

From Immediate Responses to Planning for the Reimagined Workplace

Human Capital Responses to the COVID-19 Pandemic



Executive Summary

As a result of COVID-19, US organizations had to respond quickly in February and March 2020 to protect the health and safety of their workers. Many organizations immediately required their knowledge workers to work remotely and laid off or furloughed some workers. Many others have had to close their businesses at least temporarily.

The [April 2020 Jobs Report](#) from the US Bureau of Labor Statistics shows that the unemployment rate jumped to 14.7 percent, possibly putting the US in the deepest recession since the Great Depression. The report also shows a staggering loss of 20.5 million jobs, the largest monthly loss in recorded history. If this crisis is similar to those in the past, we can expect it to have a long-lasting impact on the economy and businesses. While many businesses will reopen eventually and millions will return to the workplace, we expect recovery will be far from complete for quite a while, especially for industries severely affected by social distancing (e.g., entertainment, hospitality, travel, and food services).¹

To gauge how organizations are reacting to the changing business environment in the context of their workforces, The Conference Board conducted an online survey in April 2020 with more than 150 human capital executives, mostly in large companies. Our accompanying chartbook shares the survey findings about remote work and the cost-reduction actions that have already been taken, as well as HR priorities for the recovery phase.

Insights for What's Ahead

More employees are likely to work remotely after the COVID-19 pandemic. Postcrisis, remote working rates are likely to remain well above prepandemic rates. Less than 1 in 10 organizations in our survey indicated that the share of full-time US employees working primarily from home before the pandemic was higher than 20 percent. Now, 77 percent of survey respondents expect an increase in the number of employees working primarily from home (at least three days a week) a year after the pandemic. Occupation groups where remote working rates were highest prior to COVID-19, such as information technology and financial services, lend themselves to permanent high rates of remote working.

An increase in remote working could become the most influential legacy of COVID-19. We expect that remote working will become the norm, or at least a widely practiced solution, for many employers. In addition, there could be important implications beyond how we work. Fewer people are commuting to city centers for work during the pandemic; accordingly, spending on food services, retail, and other services in these areas will be harder hit than most other geographies. The lower level of spending in city centers is likely to persist even after COVID-19.²

1 For more information, see [The Conference Board Economic Forecast for the US Economy](#).

2 For more on remote working, the differences by occupation, and how city centers might be affected, read our blog: ["If staying home comes to stay: the rise of telework and the decline of city centers."](#)

Most employers have implemented some form of workforce cost reductions, and many plan to continue to do so in the next 1 to 3 months (May through July 2020).

Through the end of April 2020, organizations responded to the crisis with actions that are easy to implement and reversible, such as deferring pay increases or bonuses, reducing hours worked, freezing hiring, and implementing furloughs. Less than 10 percent of organizations have already conducted permanent layoffs or implemented a major restructuring of the organization. However, these last two more drastic measures are likely to occur more often over the next three months for some organizations, and we expect some of the restructuring will occur during bankruptcy procedures. Not surprisingly, organizations that had declining revenues pre-COVID-19, or those not expecting to recover within 12 months, were already much more likely to use layoffs or major restructuring.

Some organizations are optimistic about recovery from COVID-19. With the background of the current catastrophic unemployment statistics, our respondents provided some optimism: 3 in 4 organizations in our survey did not plan to lay off any workers during the COVID-19 pandemic. And when the survey was conducted in late April, over 55 percent of respondents expected their organizational revenue to return to pre-COVID-19 levels within 12 months, a reminder that the COVID-19 recession will be devastating for the industries and small businesses most disrupted by social distancing, but perhaps less so for many other industries. Finally, organizations that had more employees primarily working from home (10 percent or more of their workforce) before the pandemic were more likely to self-report an increase in productivity during the pandemic.

Additional workforce cost reductions are more likely in organizations that employ primarily industry and manual services workers. These organizations have had more significant workforce cost reductions and are more likely to be forced to react to the new market conditions than organizations with a majority of professional and office workers. The latter are more likely to be able to keep operating in a more constrained environment by working remotely. Professional workers are also more likely to have unique skills or institutional knowledge, which makes it more difficult to adequately replace or rehire them when the economy improves.

Prior to returning to the workplace, over 85 percent of all surveyed organizations are prioritizing workforce health and office safety. Ensuring office preparation for return to work, creating a sequence and timing of return, and addressing worker health and safety concerns topped the list of priorities as organizations plan for a return to the workplace. Other important considerations include developing a policy for handling worker illness, reviewing travel policies, offering mental health and well-being services, and determining worker sentiment for a return to work.

Introduction

The Conference Board expects that COVID-19 will have many lasting impacts on the world of work and human capital processes, and we wanted to capture what human capital professionals are thinking today as they look to the future. To assess how organizations are planning to return to the workplace and the changes they expect upon a return—particularly as these changes relate to remote work and cost-reduction implications—we surveyed 152 human capital leaders in US-based organizations between April 15 and April 28, 2020, during the first phase of the pandemic in the United States.

Executives from a broad range of industries responded, with over 60 percent representing business and professional services, manufacturing, and health care sectors. Responses to some questions were analyzed separately for two types of organizations: those that employ primarily professional and office workers and those that primarily employ industry and manual services workers, defined as:

- **Professional and office workers** (what economists term “white-collar” occupations) include: management, business, financial, and professional occupations that generally require at least a bachelor’s degree, as well as jobs that require less education, such as sales, office, and administrative support occupations.
- **Industry and manual services workers** (what economists term “blue-collar” and manual services occupations) include: construction, extraction, farming, installation, maintenance, repair, production, transportation, and material moving occupations, as well as manual services such as health care support, protective service, food preparation and serving, building and grounds cleaning, and personal care and service occupations.

Survey Demographics

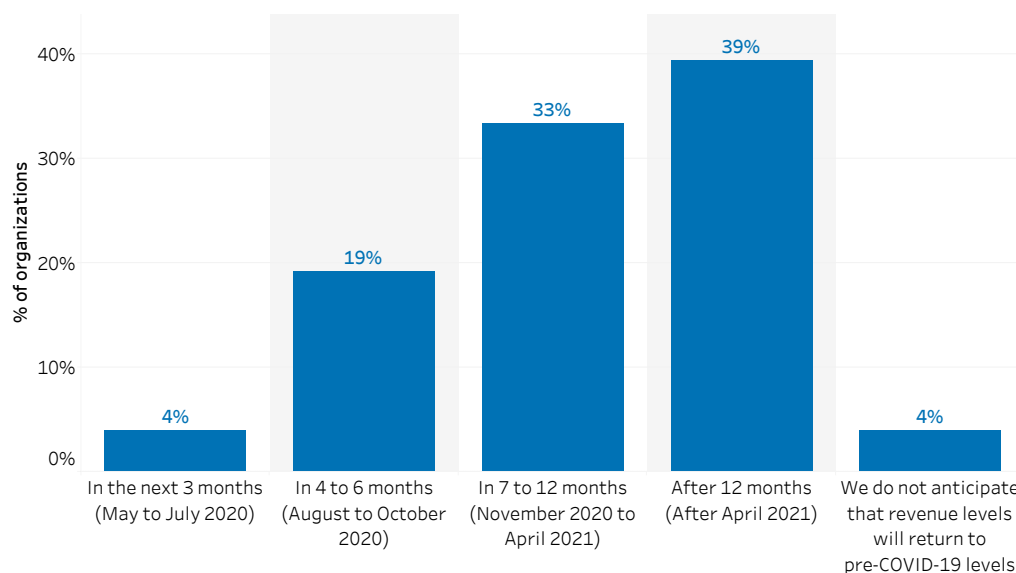
What is the makeup of your workforce?		What is your primary industry in the US?	
Mostly industry and manual services	38%	Business and professional services	28%
Mostly professional and office workers	54%	Manufacturing	20%
Equal share industry and professional workers	9%	Health care and pharmaceutical	15%
		Construction, energy, mining, utilities, transportation	13%
		Government and education	6%
		Wholesale and retail trade	5%
		Travel, hospitality, entertainment, arts	4%
		Other	9%
US headcount (full-time equivalent workers)		Organization’s total global revenue in FY 2019	
Less than 1,000	11%	Less than \$100 million	11%
1,000 to less than 5,000	26%	\$100 million to less than \$1 billion	9%
5,000 to less than 25,000	36%	\$1 billion to less than \$5 billion	17%
25,000 to less than 50,000	13%	\$5 billion to less than \$10 billion	15%
More than 50,000	15%	\$10 billion to less than \$20 billion	18%
		\$20 billion to less than \$40 billion	14%
		More than \$40 billion	17%

The Future of Work Post-COVID-19

More than 55 percent of respondents expect to return to pre-COVID-19 revenue levels within the next 12 months

Chart 1

When does your organization expect your US-based revenue level to return to pre-COVID-19 levels? (Please estimate.)



n=99

Note: Only organizations whose revenue has been negatively affected by COVID-19 were included in this chart.

Source: The Conference Board

At the end of April 2020, many survey respondents were more optimistic about the recovery of their individual organizations' revenue than many economists were about overall US recovery.³ More than 55 percent of respondents from organizations that experienced a decline in revenue after COVID-19 expected to return to precrisis revenue levels within the next 12 months, with the remaining believing revenue levels would return after 12 months (after April 2021). Only 4 percent of respondents believed that their organization's revenue would not return to pre-COVID-19 levels. There was little difference between professional/office organizations and industrial/manual services organizations in terms of revenue anticipation.

³ To learn more about the economic forecast for the US, see [The Conference Board Economic Forecast for the US Economy](#).

Organizations expect more remote work, a greater emphasis on scenario planning, and a reimagined office design after COVID-19

Table 1

What do you expect will be the 5 most significant changes at your organization when you are in the recovery phase? (Select your top 5.)

1	Our ways of working to include more remote/virtual work
2	Our disaster recovery/business continuity and scenario planning
3	Our office design (e.g., to prioritize employee health and safety)
4	Our HR policies re: flexibility, personal time off, vacation, paid sick leave, etc.
5	Our focus on employee engagement and experience
6	Our technology infrastructure
7	Our expectations for leaders
8	Our commitment to supporting working parents and caregivers Our crisis communication processes
10	Our relationships with customers
11	Our organizational structure/operating model
12	Our employment brand
13	Our commitment to the corporate mission and values
14	Our consumer brand perception in the marketplace
15	Our internal talent mobility willingness (e.g., to move employees around within the business)
16	Our leadership style
17	Our approach to compensation
18	Our performance management processes
19	Our relationships with vendors, suppliers, and partners
20	Our approach to benefits

n=152

Source: The Conference Board

When asked about the five most significant changes at their organization during the recovery phase, not surprisingly, respondents prioritized those most related to responding to COVID-19: remote work, disaster recovery plans, health and safety measures in the workplace, flexibility and remote work policies, and employee engagement.

The response to COVID-19 and the recovery from the pandemic varies drastically by industry and workforce makeup

Table 2

Organizations that employ mostly professional and office workers are experiencing the COVID-19 pandemic very differently than those with a higher percentage of industry and manual services workers

	Remote Work	Workforce Cost Reductions
Professional and office workers	<p>More likely to predict an increase in full-time employees working primarily from home</p> <p>More likely to self-report no change in productivity</p>	<p>More likely to restrict hiring to critical roles in the next three months</p> <p>Less likely to take all other workforce cost reductions</p>
Industry and manual services workers	<p>Less likely to predict an increase in full-time employees working primarily from home 12 months after COVID-19</p> <p>Experiencing larger declines in self-reported productivity</p>	<p>More likely to have reduced workforce or worker hours</p> <p>More likely to plan to take harsher workforce cost reductions in the next three months</p>

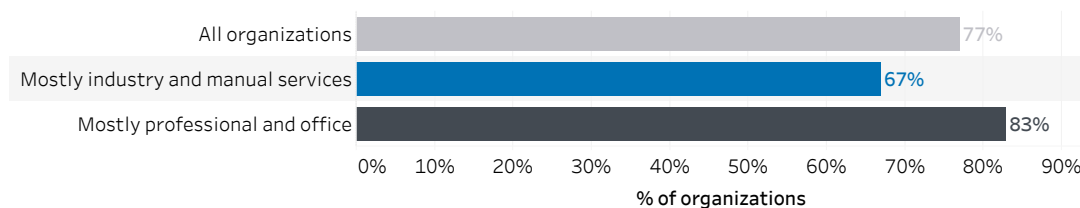
Source: The Conference Board

Remote Work Impact of COVID-19

Most organizations predict an increase in remote work following the pandemic

Chart 2a

Percentage of respondents that expect an increase in full-time employees working primarily from home (at least 3 days a week) 12 months after COVID-19



n=142

Source: The Conference Board

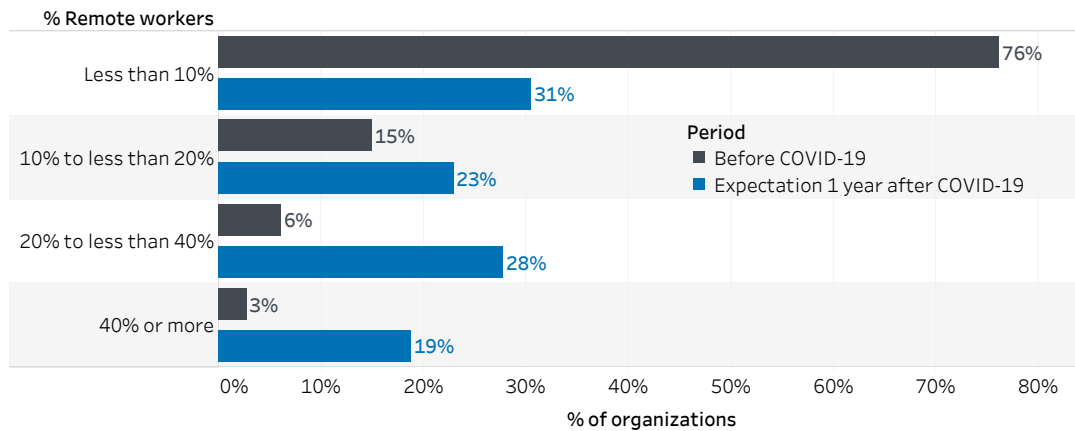
More than three-quarters of respondents expect an increase in the number of employees working remotely for at least three days per week, even 12 months after the COVID-19 pandemic has ended and workers are able to return to physical workspaces.⁴ However, mostly professional and office organizations are more likely to predict an increase in full-time employees working primarily from home (83 percent) than mostly industry and manual services organizations (67 percent).

⁴ For more information about remote work during COVID-19, see Amy Abel and Amanda Popiela, [Human Capital Management during COVID-19: Leading Virtual Teams in a Crisis](#), The Conference Board, April 2020.

While three-quarters of respondents reported that less than 10 percent of employees worked primarily from home before COVID-19, this trend will likely reverse after COVID-19

Chart 2b

Percentage of US full-time employees working primarily from home (at least 3 days a week) before COVID-19 and expectation 12 months postpandemic



n=147

Source: The Conference Board

While only a fifth of respondents expect 40 percent or more of their workers to be primarily remote long-term, employers should prepare for more remote working, more of the time. Almost 70 percent of respondents believe at least 1 in 10 of their employees will be working primarily from home 12 months after the pandemic.

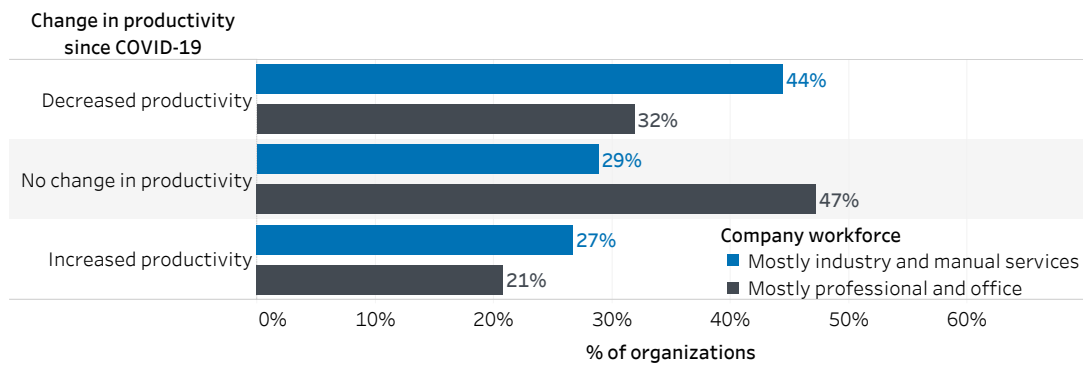
An increase in remote work could have large impacts on the rest of the economy, especially for businesses located in city centers. As more employees work from home, they may spend less time in city centers. Consumer spending, especially on food services, may shift from city centers to the places where people live. Demand for housing and office space could also shift away from city centers. Retail shops, food services, and real estate companies with a concentration in city centers may want to consider diversifying their geographic portfolio.⁵

5 For more information about this topic, see our blog: Gad Levanon, Frank Steemers, and Elizabeth Crofoot, "If staying home comes to stay: the rise of telework and the decline of city centers," The Conference Board Labor Markets Blog, April 15, 2020.

Industry and manual services organizations self-report a larger decline in productivity than those with more professional and office workers

Chart 3

US employee productivity changes since the COVID-19 outbreak (self-reported)



n=117

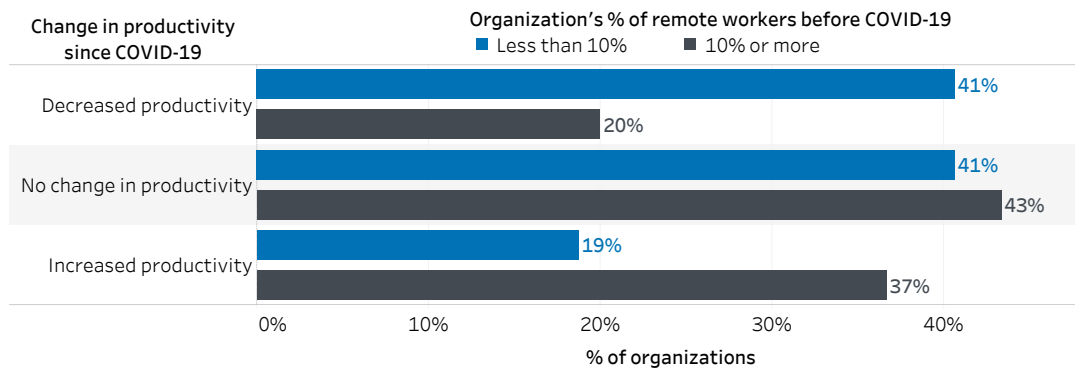
Source: The Conference Board

A shift to remote working has productivity implications. While industry and manual services organizations in our study were more likely to say they've experienced a decline in productivity, organizations with primarily professional and office workers were more likely to report experiencing no change in productivity. Interestingly, about a quarter of organizations in our study self-reported an increase in productivity, with slightly more organizations in industry and manual services experiencing this increase. This is most likely due to an increased demand for "essential" products and services, such as online retailers, large grocers, package delivery, and some health care corporations.

Organizations that had more remote workers before the pandemic are more likely to self-report an increase in productivity during the pandemic

Chart 4

Productivity of US employees by percentage of remote workers (self-reported)



n=126

Source: The Conference Board

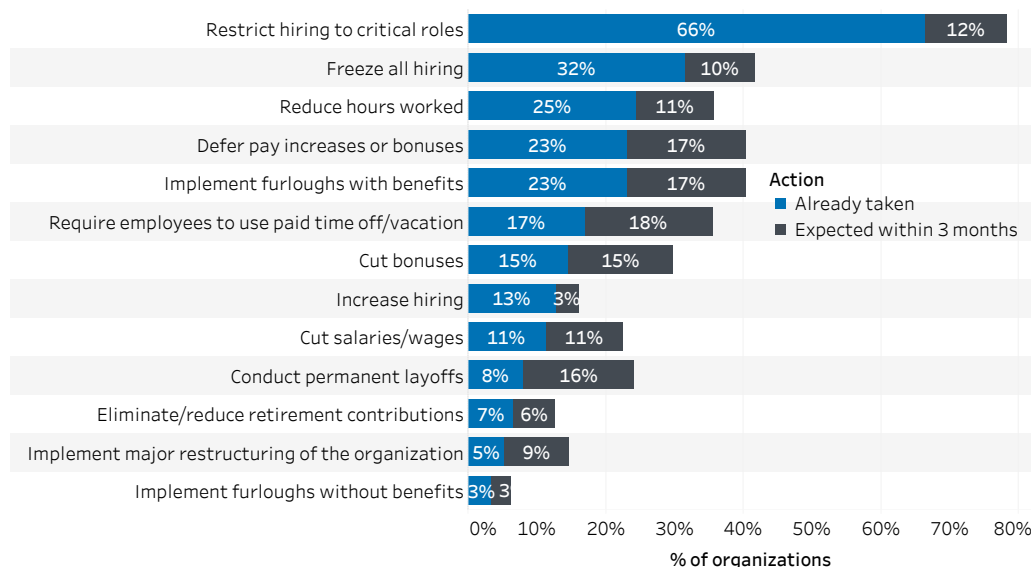
Organizations that had more remote workers before COVID-19 (at least 10 percent of their employee base working primarily from home) were more likely to self-report an increase in productivity during the pandemic, while those with fewer remote workers were more likely to say they've experienced a decline. This response may indicate that organizations with more remote workers before the pandemic were better able to adjust to remote working during the pandemic. These organizations may have more jobs that are suited to working from home and/or employees may be working longer hours at home.

Workforce Cost Reduction Implications of COVID-19

Most organizations have reduced workforce costs, and many plan to take still more steps in the next 3 months (May through July 2020)

Chart 5a

How is your organization currently responding to COVID-19, and how are you planning to respond within the next 3 months?



n=152

Source: The Conference Board

In the early months of COVID-19, most organizations (66 percent) immediately restricted hiring to critical roles. Many organizations took other actions to reduce workforce costs, such as freezing all hiring, reducing hours, deferring compensation, or implementing furloughs.⁶ At the other end of the spectrum, 13 percent of organizations in our study increased hiring during the pandemic, likely in essential businesses.

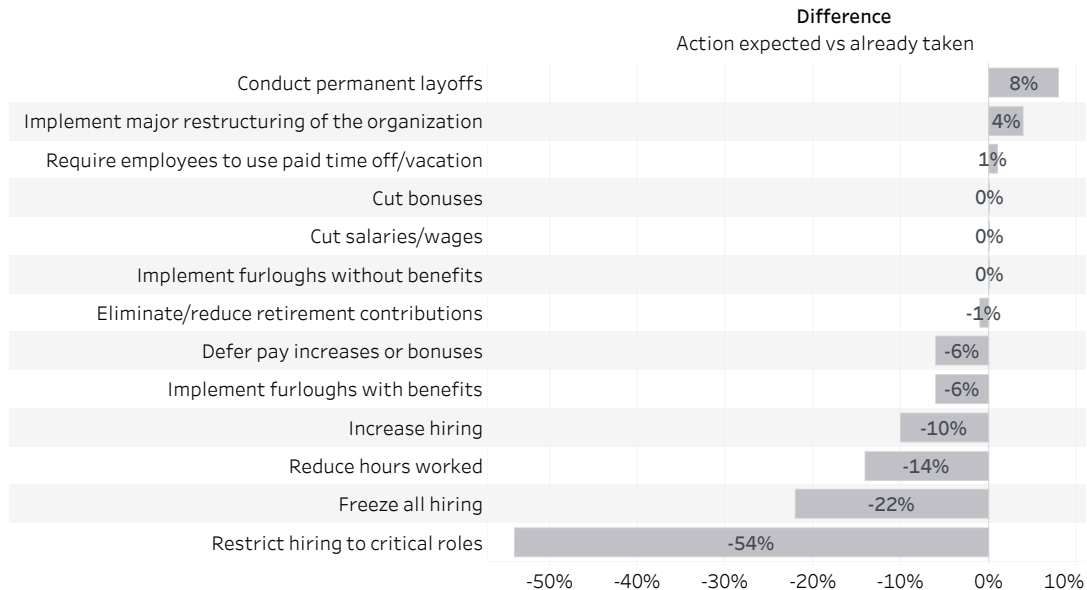
Whatever an individual organization's circumstances, reopening doesn't mean "going back to pre-COVID-19." In the next three months (May to July 2020), the most common expected actions are to require employees to take PTO or vacation time, defer pay, and implement furloughs. Few respondents indicated that they expect to implement furloughs without benefits or reduce 401(k) contributions. While major restructuring is unlikely for most surveyed organizations, 9 percent plan to implement a large-scale change in organizational structure.

⁶ For more information about cost-reduction actions during COVID-19, see Robin Erickson and Amy Ye, *Human Capital Management during COVID-19: Finding Innovative Alternatives to Layoffs*, The Conference Board, April 2020.

Workforce cost reductions that are more difficult to implement quickly are more likely to happen over the next 3 months

Chart 5b

Relative difference between action expected and already taken within each response



n=152

Note: Chart 5b plots the relative difference between action expected and already taken within each response. Negative numbers indicate a greater portion of participants have already implemented that response. For example, according to Chart 5a, 16 percent of organizations expect to conduct permanent layoffs, while 8 percent have already conducted layoffs; the difference equals the 8 percent shown here.

Source: The Conference Board

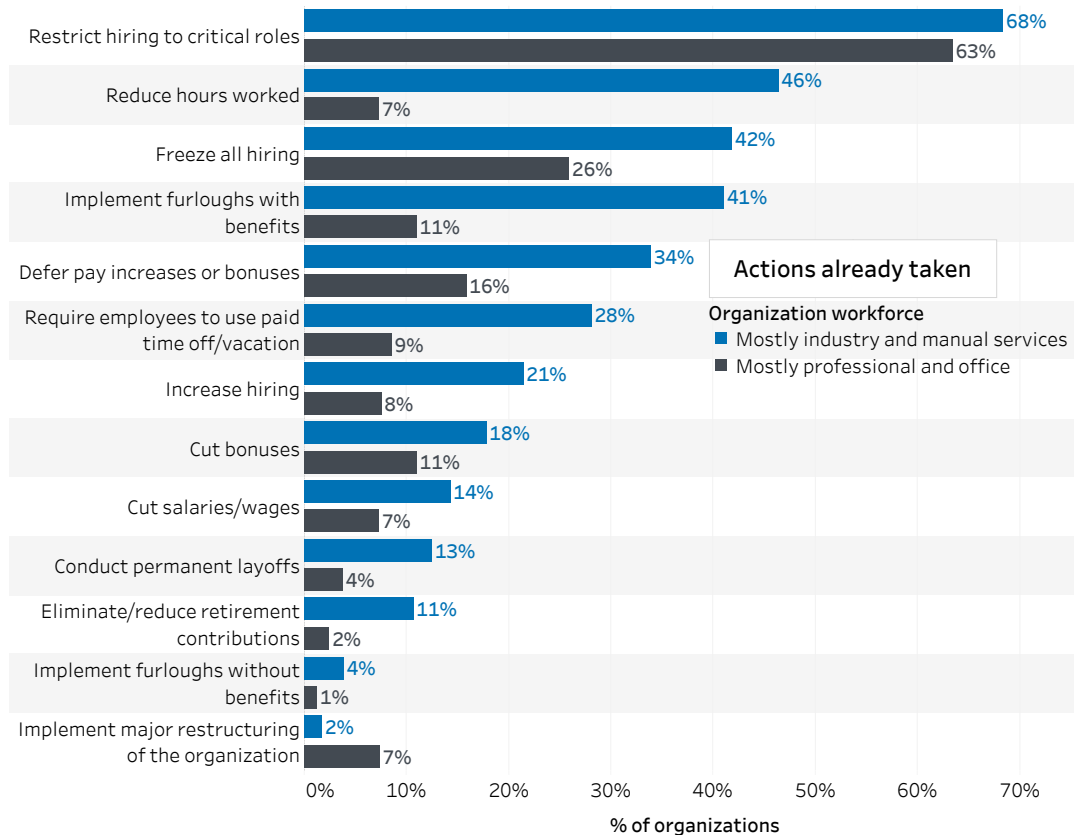
According to our survey, two of the more drastic measures, permanent layoffs⁷ and major restructurings, are more likely to take place in the next three months (May through July 2020) than they were to have already occurred. However, only 16 percent of respondents expect permanent layoffs to come in the next three months, and only 9 percent expect a major restructuring. Even though a small number of organizations are planning these measures, they can have a large impact. Some name-brand retailers have already filed for bankruptcy (e.g., J. Crew, JC Penney), and other companies likely will follow.

⁷ For more information about layoffs, see Robin Erickson and Amy Ye, [Human Capital Management during COVID-19: Conducting Compassionate Layoffs](#), The Conference Board, April 2020.

Industry and manual services organizations are more likely than professional and office organizations to reduce workforce or worker hours during the COVID-19 pandemic

Chart 6

Workforce actions already taken, by worker category



n=139

Source: The Conference Board

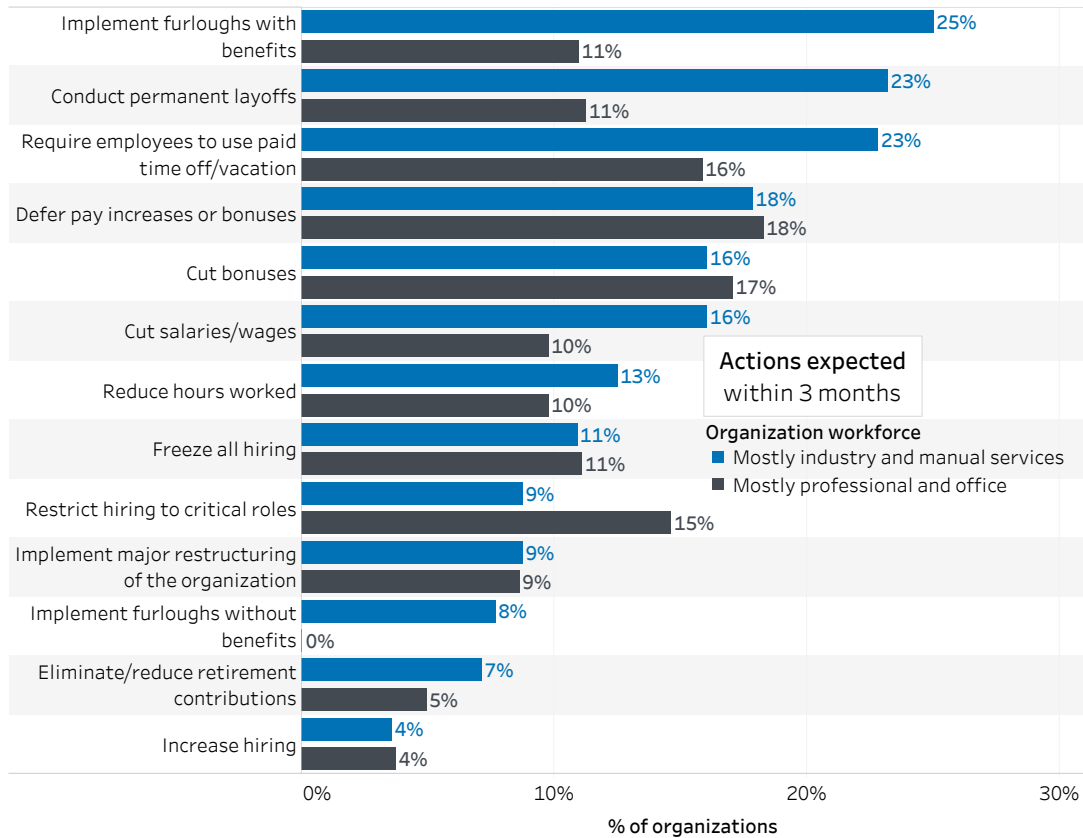
Compared to professional and office industries, more industry and manual services organizations have reduced workforce costs, including reducing hours worked, freezing hiring, implementing furloughs, and deferring pay increases or bonuses. While over 60 percent of all organizations have restricted hiring in response to COVID-19 challenges, reducing hours worked has been a much more common tactic among industry and manual services organizations. However, 20 percent of industry and manual services organizations actually increased hiring, most likely in sectors where COVID-19 has increased demand (e.g., online retail, grocery, package delivery, and some health care).⁸

8 For more information about which types of jobs and employers are experiencing increased hiring, read the following blogs that use The Conference Board®-Burning Glass® Help Wanted OnLine™ (HWOL) data series of online job vacancies: Agron Nicaj and Gad Levanon, "[The first wave of COVID-19's impact on hiring](#)," April 17, 2020, and Gad Levanon and Ben Cheng, "[Small business hiring is recovering](#)," May 20, 2020.

Industry and manual services organizations are more likely than professional and office industries to plan to take harsher workforce cost reductions in the next 3 months

Chart 7

Workforce responses to COVID-19 likely to occur in the next 3 months (May through July 2020), by worker category



n=139

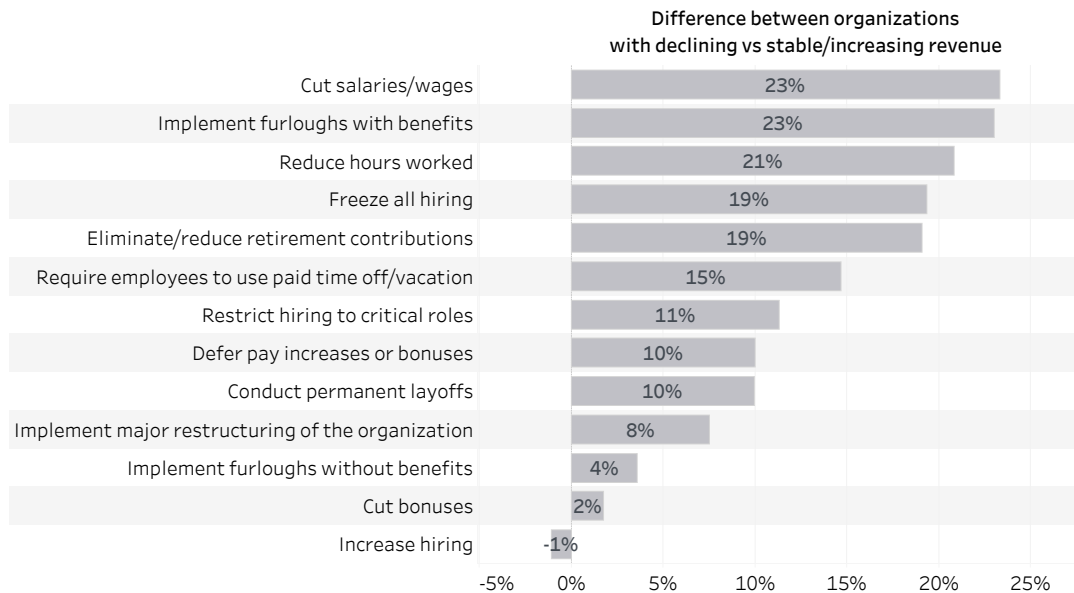
Source: The Conference Board

In the next three months, organizations with more industrial and manual services workers are much more likely to implement furloughs with benefits, conduct permanent layoffs, require employees to use paid time off/vacation, and cut salaries/wages than organizations with more professional and office workers. Organizations with more professional and office workers, on the other hand, are more likely to restrict hiring to critical roles than industrial and manual services organizations (15 percent vs. 9 percent).

Organizations with declining revenue before the pandemic are more likely to make workforce cost reductions

Chart 8

Workforce responses to COVID-19 for organizations with declining revenue compared to those with stable or increasing revenue from 2018 to 2019 (Actions already taken or expected in 3 months)



n=145

Note: This chart shows the difference between respondents who experienced decreasing revenue prior to COVID-19 (from 2018 to 2019) to those who experienced increases in revenue during that same time period. For example, 42 percent of those organizations experiencing a decline in revenue before COVID-19 cut or are planning to cut salaries and wages, compared to only 19 percent of organizations that had experienced stable or increasing revenue, equaling the 23 percent difference shown here.

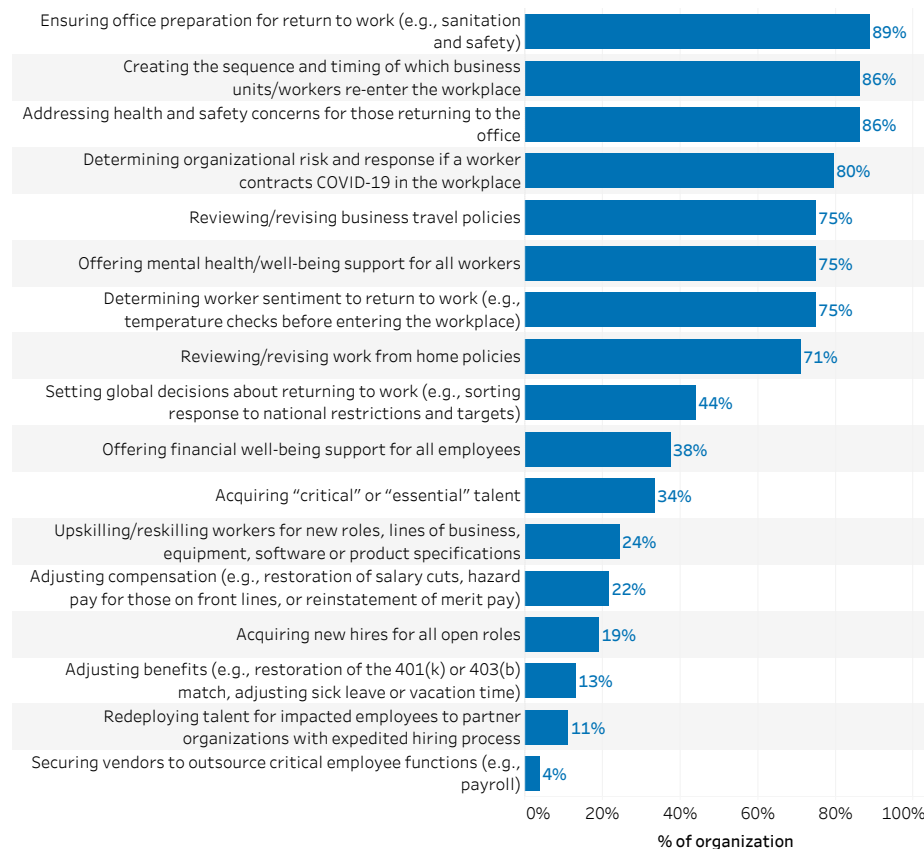
Source: The Conference Board

Unsurprisingly, organizations that were experiencing declining revenue before COVID-19 (2018 to 2019) need to implement harsher policies than those with flat or growing revenue. These organizations are significantly more likely to have implemented or to be planning to implement all actions, including cutting salaries and wages, implementing furloughs, and reducing hours worked. For example, 23 percent more organizations with declining revenue implemented or are expecting to implement salary/wage cuts than those experiencing revenue increases.

Most organizations are focusing first on workforce health and office safety concerns in their transition plans

Chart 9

As part of your transition plan, which of these issues will you focus on? (Select all that apply.)



n=152

Source: The Conference Board

Understandably, prior to returning to the workplace, over 85 percent of all surveyed organizations are focusing on workforce health and office safety.⁹ More than 70 percent are also focused on determining the organizational risk of a worker contracting COVID-19, worker sentiment regarding returning to the workplace, offering mental health/well-being support for all workers, and reviewing/revising business travel and work from home policies—all of these issues also depend on regional public policy decisions.¹⁰ Only 22 percent are focusing on restoring salary cuts, providing hazard pay for those on the front lines, or reinstating merit pay.

9 For more information about the transition back to the workplace, see Rebecca Ray, *Through a Glass Darkly: Preparing to Return to the (Reimagined) Workplace*, The Conference Board, April 2020.

10 *2020 Solutions Brief--Sustaining Capitalism: A Realistic Blueprint for Reopening the Economy by Sector While Ramping Up*, Committee for Economic Development of The Conference Board, April 2020.

Authors

Frank Steemers, Economist

Robin Erickson, PhD, Principal Researcher

Amanda Popiela, Researcher

Gad Levanon, PhD, Head of the Labor Market Institute

Related Resources from The Conference Board

[Through a Glass Darkly: Preparing to Return to the \(Reimagined\) Workplace](#)

[Finding Innovative Alternatives to Layoffs](#)

[Conducting Compassionate Layoffs](#)

[COVID-19 Pandemic Resources & Support for HC
Community Curated Resources Hub](#)

[The Conference Board Labor Markets Institute Homepage](#)

[The Conference Board Labor Markets Blog](#)

THE CONFERENCE BOARD is the member-driven think tank that delivers trusted insights for what's ahead. Founded in 1916, we are a nonpartisan, not-for-profit entity holding 501(c)(3) tax-exempt status in the United States.

THE CONFERENCE BOARD, INC. | www.conferenceboard.org

R-1737-20

ISBN: 978-0-8237-1427-8

© 2020 The Conference Board, Inc. All rights reserved.

PUBLISHING TEAM

DESIGN Peter Drubin

EDITOR Sara Churchville

PRODUCTION Pam Seenaraine