

White Paper

Workforce Principles for the COVID-19 Pandemic

Stakeholder Capitalism in a Time of Crisis

In collaboration with Willis Towers Watson

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While there currently is a significant focus on the public health and economic impact of the COVID-19 pandemic, the workforce and societal implications are no less profound.

In 2019, less than 10% of business leaders from G20 and OECD countries considered the spread of infectious diseases as a looming global risk, according to the [World Economic Forum Executive Opinion Survey](#). Nor were companies anticipating that a pandemic might test their public reputation as a responsible employer. Yet in early 2020 all organizations are facing just such a crisis and the need to address the urgent concerns of various categories of workers: those who can and continue to work remotely, non-remote workers who can work remotely with proper support, those who can no longer work for a variety of reasons and those who continue to work in person. Additionally, most companies, across sectors, had not implemented flexible or remote working arrangements. In the current environment most businesses are having to put in place new measures for their workforces rapidly – often with no previous comparable experiences. The following principles can help guide organizations in shaping a responsible course of action that balances short-term pressures against medium- to longer-term needs:

- **See this crisis as a defining leadership moment—and continue delivering the best possible outcomes for all stakeholders.** Staying true to the purpose, values, principles and culture of an organization starts at the top. Effective leaders are transparent, empathetic and create trust, and their behaviors help calm, support and even energize employees so that they feel vested in a common mission and purpose, and embrace new ways of working.
- **Adopt an agile and continuous learning mindset to ensure your response is (re-)calibrated to the circumstances at hand.** The uncharted waters of this crisis demand agility and innovation, and adapting to rapidly changing systems and regulations.
- **Understand the perspectives of and engage all stakeholders (e.g., employees, shareholders, customers, suppliers, unions, healthcare providers, community) in decision making.** Keep a pulse on the shifting needs and priorities of all stakeholders and the evolving state of competitive and innovative practices.
- **Focus on the intersection of employee and company wellbeing.** The cost pressure of the current revenue-challenged environment places significant stress on leaders to meet the needs of shareholders at a time when the wellbeing of employees, particularly the most vulnerable, is being seriously threatened. But the risks to – and benefits of – employee wellbeing and company wellbeing are highly aligned.
- **Make decisions and take actions that take into account medium-term needs and longer-term business objectives.** Decision-making in this rapidly shifting and uncertain environment requires organizations to resist the pressure to engage in short-term actions that seem essential in the chaos of the current environment but may compromise the longer-term sustainability of the business.

These guiding principles and the four workforce management imperatives outlined in this document are a preliminary response to the unfolding crisis. They are intended to serve as a tool for Chief Human Resources Officers (CHROs) and other business leaders. While businesses may need to adjust measures according to different policy environments, the concept of stakeholder capitalism can provide a framework for a responsible course of action at this pivotal moment.

1. Prioritize planning, wellbeing and communication

The four dimensions of employee wellbeing – physical, emotional, financial and social – are at the center of the employee experience and essential to an engaged and productive workforce in normal times. During a pandemic, wellbeing assumes a new urgency. An employer’s actions in supporting wellbeing are critical to building and sustaining workforce resiliency and sending the message that employees matter.

Companies need to support employees through clear communication during all phases of an organization’s response to COVID-19. And companies must seek to maximize the coverage of all employees, including those in roles where remote work is possible as well as non-mobile employees (e.g., customer-facing retail and service workers). The following key actions around planning and communications will help employers and workers alike:

- **Clearly articulate key policies and procedures.** Companies with **strong policies and procedures** for emergencies are better positioned to address the challenges of the COVID-19 pandemic. An organization’s ability to move quickly and effectively to protect workers’ health and minimize exposure is determined to a great extent by the quality of its **business continuity plan**. A robust plan enables an employer to take decisive actions grounded in an understanding of the impact on employee health and critical business operations.
- **Empower local leaders and managers with tools and information.** Frontline managers and supervisors should have rapid access to accurate information about the company strategy, protocols and rules. Local leaders need to have the authority to effectively address local issues on a real-time basis. Managers and supervisors must clearly understand how to report COVID-19-related issues internally and how to work effectively with local public health authorities. In addition, managers should be trained to support employees as they deal with their personal challenges – for example, through stress management programs, counseling and flexible work arrangements.
- **Prioritize empathic and personalized communications.** Employers have the opportunity to clearly communicate the value of their benefits and help guide employees toward improved use of benefits and services. The crisis is a chance to be there for employees when it matters most, building trust and demonstrating empathy. Employers may also consider using communications technology that enables them to push personalized communications and content to employees that addresses their specific needs and concerns. Given that **financial and job insecurity are leading sources of stress**, employers should prioritize communicating tips and resources such as virtual and tele-behavioral health services to help boost **employees’ mental health**.

2. Focus on employee experience, engagement and motivation

Employees may be experiencing a heightened mix of anxieties, and employers need to consider the most critical aspects of employee experience to attend to.

Research tells us that employees are looking for two fundamental experiences from work: (i) Connecting with people and being inspired by the purpose of the organization, and (ii) Contributing work as well as being able to grow and be rewarded accordingly. These two factors are equally important for enhancing engagement and ensuring sustainable financial performance.

As organizations readjust how they deliver work and often how they reward, they must maintain a strong sense of purpose for the organization and build trust in leadership. The following actions can help improve employee experience, engagement and motivation:

- **Lead with integrity and purpose.** We are experiencing **a moment when companies and their leaders — through their decisions — will define who they are.** In a forthcoming study of the leadership actions that allow organizations to thrive during change and turbulence, across 9 million employees globally, the four most important were: 1. Exemplify integrity, respect and humanity (care for others); 2. Provide a clear sense of direction to inspire people around the purpose of the organization; 3. Solicit and respond to employee feedback; and 4. Remain agile and move swiftly from idea to implementation.
- **Be active with employee listening.** Soliciting opinions and listening to employees is an important signal that the organization cares; it can help reduce anxiety and build trust. As a lesson learned during the 2008 financial crisis, leadership needs to hear from employees “now, more than ever.” In crisis times, it is important to survey employees frequently, using survey questions designed specifically for the current situation.
- **Connect employees using new technologies.** With large numbers of employees working from home and a sizeable group of non-mobile workers, it is important to ensure all employees retain a strong sense of **connection**. Employers should consider new and engaging technologies, such as **virtual focus groups**, which can be accessed via a mobile phone.

3. Ensure responsible work redesign

The COVID-19 crisis is accelerating a number of trends related to the future of work, from remote work to increased use of temporary workers (specifically in customer fulfilment and health care) to accelerating the automation of highly repetitive tasks. It is also highlighting the need for innovative solutions to enable a rebalancing of talent between industries suffering declining demand and those experiencing a spike in demand. However, amid this disruption, there are some positives for companies and workers, particularly in relation to long overdue upskilling and reskilling. The following action areas should be considered in relation to work design:

- **Sustainably manage the shift to flexible/remote working.** A recent survey of 2,000 participants in flexible work arrangements in China, the first country to aggressively move in this direction in response to the crisis, indicated that 63% were supportive of remote work, with 55% believing that their employer provided them with the software, tools and resources to work effectively. While many organizations have rushed into remote working arrangements in the past few weeks, it is essential that such arrangements balance the needs of employees and the company. Employers should consider how to make flexible work as inclusive as possible — for example, by providing stipends for those who may not have needed equipment or full access for those with disabilities.
- **Incorporate contingent labour in a responsible manner.** Certain industries (e.g., distribution and logistics) are seeing a spike in demand and are resourcing that spike with talent from the gig economy. However, as organizations pursue the flexibility afforded by gig talent, it is critical that they do so ethically and responsibly. [The World Economic Forum's Charter of Principles for Good Platform Work](#) presents one relevant starting point.
- **Consider a cross-industry talent exchange as a means for “sharing” talent.** There is a significant opportunity to redeploy select talent with comparable skills from industries facing reduced demand (e.g., airlines, hospitality) to those facing a significant increase in demand (e.g., retail, logistics, health and distribution) for a limited period of time — for example, enabling baggage handlers from airlines to transition en masse into the logistics role in retailers and distribution companies. Having organizations collaborate in a talent exchange can significantly minimize the frictional cost and time associated with traditional employment transitions (e.g., reductions in workforce/furloughs, application for unemployment benefits, applying for new positions) while supporting workers in developing new skills and new networks. Collaboration with the public sector can support such transitions.
- **Use the opportunity afforded by this disruption to make progress toward the longer-term upskilling and reskilling agenda.** Learning is moving from the fringes to becoming a centrepiece of the employee experience. The crisis provides companies the opportunity to turn their commitment to continuous learning into a reality for all workers. The World Economic Forum estimates that by 2022, 42% of core skills required to perform existing jobs are expected to change, with over 133 million new jobs created in major economies. Organizations must take advantage of this time of crisis to identify the skills that talent in various roles should acquire to stay relevant and ensure they have access to the digital resources that can help them develop those skills. Such learning can also be conducted with a view to rapid redeployment within different parts of a business.

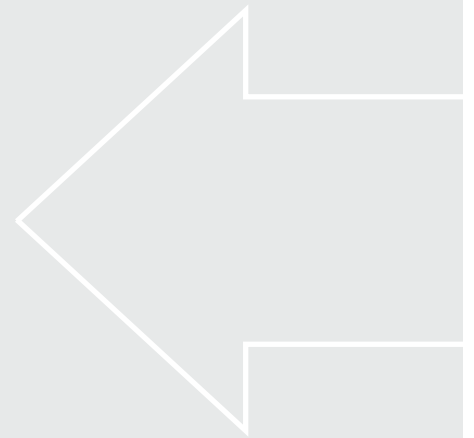
4. Balance short-term cost concerns with medium-term resilience and rebound

A company's commitment to its guiding principles is often most tested and most critical when it comes to decisions about labour cost and risk management. Companies must recognize the often competing demands of shareholders, customers and employees, and look for innovative solutions to ride out the medium-term crisis while minimizing the negative impact on all groups. The following action areas should be considered for both businesses and their workers to be able to rebound after the crisis:

- **Protect jobs and elements of total rewards.** According to a survey conducted in February, [only 25% of companies anticipated](#) “moderate or large negative impact” on their businesses over the next six months, but the number rose to 59% in a March survey with the same question. In tackling this challenge, it is critical for companies to emphasize actions that balance near-term flexibility against the long-term wellbeing of the enterprise and its workers. Such actions may include mandatory personal time off, unpaid leave and furloughs instead of reductions in the workforce and severance. Some employers may want to consider creating a new crisis leave or temporary leave, as well as voluntary leave. In addition, it is important to embrace the concept of shared risks, responsibilities and rewards in shaping solutions during a crisis. For example, while varying in use across geography, industry and company, variable pay could serve as a tool to protect the key elements of total rewards during the crisis, including fixed pay and benefits. Employers should also consider providing expanded support to parents and caregivers to support them at this time.
- **Focus on the financial wellbeing of the most vulnerable employees.** Focusing on [workplace dignity](#) can help employers support their most vulnerable employees. The need is particularly [acute among hourly workers](#), those who cannot work from home and the approximately [one-third of employees globally \(36%\) living paycheck to paycheck](#). Many employers recognize their role in addressing this issue. Surveys show that many employers are paying [furloughed workers in full and continuing their benefits](#) as well as [covering pay for hourly workers](#) unable to work either due to a work location closure, quarantine requirement or exposure to the virus. These practices may change as the crisis unfolds, but those businesses that live up to the values of stakeholder capitalism are also likely to be best placed for a rebound, having supported their human capital during the present crisis.
- **Take a segmented view of the workforce.** Employers should consider how the crisis affects different employee segments and identify the roles within those segments that are truly pivotal to the business. This approach helps ensure that organizations move beyond one-size-fits-all compensation and benefit solutions, and take actions to support roles critical to the company's business model. It is essential that such segmentation reflect the role and not unique personal characteristics (e.g., gender, ethnicity, religion, personal circumstances).

Investing in stakeholder capitalism in a time of crisis

As organizations address the longer-term implications of COVID-19, it is imperative to focus on the needs of all stakeholders — from customers to suppliers to shareholders and, specifically, employees to ensure no one is left behind. This crisis presents an opportunity to take bold actions and show leadership and solidarity by applying the principles and guidelines set out in this document to better balance short-term crisis measures against the medium- and long-term objectives of responsible employers. These actions can include protecting salaries and benefits or providing learning opportunities to make progress against reskilling and workforce transformation objectives. Such an approach enables organizations to earn the trust of employees and unlock the discretionary effort needed to move the organization forward in turbulent times.





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