



POST-PANDEMIC PREDICTIONS:

How the most significant corporate experiment of our time has permanently transformed the workplace and talent management practices in the Americas.

An original research report.



INTRODUCTION

As organizations, we typically become somewhat complacent and ‘safe’ when it comes to true and total disruption. While the concept of innovation and transformation excites us, our ambition is often decelerated or restrained by corporate policy and process. This year, a global pandemic provided the impetus for rapid and radical change across organizations of all sizes and industries, unravelling a broad spectrum of traditional talent acquisition and talent management processes.

In 2020, a year we will undoubtedly never forget, what have organizations learned about how they hire, onboard, engage and manage talent? What are the key takeaways that we will carry across into a post-pandemic workplace? From operations to employee health and wellbeing, organizations have been pushed out of rigid and traditional practices and forced to work in ways that may never have been explored, had it not been for COVID-19. And with undeniable hardship, we hope there will be learnings that will create positive change for both employees and organizations which generate corporate agility long into the future.

Our business is built upon the strength of our client partnerships and candidate relationships across a diverse range of embedded teams (both on-site and off-site). During this time, we have continued to partner closely with our stakeholders to navigate and understand the similarities and differences across regions and industries as to how organizations have responded to rapid and unprecedented change.

Our breadth of clientele and diversity of industry has given us a unique opportunity to look at the Americas region and discover common themes across the three overarching tenets of talent management; how you hire and onboard talent, how you engage talent, and how you retain talent. We wanted to present a series of discussions based on our key findings, to help unpack some of the ways we believe workforces will make permanent change, post-pandemic. With that in mind, we set out to answer three questions:

What are companies doing differently to hire and onboard staff?

What are companies doing differently to engage and motivate staff who are largely working from home?

In an environment where companies may have falling revenues, what are they doing to reduce staff costs while trying to save as many jobs as possible?



PREDICTIONS – AT A GLANCE



WHAT WORKED ONLINE, WILL STAY ONLINE

Virtual processes are here to stay. From interviewing to onboarding to consultation with stakeholders, digital recruitment will be normalized and often preferential.



RISE OF THE GIG ECONOMY

Contingent workforces will continue to grow. Gig-style employment will render organizations more nimble and agile during economic volatility.



SPOTLIGHT ON INTERNAL TALENT

Good people offer a competitive advantage and there will be a continued effort to develop the framework to support, coach and upskill internal talent. Internal capability and mobility will be bumped up the priority list.



ACCEPTANCE OF FULL 'FLEX' SPECTRUM

Flexibility in all forms will be non-negotiable moving into the workplace of the future. Recalibrating 'flex' offerings will be imperative to attract and retain current and future talent.



POSITIVE EXPERIENCE IS PARAMOUNT

Delivering exceptional candidate and employee experiences will be salient in sustaining a competitive advantage over the talent market. Being memorable (for the right reasons) has never been more important.



TRANSPARENCY WILL LIFT EMPLOYER BRANDS

Corporate transparency across external and internal communications will be important in captivating the attention of talent and building a strong employer brand moving into the post-pandemic workforce.



WORKPLACE TECH IS ON THE RISE

Ensuring workplace technology is optimized from an employee and talent management perspective will be pivotal in successfully transitioning into the new way of working.



DISCRETIONARY SPENDING FRUGALITY

From staff travel to office expenses, overhead costs will be heavily scrutinized over the coming years. When entire workforces go back to BAU, our discretionary spending will not.

PART I: WHAT ARE COMPANIES DOING DIFFERENTLY TO HIRE AND ONBOARD STAFF?



INTRODUCTION

Globally, companies had to re-think entire recruitment and onboarding processes overnight, with governments and governing health bodies declaring shutdowns across most of North America.

Across industries, the success and ability to continue to recruit and onboard staff virtually has varied. What is consistent, however, is that COVID-19 both elevated efficiencies as well as exposed inadequacies across recruitment and onboarding, likely influencing the evolution of these processes well into the future.

COVID-19 both elevated efficiencies as well as exposed inadequacies across recruitment and onboarding.

IT'S NOT ALL BAD NEWS

Several industries have fared well through COVID-19 and have continued to hire at normal or above normal levels. Many of us have seen the large hiring drives undertaken by large FMCG and food logistics organizations. But other sectors have also performed quite well during the crisis.

Early in the pandemic, some of our Pharmaceutical clients experienced an initial boost in sales but with minimal impact to recruitment volumes. Since then, we have seen a drop in recruitment and an overall cautious approach to hiring which we expect to continue into 2021.

The financial services, insurance, utilities, online retail, and telecommunications sectors have also performed well with steady ongoing hiring even during the worst of the pandemic.

Some companies with off-shore customer service or corporate support teams have had to reduce reliance on off-shore teams, in favor of expanding their on-shore teams which boosted hiring locally.

“ An uplift in hiring came from life science, financial services, and logistics companies.

Across North America, companies took precautions initially to put roles on hold and to evaluate their criticality. Most hiring for critical roles was reinstated soon after. And where possible companies have opted to hire internally for open roles or rehire former employees.

With the population working from home, unsurprisingly, an uplift in hiring needs came from life science, financial services, and logistics companies, as they scrambled to secure skilled talent to satiate demand for their services and products.

In short, recruitment teams have had to act nimbly and move resources to the areas of greatest hiring needs.

PART I: WHAT ARE COMPANIES DOING DIFFERENTLY TO HIRE AND ONBOARD STAFF?

RECRUITMENT SLOW-DOWNS

For organizations hardest hit by the pandemic, particularly aviation, tourism, bricks and mortar retail and hospitality, hiring came to an abrupt halt. In many cases, complete recruitment freezes were implemented along with widespread stand downs and/or redundancies.

In many industries, although senior management hiring continued, entry to middle management level hiring slowed significantly, particularly across retail, automotive, aviation, manufacturing, and chemical industries.

Many organizations have had to place either partial or complete recruitment freezes across their businesses. We found smaller organizations more likely to impose complete recruitment freezes over recruitment slow-downs.

“It was amazing how technology was used to make the recruitment process smooth and efficient.”

-Candidate, New York

We also saw some excellent cross company co-operation, with large companies which were downsizing (such as those in Aviation) partnering with large companies who were facing massive hiring peaks (such as the supermarkets).

In these scenarios, talent was shared or seconded to place workers in new roles. Most organizations which took this approach leveraged specific technology to aid this rapid process.

The use of these specific recruitment tools will likely trend upwards as organizations realize the benefit of cross-company talent sharing. Now is a reminder of the importance of staying abreast of the latest recruitment technology. This type of cross-company talent sharing has rarely been seen before, but it was refreshing to see the emergence of corporate benevolence and hope the practice is here to stay.

INTERNAL MOBILITY

With sharp declines in external hiring demand for industries hardest hit, many companies focused on internal hiring and redeployment of their existing talent to other positions. Internal selection practices are typically formal and consume a lot of time, money, and effort.

Internal selection processes are often done in parallel with external sourcing efforts. However, during COVID-19 we saw many companies forgoing external hiring in favor of strict ‘internal only’ processes and relaxing strict assessment protocols to redeploy talent, often before the employee may previously have been considered ‘ready’.

We have seen companies focusing their attention and resources instead on training, coaching and enhanced managerial oversight of newly promoted or seconded employees. We think this is a positive change, which Hudson RPO has long been advocating with our clients and a trend we hope will continue to develop.

VIRTUAL HIRING

In most instances, recruitment was completed entirely virtually using video conferencing and online tools to complete interviews. Recruitment teams also created more resources for hiring managers and candidates to prepare them for adapting to virtual recruitment, offering tips and tricks for completing video interviews.

“Hudson RPO’s recruitment technology and innovative sourcing strategy saved us time, money and most importantly, maximized the quality of our candidates.”

- Catalent

Most organizations disclosed little to no impact on the experience associated with virtual recruitment, which begs the question – do all face-to-face interviews need to be in person? Can organizations cut hiring manager and candidate travel time down by continuing to leverage virtual tools?

PART I: WHAT ARE COMPANIES DOING DIFFERENTLY TO HIRE AND ONBOARD STAFF?

ONBOARDING

How do you welcome and integrate new employees into the workforce when there is little to no ability for physical interaction? Quite well, according to many organizations. While employers routinely look at ways to improve candidate experience and operational excellence, the pandemic forced recruitment and HR teams to uproot entire onboarding processes overnight to maintain social distancing.

With multiple limitations to consider, and rapidly changing rules and regulations, it is the most dramatic disruption to onboarding that we have seen in our time.

VIRTUAL ONBOARDING

Predictably, most companies across the U.S. pivoted quickly to implement a virtual onboarding process where possible, suffering minimal disruption.

For some organizations who were in the enviable position of having existing options for remote onboarding it was simply an exercise to modify the program to accommodate all new hires. In contrast, those companies without an existing program were quickly forced to implement online programs for their new hires.

VIRTUAL ONBOARDING

Most organizations were able to introduce entirely remote onboarding experience but for those who had challenges with IT set up, a variation of online and face to face was designed. These options included IT device pick-up and set-up at local offices, usually including a brief 'meet and greet'.

Companies also provided the option to have equipment couriered, particularly if new hires felt uncomfortable or were at an increased health risk. All organizations provided additional onboarding resources to support their new hires including step by step guides and other useful resources.

ENHANCING THE NEW STARTER EXPERIENCE

Many organizations embraced remote onboarding with a keen eye on maintaining, and in some cases, elevating the new starter experience. With a focus on providing 'hyper-care' to new hires in the critical weeks post start date, many introduced initiatives such as team welcome virtual events through to regular online catchups and activities.

Some organizations noted that new hire satisfaction scores had increased, remarking that new hires felt an overwhelming sense of team and camaraderie during an unprecedented time of societal adjustment.



“ *New hires felt an overwhelming sense of team and camaraderie during an unprecedented time of societal adjustment.*

While anecdotal evidence suggests this has been largely successful, it is premature to evaluate the true impact on the new hire experience, especially considering many organizations saw partial to complete recruitment freezes and hiring volume was significantly lower. Additionally, many companies continue to work remotely.

Interestingly, our research uncovered one organization unable to onboard remotely due to the nature of their business and lack of technology. Their inability to swiftly implement fundamental changes to their existing process resulted in placing all hiring on hold including the onboarding of new staff.

PART I: WHAT ARE COMPANIES DOING DIFFERENTLY TO HIRE AND ONBOARD STAFF?

ENHANCING THE NEW HIRE EXPERIENCE CONT.

While this case was a clear outlier, it raises some concerns as to why organizations in a similar situation were unable to respond quickly and how they can ensure this does not happen again.

With most organizations not only successfully implementing remote onboarding processes but in many cases excelling, now is a good time for organizations to assess their agility and crisis management strategies.

Like the U.S., business hubs in Canada also experienced a mixture of remote onboarding as well as options to collect technology equipment from local offices.

For remote onboarding, couriers were used to deliver necessary technology equipment, followed by online IT inductions, training and introductions to peers and managers. The transition to predominantly virtual onboarding saw an increase in a conscious effort to ensure a positive employee experience, leveraging video tools to maintain social interaction, team catchups and coaching.

The transition to predominantly virtual onboarding saw an increase in conscious effort to ensure a positive employee experience.

In North America we saw companies transition quickly to online interviews and onboarding, using apps like Teams, Skype and interviewstream. From our research, orientation and onboarding switched to online, and some companies made the additional gesture of sending new onsite hires daily personal protective equipment (PPE) and access to counselling, highlighting company values including employee safety and wellbeing.

SO, WHAT DOES THIS MEAN?

Initially, we predict there will be an increase in hiring activity as organizations transition to post COVID-19 business activity, however it is expected that organizations will focus on ways to future-proof their workforce given the uncertain outlook.

“ *A key trend across North America, has been a dramatic shift in sentiment around workplace flexibility.* ”

Flexibility will be a key aspect of recovery and adjustments to permanent headcount may be undertaken. It is likely that organizations will increase their contingent workforce with a view to exercise more flexibility and control.

As companies begin to remove hiring freezes, we can expect to see increased scrutiny over what is deemed ‘essential’ hiring as organizations focus on cost containment and understanding what their workforce of the future will look like.

Essential, frontline and revenue generating roles will continue to be the primary hiring need for the immediate future while assessment of the new normal is undertaken. We also believe that workforces will look to bolster their headcount across technology as well as risk and resilience-based roles.

When social distancing becomes but a memory and workplaces revert to more traditional recruitment and onboarding programs, we predict that elements of remote processes will be carried over post-pandemic.

Given the ease, practicality, and efficiencies that many organizations have experienced from moving their recruitment and onboarding processes online, we believe that many organizations will make permanent changes, moving much of the detail to online platforms and refining complex processes.

PART I: WHAT ARE COMPANIES DOING DIFFERENTLY TO HIRE AND ONBOARD STAFF?

SO, WHAT DOES THIS MEAN?

We also believe that many larger corporations who routinely carry out face-to-face interviews with international or interstate candidates, will look to continue using virtual interviewing as they benefit from both cost and time optimization.

“**Geographical dispersion was merely a perceived issue.**”

With organizations realizing geographical dispersion was merely a perceived issue that can be eliminated by our learned proficiency in using virtual tools (e.g. Zoom), recruitment will become more efficient and effective for interstate or remote candidates.

For organizations who faced challenges with remote IT set-up, inhibiting their ability to swiftly respond to social distancing, technology will be a clear priority. We predict that organizations will review their technological agility which may result in significant investment to mitigate future risk.

Additionally, with many organizations looking to permanently increase their flexible work options, preparing for the new normal will involve a strategic review of the recruitment and onboarding technology stack.

Our research suggests that organizations became overly conscious about maintaining not only an efficient onboarding process, but one that would ensure a positive and engaging candidate experience. With an overriding fear of losing talent through a disjointed and isolated onboarding process, organizations have reported that their online adaptation to onboarding became even more structured and comprehensive, both logistically and socially.

This could be considered a positive outcome from COVID-19, and organizations have likely exposed inefficiencies in their existing onboarding practices that will require continued attention moving forward.

Though it is too early to truly measure the new hire experience during COVID-19, it has set a new standard for candidate and employee care. Regardless of whether onboarding processes resume entirely or partially online or in-person, employers have re-ignited focus and discussions regarding the worthwhile investment of a heightened candidate and new hire experience. The task will be finding the right balance between ease, practicality, and cost against optimal employee experiences.

Organizations have acted quickly to implement new processes with little time to reflect, plan or be halted by organizational barriers. A heightened attention to social integration at the onboarding stage has illuminated the importance of creating positive employee experiences and increasing advocacy for employer brands.



With an abundance of uncertainty in the employment market, candidates have become increasingly sensitive as to how prospective employers can provide safety and stability during volatile economic conditions.

Candidates will now, more than ever, be interested in understanding organizational resilience, financial stability and how employers supported their staff during COVID-19.

It will be organizations that were vocal and transparent about their pandemic response, coupled with strong people strategies which will capitalize on an increased brand strength among top talent.



PART II: WHAT ARE COMPANIES DOING DIFFERENTLY TO ENGAGE AND MOTIVATE STAFF WHO ARE LARGELY WORKING FROM HOME?

INTRODUCTION

While most organizations have previously considered ways to engage and motivate staff across varying initiatives, it was a global pandemic that created the overnight urgency to elevate many aspects of employee engagement programs.

We found that across North America, organizational efforts to engage and motivate staff while working at home could be described across four key pillars.

Many organizations have also created a wealth of resources for employees to help them create ergonomic home offices.

HEALTH & WELLBEING

Health & wellbeing has been an increasing area of focus over the past few years. However, it is quite apparent that efforts have significantly increased since teams have been forced to operate from their homes.

In the face of a global health crisis it has been in the best interest of companies to actively ensure health & wellbeing remains an important, if not *the* most important concern. Initiatives that have previously been heavily reliant on face-to-face exchanges have had to pivot overnight to virtual.

What we have observed is an increase in fitness offerings such as yoga, pilates, meditation and various other activities.

Many organizations have also created a wealth of resources for employees to help them create ergonomic home offices, encourage frequent stretching as well as materials and more online access for mental health tools.

Some organizations in North America were also sending care packages to employees as gestures of goodwill. These packages included vitamins, masks, hand sanitizer, healthy snacks and fitness equipment, such as skipping ropes.

“ Employers who previously did not promote or endorse working from home had to overcome significant practical and cultural challenges.

FLEXIBLE WORKING OPTIONS

By far the biggest change was the wholesale move to working from home. This was a relatively painless transition for many organizations which had already embedded flexible working as part of their business operation and culture.

Employers who previously did not promote or endorse working from home had to overcome significant practical and cultural challenges, ensuring employees had the tools and resources to work from home efficiently. In addition, organizations needed to equip managers with the tools and insights to manage remote workers as well.

PART II: WHAT ARE COMPANIES DOING DIFFERENTLY TO ENGAGE AND MOTIVATE STAFF WHO ARE LARGELY WORKING FROM HOME?

FLEXIBLE WORKING OPTIONS CONT.

For the most part, results have been impressive. Many companies have seen productivity either maintained or, in some cases improved, with long commutes avoided and employees relishing the extra flexibility working from home provided.

In North America, we saw many companies which had previously not endorsed working from home as BAU, now encouraging employees to work from home either every day or part of the week, and senior managers leading from the front, helping to ‘normalize’ the new way of working.

In addition to working from home, employers have been open to flexible working hours, so that individuals can balance home life with work requirements. For example, employees with children have had to navigate home schooling and working from home, so the option to work adjusted hours (i.e. not 9 to 5) has been an additional way that employers have helped their workforce adjust.

Again, many employers were already on the trajectory to true workforce flexibility, but COVID-19 has accelerated the acceptance of all types of flexible work practices. With flexibility now replacing money as the leading criteria for job seekers, we believe this change is here to stay.



WORKPLACE TECHNOLOGY & TOOLS

Many companies invest heavily in workplace technology and tools, however since COVID-19 and remote working, it is only now that many organizations are truly using these tools in the optimal way and as they were prescribed.

We have quickly grown to rely on digital platforms to foster collaboration – truly embracing these tools and the technology that may have been overlooked as day-to-day resources.

Across all industry sectors, both large and small, companies have cited a considerable increase in utilizing collaboration tools (such as Zoom, Office365, etc.) and internal social media (such as Yammer, Workplace).

With employees removed from their face-to-face, across the desk style interactions, we have quickly grown to rely on digital platforms to foster collaboration – truly embracing these tools and the technology that by many have previously been underutilized. There has also been a shift to video technology acceptance, and more effort being made to connect visually.

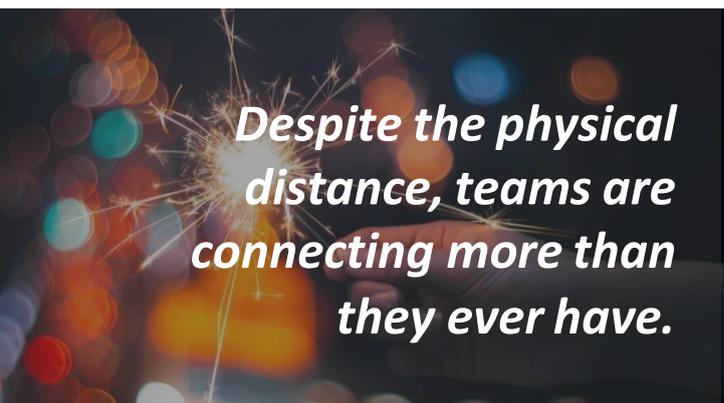
Finally, a key trend has been a conscious effort by many organizations to increase the Learning & Development offering to staff. As an effort to both upskill and motivate employees during this time, additional resources as well as external guest speakers and learning tools have been frequently referred to by organizations as part of their engagement strategy.

PART II: WHAT ARE COMPANIES DOING DIFFERENTLY TO ENGAGE AND MOTIVATE STAFF WHO ARE LARGELY WORKING FROM HOME?

SOCIAL INTERACTION AND COLLABORATION

Workplace culture has largely been relatively social across North America, however adapting to a virtual workforce has meant finding new ways to maintain our relationships from both a professional and social perspective.

Companies have noted more regular catchups (through virtual means) with peers, managers, and stakeholders as well as more frequent large team meetings – many organizations citing these are now happening more than once a week.



There has also been an increased effort to mix work and personal life, often including kids and families, across a number of activities such as childcare, family-friendly online classes or social catchups. Despite the physical distance, teams are connecting more than they ever have.

Smaller organizations seem to lead the way for creative social initiatives with popular activities including team trivia, storytelling, photography competitions and cooking classes.

Larger organizations have been focusing on after work virtual happy hours and leveraging internal social media platforms to ensure inclusion of all staff. Larger organizations also mentioned that social activities have been managed on a team-by-team basis to ensure connectivity and engagement.

CORPORATE TRANSPARENCY

The final pillar relates to corporate transparency or the efforts made by organizations at the Senior Leadership level to communicate with employees, keeping them up to date with business changes and decisions.

Predominantly across larger businesses (5,000+ employees), CEO's, Executives and Senior Leadership have been deploying communications as often as multiple times per week. Pre-COVID-19, communications at this level of seniority were most commonly reserved for significant business updates or special occasions. However, in these unprecedented times it has become paramount to employee engagement to remain transparent.

“ It's important that organizations emphasize their employees' sense of connectedness.

Organizations, both large and small, have also mentioned the increased frequency of internal communications, providing transparency across the business. This approach has created more connectivity between organizations and their employees. It has been important that organizations emphasize their employees' sense of connectedness to the business with the absence of daily office life.

Across North America, many companies are focusing on getting employees back into the office as soon as possible, while in the near term continuing to extend WFH until it's safe to have employees working from the office at least part-time.

Staff engagement and motivation has been predominantly sustained through an increased focus on regular managerial catchups with direct reports. In addition, companies across North America have emphasized internal training and development to increase productivity during this crisis.

PART II: WHAT ARE COMPANIES DOING DIFFERENTLY TO ENGAGE AND MOTIVATE STAFF WHO ARE LARGELY WORKING FROM HOME?

SO, WHAT DOES THIS MEAN?

A key trend across North America has been a dramatic shift in sentiment around workplace flexibility. While many organizations have offered flexible work arrangements to varying degrees for some time, the overnight mandatory acceptance of full-time remote working has inevitably pushed even more traditional workplaces into accepting it as mainstream practice.

“ We believe workplaces are already undergoing strategic efforts to recalibrate their ‘flex’ policies. ”

With organizations successfully seeing entire workforces operate from the safety of their homes, it has become undeniable that there is little to no correlation between a reduction in productivity and flexible working arrangements. Some organizations have commented on an increased level of productivity since workforces have introduced working from home.

Not only will current employees be looking to their employers to maintain an ongoing openness towards flexible working arrangements, but moreover, prospective candidates will be assessing employers based on their ability to communicate this authentically as part of their EVP.

We believe workplaces are already undergoing strategic efforts to recalibrate their ‘flex’ policies to ensure they can retain current staff and attract future talent.

Currently, while the option exists for many companies to reintroduce their staff into the office, the necessary safety measures involved (e.g. increased hygiene and cleaning measures, limits on public transport and office spaces etc.) could have a negative impact on productivity.

Many workplaces have also offered increased flexibility options such as alternate working hours (i.e. working outside of office hours to align to family and personal commitments) – proving that the traditional model of work has, to an extent, become antiquated.

Some companies have already announced that they will not be returning to traditional office-based working, while others are actively exploring ways to maintain a full spectrum of flexible work options post-COVID-19.

There is little to no correlation between a reduction in productivity and flexible working arrangements.

With a sudden uplift in usage of workplace technology and more effort being made to connect visually and use collaborative online tools, how has our attitude changed towards the way we use these resources?

These technologies have been around for years; however, we are now seeing the vast benefits of connecting virtually using technology. Now that we have been forced to turn the camera on, mastered the art of the video call and have a better understanding of collaboration tools, many employees will take these skills with them into the workplace of the future.

It will be interesting to see if workplace technology use continues to increase, as well as how many organizations actively pursue upgrades and enhancements. And with more pressure on having up to date workplace technology, we also predict an increase in rigor where technology assessment is concerned – namely from a privacy and security perspective.

PART II: WHAT ARE COMPANIES DOING DIFFERENTLY TO ENGAGE AND MOTIVATE STAFF WHO ARE LARGELY WORKING FROM HOME?

SO, WHAT DOES THIS MEAN? CONT.

Many organizations have bolstered their Learning & Development efforts as well as employee resources, to help employees adjust to the new way of working, and as a way for employees to upskill during this time. These efforts have highlighted how quickly we can provide new tools and resources to employees, which we hope to see continues post-COVID-19.

Something to consider will be maintaining these resources, ensuring that there are custodians of the materials as well as considering a 'one source of truth' approach.

“ We have now learned to make effortful connections, practice active listening and to take a genuine interest in one-another. ”

Another takeaway suggests that teams are encouraging employees to actively share more about their personal lives than ever before.

We have seen consistency across all industries, encouraging employees to share videos/photos of their pets, workspaces, funny stories and even introduce their family members. A positive outcome from COVID-19 has been the level of connectedness and interest in our co-workers.

We have now learned to make effortful connections, practice active listening and to take a genuine interest in one-another. Although it is too early to tell with certainty, we believe that many teams will emerge from the pandemic unified and more connected than ever.



Ultimately, workforces have rapidly adapted and found new ways to engage and motivate employees virtually.

It is unlikely that after this global pandemic ends we will revert back to working the way we did pre-COVID-19, but as social creatures we will now be tasked with finding a balance between adapting to an increase in remote working coupled with adequate and meaningful face-to-face interactions.

PART III: IN AN ENVIRONMENT WHERE COMPANIES MAY HAVE FALLING REVENUES, WHAT ARE THEY DOING (IF ANYTHING) TO REDUCE COSTS WHILE TRYING TO SAVE AS MANY JOBS AS POSSIBLE?

INTRODUCTION

In an environment of plateauing or falling revenues, most companies have had to review and action changes to their cost base. Given staff costs are typically the largest single cost in a company's P&L, we saw lots of imaginative ways to save costs while preserving as many jobs as possible.

However, cost-cutting measures can only be so creative before they start to impact people's livelihood, and ultimately, we have seen widespread impact to jobs across North America.

“ Expensive face-to-face training was replaced with more cost-effective online training.

SAVINGS IN DISCRETIONARY EXPENDITURE

Significant savings in discretionary expenditure was a direct outcome of the pandemic itself. With little or no domestic and international travel, corporate travel and accommodation expenditure was instantly slashed to near zero.

Likewise, spending on corporate social events and client entertainment was also reduced, due to social distancing and isolation measures in place.

Expensive in-person training was replaced with more cost-effective online training. Large face to face conferences were also replaced with online conferences, often with significant price discounts.

In addition, corporate projects and other discretionary expenditure on technology, infrastructure, and facility upgrades were either terminated or deferred to a later date.

Of course, there were also savings in office costs, including kitchen supplies, office supplies and utilities. In some cases, smaller companies utilizing shared workspaces have opted to delay returning to these workspaces until 2021, saving rental fees for the remainder of 2020.

We saw lots of imaginative ways to save costs while preserving as many jobs as possible.

GOVERNMENT FINANCIAL ASSISTANCE

Governments in the United States and Canada provided some level of financial assistance to companies to aid in their ability to retain as many employees as possible.

While this certainly helped many organizations qualifying for financial assistance to retain employees, it did not help companies experiencing falling profits and declines in revenue due to mandated business closures. Nor did it help those companies in virtual collapse who had to lay-off employees, given their inability to qualify and or obtain financial assistance.

PART III: IN AN ENVIRONMENT WHERE COMPANIES MAY HAVE FALLING REVENUES, WHAT ARE THEY DOING (IF ANYTHING) TO REDUCE COSTS WHILE TRYING TO SAVE AS MANY JOBS AS POSSIBLE?

GOVERNMENT FINANCIAL ASSISTANCE CONT.

The US Government introduced the Coronavirus Aid, Relief and Economic Security Act or CARES Act which included several different programs and interventions that provide or intend to provide financial relief to eligible employers and employees alike.

Four employer options included (1) the Payroll Protection Program which provides loan forgiveness through the SBA for retaining employees, (2) the Economic Injury Disaster Loan which provides economic relief to small business and non-profit organizations experiencing a temporary loss of revenue, (3) the SBA Express Bridge Loan enabling small companies with an existing relationship with an SBA Express Lender to quickly access up to \$25,000 and (4) SBA Debt Relief providing financial reprieve to small businesses during the COVID-19 pandemic.



The Canada Government introduced a number of programs to assist employers impacted by the coronavirus. Some of these include (1) Canada Emergency Wage Subsidy (CEWS) available to businesses of all sizes which are not public bodies as well as non-profit and charitable organizations, (2) Canada Emergency Business Account (CEBA) providing a \$40,000 interest-free loan to

small businesses and non-profit organizations, (3) Temporary Wage Subsidy which allows CCPCs and other qualifying businesses to reduce payroll income tax by 10 percent for up to three months with a per employee cap, and (4) Work-Sharing Program which allows employers experiencing a COVID-19 related downturn to coordinate with employees to share work hours in an effort to avoid lay-offs.

Additional programs created by the Canada Government include \$962 million to be provided through the Regional Relief and Recovery Fund for regional bridge financial for businesses unable to access CEWS or CEBA, \$287 million for the Community Futures Network to support rural communities and small businesses, and \$306 million for small and medium-sized Indigenous businesses.

SAVINGS IN STAFF COSTS: PAID LEAVE

A number of organizations asked employees to take paid leave. For example, a large automotive company used this cost savings strategy for 6,500 salaried employees who were unable to work from home, paying them 75% of their salary and maintaining health benefits to avoid lay-offs and unemployment.

Paid leave is a tactic to improve worker retention, which saves companies money through reduced turnover costs. Replacing employees is expensive with turnover costs estimated to average 20% of a worker's annual salary. And when employees do not have access to paid leave, they are more likely to look for other work.

In addition to mitigating the costs of turnover, many companies have stated that paid leave programs have positive impacts on morale and productivity as well. They need employees to return and to retain their skilled workforce.

PART III: IN AN ENVIRONMENT WHERE COMPANIES MAY HAVE FALLING REVENUES, WHAT ARE THEY DOING (IF ANYTHING) TO REDUCE COSTS WHILE TRYING TO SAVE AS MANY JOBS AS POSSIBLE?

SAVINGS IN STAFF COSTS: PAY CUTS

Some companies asked employees to take pay cuts to save staff costs. This was accomplished by simply reducing an employee’s salary for the same hours worked or by having them work less hours.

Most employees with work schedule reductions worked 0.9 FTE, 0.8 FTE or in some cases 0.6 FTE, resulting in pay cuts between 5% – 50%.

Although less common, some organizations made pay cuts without reducing hours and instead offered other incentives to staff. We heard of one organization asking employees to take a 20% pay cut now, without reducing working hours, in return for receiving extra annual leave during the December and January holiday season.



SAVINGS IN STAFF COSTS: FREEZE ON PAY INCREASES

Most companies we spoke to across North America have implemented a freeze on all pay increases, whether due to cost of living, merit reviews or promotions.

Some companies also cancelled their incentive programs and or have communicated to employees not to expect incentive bonuses this year.

SAVINGS IN STAFF COSTS: FURLOUGHS AND LAY-OFFS

For industries hardest hit in North America (i.e. airlines, hotels, retail), widespread employee lay-offs and furloughs were a very unfortunate outcome. The U.S. unemployment rate exploded from 3.5% in February 2020 up to 14.7% in April, and since then has been improving slowly down to 10.2% in July. In Canada, the unemployment rate has followed similarly increasing from 5.6% in February 2020 to a high of 13.5% in May, improving to 10.9% as of July 2020.

Furloughs, another retention strategy where employees are laid-off temporarily with or without benefits, are recently proving difficult to sustain as many companies are realizing pandemic-related disruptions will result in the need for less workers.

“ Recruitment freezes have been slowly but progressively relaxed since April. ”

RECRUITMENT FREEZES AND RESCINDED OFFERS

As mentioned earlier, we saw companies implement recruitment freezes and rescind offers in the early stages of the pandemic while Leadership teams scrambled to understand the full impacts of the pandemic on their people, clients, and business operations.

With the exception of the hardest hit industries, recruitment freezes have been slowly but progressively relaxed since April and, although not back to normal levels, all indicators (including job advertising rates) in most regions across North America are trending in a slightly upward direction.

PART III: IN AN ENVIRONMENT WHERE COMPANIES MAY HAVE FALLING REVENUES, WHAT ARE THEY DOING (IF ANYTHING) TO REDUCE COSTS WHILE TRYING TO SAVE AS MANY JOBS AS POSSIBLE?

SO, WHAT DOES THIS MEAN?

Extreme and immediate cost saving measures have been implemented across most industry sectors due to the impact of COVID-19. And while we hope we have seen the worst of the lay-offs, furloughs and imposed salary reductions, it is still too early to tell.

What we do know is that during the pandemic, organizations have found new and creative ways to reduce costs while saving valuable employees' jobs, and those learnings are here to say.



With many companies having to make difficult decisions to lay-off staff, we believe organizations will continue to look at ways to create leaner organizations and introduce more flexibility into their staff cost base.

Restructuring is here to stay, and companies will continue to invest more in their contingent workforce, enabling them to scale resources up and down far more easily than achieved in the past.

Many organizations with large permanent headcount have been ravaged by the pandemic, decimating entire teams. With less risk involved with large contingent workforces, we believe that more organizations will consider MSP solutions to bolster staffing needs while also managing risk.

Based on our discussions about the swift and effective transition to remote and flexible working arrangements, we hope and believe that workplaces will not entirely revert to traditional office-only work environments.

COVID-19 has taught even the most conservative businesses that flexible working arrangements can be highly effective, can help to improve employee engagement and productivity, and should become part of the new normal.

“ Do we think companies will revert to pre-COVID-19 travel practices? No, probably not.

With a new appreciation for flexible and remote working arrangements, many organizations will likely not reach 100% on-site office capacity again. We believe traditional business offices will decrease in size over the next few years, reducing overhead costs associated with desks, office equipment, cleaning, security services and of course, utilities.

From what our research suggests, work-related travel expenses will likely decrease substantially post-COVID-19. While there is no substitute for face-to-face physical interaction, we have successfully adapted and proven that business can continue regardless of geographical location.

Many organizations spend hundreds of thousands, if not millions, on domestic and international travel each year. Having now experienced work without any travel at all, do we think companies will revert to pre COVID-19 travel practices? No, probably not. At least not in the same capacity.

While travel will resume in due course, we expect companies will reconsider how much annual travel they deem essential, versus non-essential.

CONCLUSION



CONCLUSION

Although we have discussed some unprecedented measures that organizations have taken to evolve rapidly throughout the pandemic of 2020, we must acknowledge that we still haven't seen the full impact on our workforces.

What we can be confident about, however, is that companies have been compelled to create change, and fast.

“ Many of us have taken part in possibly the biggest corporate behavioral experiment of all time. ”

Once we have past the worst of this pandemic and organizations take a step back and reflect on what went well and what, perhaps not so well, we will appreciate that many of us have taken part in possibly the biggest corporate behavioral experiment of all time – authentic agility and rapid responsiveness.

In many ways, functions of recruitment were given a 'free pass' to try almost anything to make sure we could recruit, engage, and retain as many staff as possible during this time.

So now the real question is, what efficiencies have you discovered? What inefficiencies have been painstakingly exposed? And what permanent change will you make when it comes to recruiting, onboarding, engaging, and managing talent into the future?

If your business is currently navigating any of the issues discussed in this report, or if you would simply like to know more, please get in touch with one of our Talent Experts.

John DiPietro, SVP Client Solutions
John.DiPietro@hudsonrpo.com

Steve Wajda, Director
Steve.Wajda@hudsonrpo.com



am.hudsonrpo.com



[@hudsonrpo](https://www.linkedin.com/company/hudsonrpo)