who have or plan to take action, the majority have made, plan to make, or are considering making goal adjustments and/or discretionary adjustments. Guarantees were also observed with meaningful prevalence (though less than goal adjustments or discretionary adjustments). Of those employers with field sales professionals, over half have re-focused this population on activities that do not require face-to-face interaction (53%), with another 20% planning or considering this action.

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