

Adapting to the Reimagined Workplace: Human Capital Responses to the COVID-19 Pandemic



Executive Summary

In April 2020 during the early stages of the pandemic, The Conference Board launched its first online survey tracking human capital (HC) responses to COVID-19. We published *From Immediate Responses to Planning for the Reimagined Workplace: Human Capital Responses to COVID-19* in May. What most of us had hoped would be short-term responses to the pandemic have evolved to have long-term repercussions on both the workplace and the workforce.

To understand how organizations are continuing to react to the changing business environment in the context of their workplaces and workforces, The Conference Board repeated the online survey in September 2020 with 330 HC executives, mostly in large companies. The accompanying chart book shares the survey findings about remote work and hiring, productivity and well-being, workforce cost-reduction actions, and plans for returning to the workplace.

Insights for What's Ahead

More employees will work primarily from home (at least three days per week) after COVID-19. In our April report, we described the accelerated shift to remote work as one of the main legacies of the COVID-19 pandemic. The September survey makes us even more convinced of this conclusion. Just 4 percent of respondents reported that 40 percent or more of their employees were working remotely prior to the pandemic. Now, 34 percent expect that 40 percent or more of their employees will work remotely 12 months postpandemic. With six months of experience with primarily remote work, more than a third of organizations expect remote work to become the new normal for many of their workers, perhaps because remote work does not seem to hurt productivity and they realize that reversing remote work after a year or more would be difficult. However, in addition to causing long-term HC process changes, remote work will require significant changes in establishing organizational and team culture, as well as developing employee engagement.

Organizations are three times more willing to hire remote workers now than prepandemic. Only 12 percent of surveyed US organizations say they were willing to hire 100 percent remote workers anywhere in the US or internationally before COVID-19. Our most recent survey found that this willingness has increased over three times to 36 percent overall, and even higher for organizations that employ predominantly professional and office workers. We surmise that organizations are more willing to hire remote workers now that they have seen that remote work can be productive and that they can both increase their potential talent pool and potentially lower their labor costs by hiring in less expensive markets. This new willingness to hire remote workers could foretell a trend of shifting professional and office jobs to less expensive domestic or even offshore geographies and hiring workers whose flexibility needs (for child or dependent care, for example) may once have kept them from applying.

Finding qualified workers is still a challenge for most organizations. We expected that finding qualified talent would ease slightly, given the much higher unemployment

rates due to layoffs and furloughs, as well as the increased willingness to hire remotely. However, most employers are still reporting difficulty finding qualified talent and, in the case of organizations that employ mostly industry and manual services workers, it is even harder than before the pandemic. High unemployment typically means many job seekers per job opening. So far in this crisis, this has not been the case. Many people listed as unemployed have not been actively or seriously looking for a job for various reasons; therefore, the ratio of job seekers to job openings has not been unusually high.

Many organizations are reporting a productivity increase. In our September 2020 survey, 47 percent of HR leaders self-report that workers' productivity has increased since the COVID-19 outbreak versus just 13 percent reporting that productivity has decreased. This productivity increase is in part due to employees working longer hours since the outbreak of COVID-19, as 60 percent of organizations report. Our analysis also found that some organizations that did not report longer hours also saw higher productivity, perhaps due to a sense of urgency during a period of crisis. In addition, we did not find that remote work by itself had a significant impact on productivity; on average, organizations that did not see a large increase in remote work during the pandemic still reported a productivity increase.

Working significantly more hours has come at a cost to employee well-being. Since the outbreak of the pandemic, many surveyed organizations report negative effects in terms of work-life balance, burnout, mental health problems, and employee engagement. These findings invite the question of whether working extra hours is sustainable in the long term. Our analysis found that remote work did not have an impact on these negative results, but managers should be more aware of and proactively limit the number of hours their employees are working.

The pain continues as cost-reduction actions are still planned for the next three months. After six months of adapting to the pandemic, many surveyed organizations respond that they are not done implementing cost-reduction actions. From October through December 2020, 13 percent of surveyed organizations plan to restructure the organization, 11 percent plan to cut bonuses, 9 percent plan to conduct permanent layoffs, and 8 percent plan to defer pay increases and bonuses. On the positive side, many organizations have been able to fully or partially reverse some of the cost-cutting actions they had taken at the beginning of the pandemic, specifically around reducing salaries and wages (25 percent fully reversed).

Most organizations are planning for a return to the workplace by March 2021, but there is still significant uncertainty. With state-mandated lockdowns, one of the first organizational responses to the COVID-19 pandemic was to require all but essential workers to work remotely. We found that only 19 percent of organizations had remained open or returned to the workplace by the end of September 2020. Forty percent of organizations are planning to return to the workplace by March 2021. However, we expect plans for returning to the workplace could change if the forecast of increased COVID-19 rates materializes.

Assessing the Mid-Phase of COVID-19

COVID-19 will have many lasting impacts on the world of work and HC processes, and we want to capture what HC professionals are doing today as well as what they are thinking about when they look to the future. Our first survey on this topic was conducted during the first phase of the pandemic in the US in April and published in May 2020.¹ To assess how organizations are evolving their workforces and workplaces—particularly as these changes relate to remote work and hiring, productivity and well-being, workforce cost-reduction actions, and plans for returning to the workplace—we surveyed 330 HC leaders in US-based organizations between September 14 and September 25, 2020.

Executives from a broad range of industries responded, with 60 percent representing business and professional services, manufacturing, and health care sectors. In several places in the report, we compare our April and September results. Please note that the demographics of organizations in the April and September surveys are similar but not perfectly comparable. Therefore, part of the difference between the outcomes of the April and September surveys could be a result of the different samples. 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** 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** 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 professional and office workers	63%	Business and professional services	32%
Mostly industry and manual services workers	31%	Manufacturing	19%
Equal share industry and professional workers	6%	Construction, energy, mining, utilities, transportation	10%
		Health care and pharmaceutical	9%
		Government and education	7%
		Retail, wholesale, travel, entertainment	8%
		Other	12%
		Not available	3%
US headcount (full-time equivalent workers)		Organization's total US revenue in FY 2019	
Less than 1,000	24%	Less than \$100 million	18%
1,000 to less than 5,000	22%	\$100 million to less than \$1 billion	14%
5,000 to less than 25,000	28%	\$1 billion to less than \$5 billion	19%
25,000 to less than 50,000	9%	\$5 billion to less than \$10 billion	11%
More than 50,000	14%	\$10 billion to less than \$20 billion	13%
Not available	3%	\$20 billion to less than \$40 billion	6%
		More than \$40 billion	13%
		Not available	6%

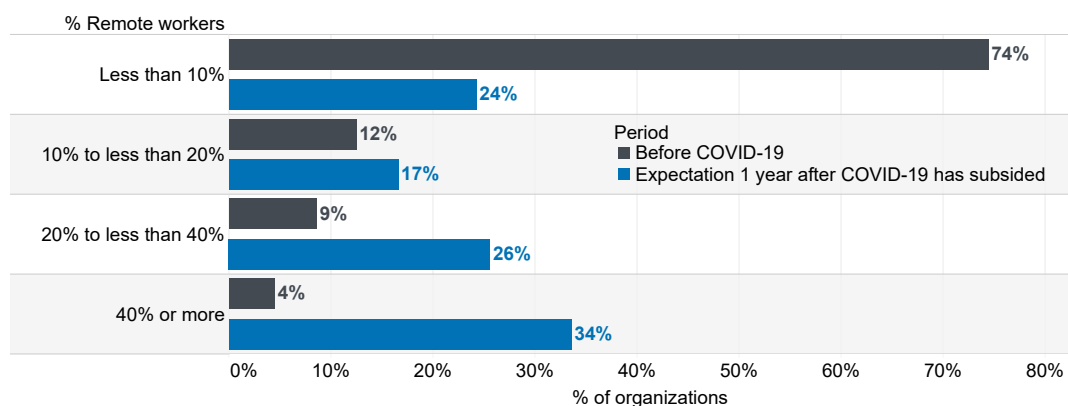
1 Frank Steemers, Robin Erickson, Amanda Popiela, and Gad Levanon, *From Immediate Responses to Planning for the Reimagined Workplace: Human Capital Responses to COVID-19*, The Conference Board, May 2020.

Remote Work and Hiring Post-COVID-19

One-third of respondents now expect that 40 percent or more of their employees will work primarily from home 12 months postpandemic

Chart 1

What percent of your US full-time employees are working primarily virtually/remotely (at least three days a week)?



n=313

Source: The Conference Board

Just over 1 in 3 respondents expect that 40 percent or more of their workers will be primarily remote one year after COVID-19. This figure has increased significantly from our April survey, when only 19 percent of respondents expected the same. In addition, more than three-quarters of respondents expect 10 percent or more of their workforce to be primarily remote post-COVID-19. Before the pandemic, the opposite was true; three-quarters of organizations reported that *less than* 10 percent of their workforce worked primarily from home.

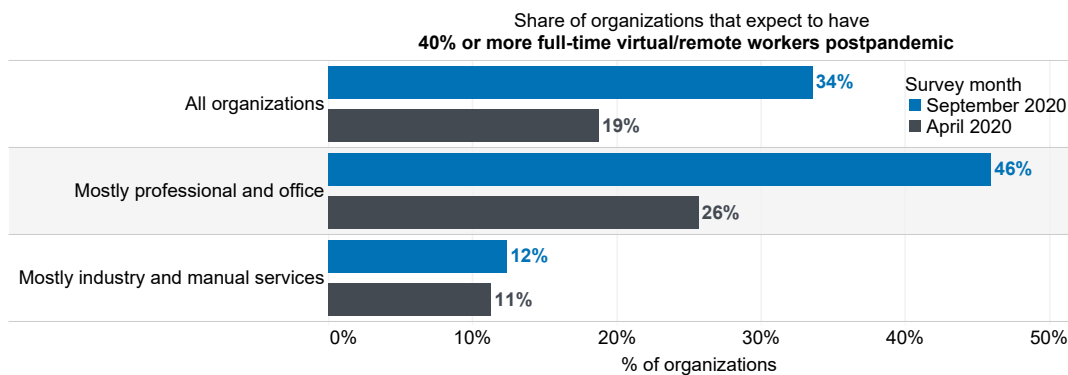
These findings support and strengthen our results from April: there is little question that more employees will be working remotely after COVID-19. However, in addition to causing long-term HC process changes, long-term remote work will require significant changes in establishing organizational and team culture, as well as developing employee engagement. Another implication of the shift to remote work will be the impact on city centers as fewer people spend their workdays there.²

2 Gad Levanon, "The City Center Recession and the Resilience of Suburban America," *Forbes*, October 2, 2020.

Organizations that employ mostly professional and office workers anticipate a larger share of full-time remote employees 12 months after the pandemic subsides

Chart 2

What percent of your US full-time employees are working primarily virtually/remotely (at least three days a week)? (April vs September survey results with the share of organizations that expect to have 40 percent or more full-time virtual/remote workers postpandemic)



n=313 for the September 2020 survey; 147 for the April 2020 survey

Source: The Conference Board

In the September survey, almost half of respondents working in organizations with primarily professional and office workers believe that 40 percent or more of their employees will work from home three or more days per week a year after the pandemic subsides. This would be a large shift, as only 8 percent of these employees worked remotely before COVID-19.

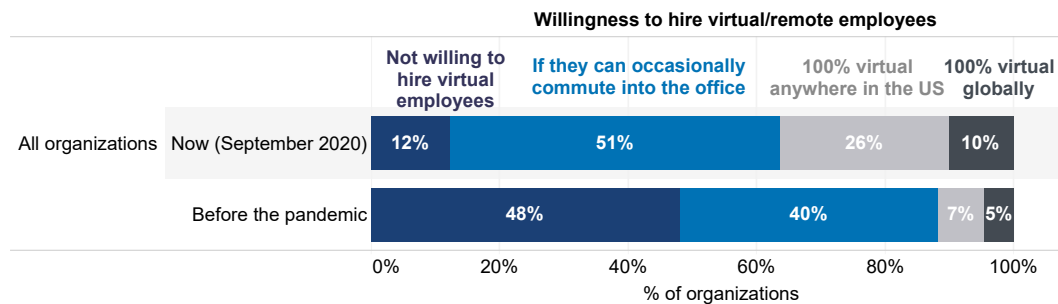
In fact, a few technology corporations, such as Twitter, have announced that employees can permanently work from home,³ and others, such as REI, Facebook, and Shopify, have similarly formalized long-term work-from-home plans. According to our survey results, more companies may soon follow suit.

3 Elizabeth Dwoskin, "Americans Might Never Come Back to the Office, and Twitter Is Leading the Charge," *Washington Post*, October 1, 2020.

Organizations are more willing to hire full-time remote employees than before the pandemic, though half still prefer employees within commuting distance

Chart 3a

In general, how willing is your US operation to hire full-time employees who work predominantly virtually/remotely?



n=308

Source: The Conference Board

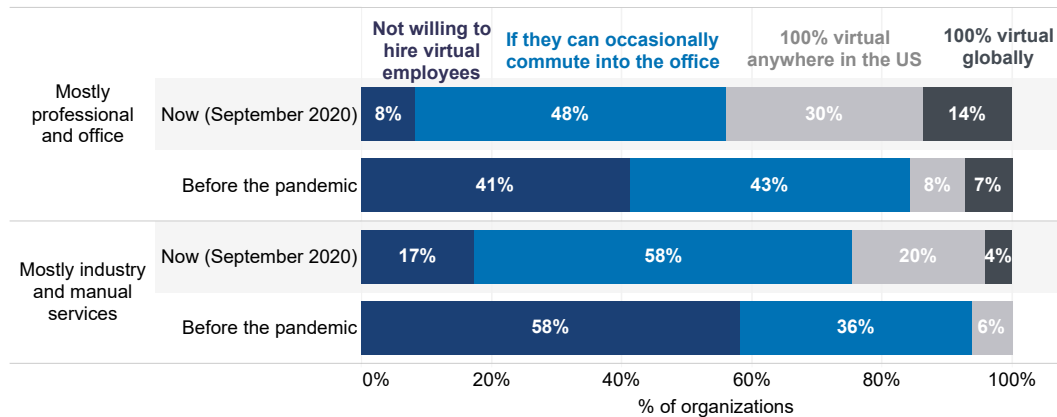
In addition to employers being more optimistic about remote working compared to before the pandemic, most organizations are now willing to hire remote workers (88 percent of respondent organizations compared to just 52 percent before the pandemic), though half still prefer that employees live within commuting distance to the office location.

This new willingness to hire remote workers could foretell a trend of shifting professional and office jobs to less expensive domestic or even offshore geographies and hiring workers whose flexibility needs (for child or dependent care, for example) may once have kept them from applying.

Organizations that employ primarily professional and office workers are much more willing to hire remote/virtual employees

Chart 3b

In general, how willing is your US operation to hire full-time employees who work predominantly virtually/remotely?



n=289

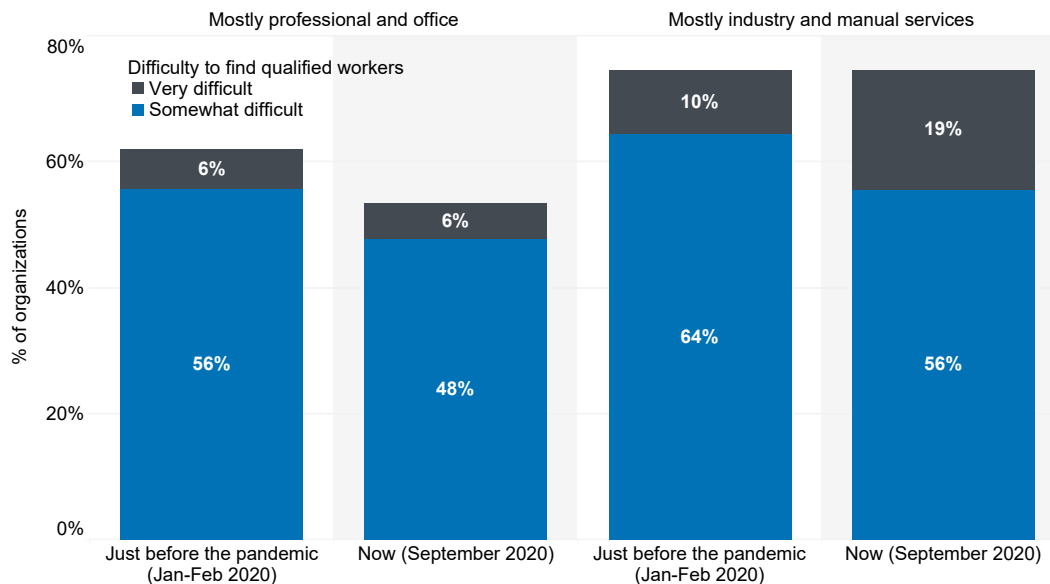
Source: The Conference Board

While organizations that employ mostly industry and manual services workers and those that employ mostly professional and office workers both expect to be increasingly willing to hire remote workers, the trend is especially pronounced for the latter. Forty-eight percent of organizations that employ mostly professional and office workers are now willing to hire employees within commuting distance of an office location, and another 30 percent are willing to hire workers anywhere in the US. These results are not surprising given that technology enables most professional and office workers to work remotely.

Finding qualified workers is still a challenge for most surveyed organizations

Chart 4

In general, how difficult is it for your organization to find qualified workers?



n=266

Note: Organizations that were not hiring either just before the pandemic or in September 2020 were excluded from the analysis.

Source: The Conference Board

Most employers are still reporting difficulty finding qualified talent—there is little change in the availability of qualified talent now versus just before the pandemic began. Organizations that employ mostly industry and manual services workers are especially hard hit: almost twice as many say it is “very difficult” to find qualified workers now than report it was “very difficult” before the pandemic.

This outcome suggests that the unemployment rate (7.9 percent in September compared to 3.5 percent in February, according to the Bureau of Labor Statistics) is currently overestimating the slack in the labor market. High unemployment typically means many job seekers per job opening. So far in this crisis, this appears not to be the case. Many people listed as unemployed are not actively or seriously looking for a job.⁴

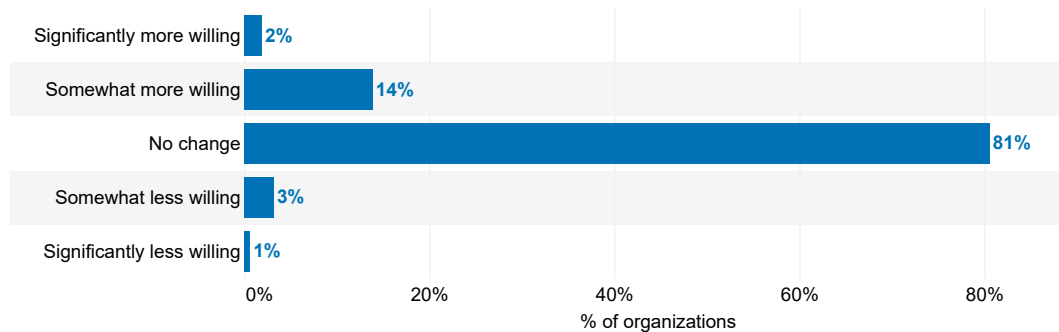
Why? Many of the people counted as unemployed are furloughed and hope or plan to regain their old jobs. Another unique circumstance of the pandemic is that some workers have been receiving expanded unemployment benefits and, given the risks of getting infected at work or lack of child care solutions, may be less desperate to get back to the workforce. So, while the number of unemployed workers is historically high, the share of unemployed people who are seeking employment is much smaller than usual. As a result, many organizations are reporting that finding qualified workers is still a challenge.

4 Gad Levanon, “Despite Historic Unemployment, Finding a Job Isn’t That Difficult – At Least Not Yet,” *Forbes*, July 14, 2020.

There is a slight change in the willingness to hire contractors since before the pandemic outbreak

Chart 5

Compared to before the pandemic and for your US operation, how has your organization's willingness to hire nontraditional workers (e.g., gig workers, independent contractors, temporary help) changed?



n=318

Source: The Conference Board

Compared to before the pandemic, 16 percent of surveyed organizations are more willing to hire nontraditional workers (e.g., gig workers, independent contractors, temporary help). While 16 percent is still a relatively small percentage, it could reflect a change in the previously reported trend around employer willingness to hire nontraditional workers.⁵

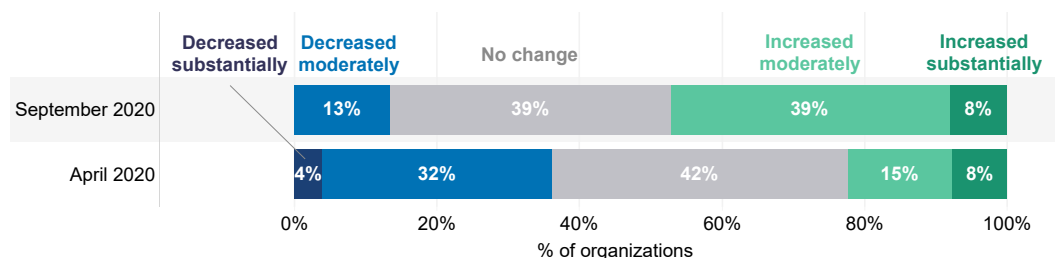
5 Gad Levanon, Elizabeth Crofoot, and Brian Schaitkin, *Contrary to the Hype: The Real Trends in Nontraditional Work*, The Conference Board, October 2018.

Productivity and Well-Being

As of September, organizations are more optimistic about productivity than they were in April

Chart 6

Since the COVID-19 outbreak, how has the productivity of your US employees changed, on average?



n=299 for the September 2020 survey; 130 for the April 2020 survey

Source: The Conference Board

Compared to April results, respondents to the September survey were much more optimistic about their employees' ability to be productive. In April, about a third of respondents reported a decrease in productivity, and only 23 percent believed that productivity had increased for their workforce. However, in September, only 13 percent said productivity has decreased and almost half (47 percent) reported an increase in employee productivity.

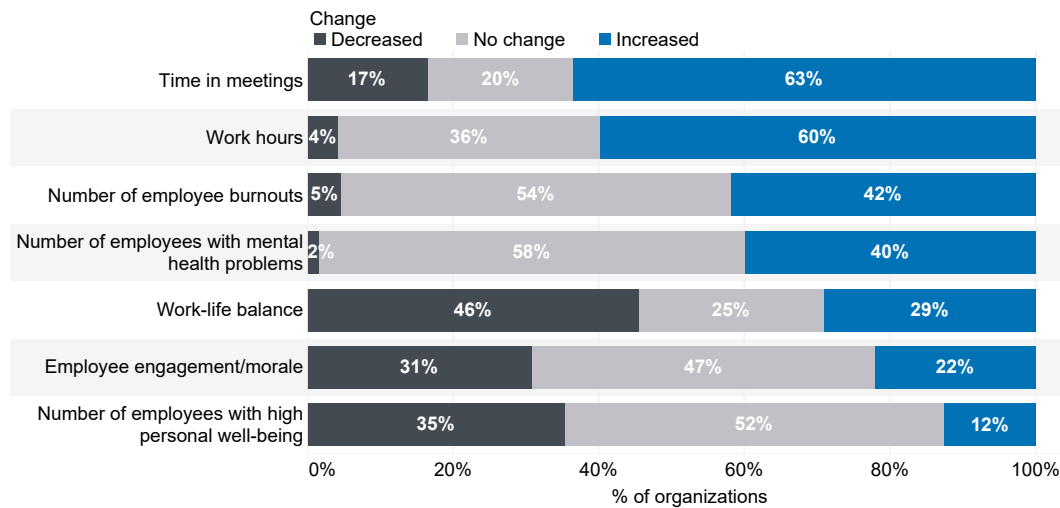
According to another September survey by The Conference Board of more than 1,100 employees across all levels and industries about their readiness to return to the workplace, a third (33 percent) question the wisdom of returning to the office given their high levels of productivity working from home.⁶

⁶ Rebecca Ray et al., "Employee Readiness Reopening Survey: Only 28 Percent of Workers Expect Return to Workplace by End of 2020," *Human Capital Blog*, The Conference Board, October 19, 2020.

However, working significantly more hours has come at a cost to employee well-being

Chart 7

Since the outbreak of the pandemic, on average, how have the following areas shifted for your employees?



n=310

Source: The Conference Board

Many surveyed organizations report that their employees are experiencing increased work hours (60 percent) and spending more time in meetings (63 percent),⁷ as well as suffering more burnouts (42 percent), decreased work-life balance (46 percent), and more mental health problems (40 percent). Some of these negative results might be related to living through a pandemic (e.g., increased anxiety), and some are due to longer working hours. It is not clear if the increase in working hours is because of the shift to remote working or because of a sense of urgency due to the economic crisis.

These sobering statistics invite the question of whether increased working hours are sustainable in the long term. Organizations will need to support the health and well-being of their workers to a greater extent than they do currently.⁸ Organizations may also consider establishing stricter guidelines to support the well-being of workers by implementing quiet periods without email, mandating use of vacation time, or even offering more benefits related to health and wellness (such as meditation services and health coaching) to support colleagues who are experiencing heightened stress and burnout.

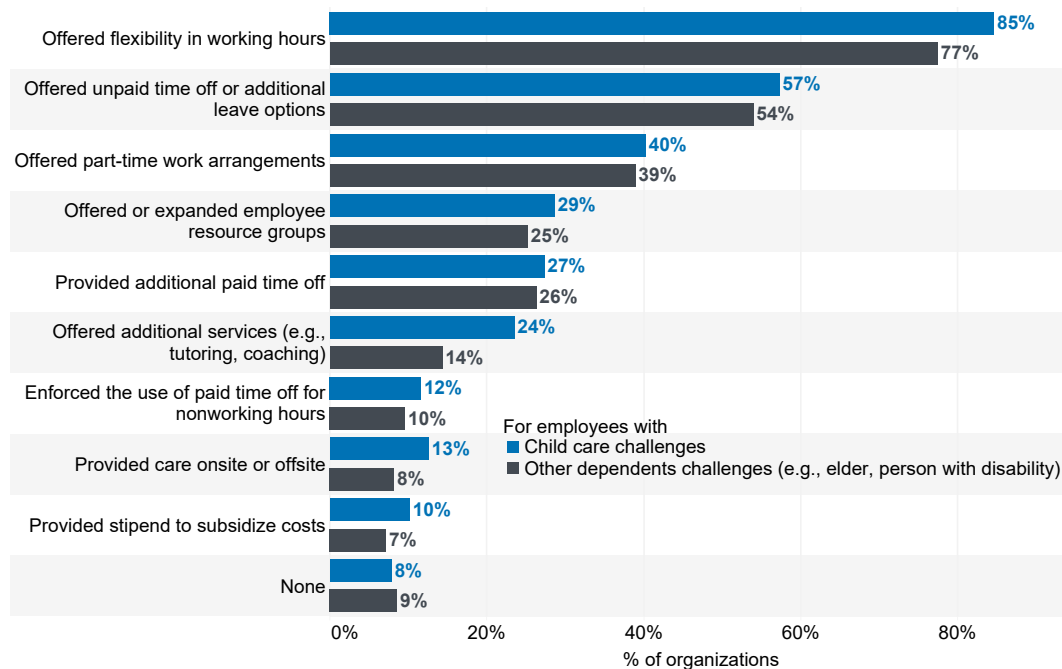
⁷ The tenor of meetings may be more structured now that employees are not working in the same place; however, the increase in number of meetings could also reflect the additional hours worked.

⁸ For more information on dealing with anxiety, see Leo Flanagan and Robin Erickson, *COVID-19 Reset & Recovery: Developing Resilience to Move through Uncertainty to New Beginnings*, The Conference Board, October 2020.

Most surveyed organizations are offering greater flexibility in working hours, and half are offering unpaid leave options to support workers with dependent care obligations

Chart 8

What action(s) has your organization taken in response to dependent care challenges of employees during COVID-19? (Select all that apply.)



n=293

Source: The Conference Board

While over 75 percent of employers are offering flexibility in working hours and just over half are offering unpaid time off or additional leave options for workers with children or dependents, less than a quarter are offering additional services such as tutoring or coaching, providing child care, or subsidizing care costs.

The impact of dependent care challenges on women is particularly acute. Indeed, over 2.6 million women left the labor force between February and September 2020, compared to 1.8 million men,⁹ though part of this outcome is a result of a higher concentration of women in harder-hit industries. Over the next couple of months, we will further study the trend that women are choosing to leave the labor force as a result of the lack of dependent care, as it could have long-term consequences that reduce both the earning potential of women and the number of women in leadership positions.

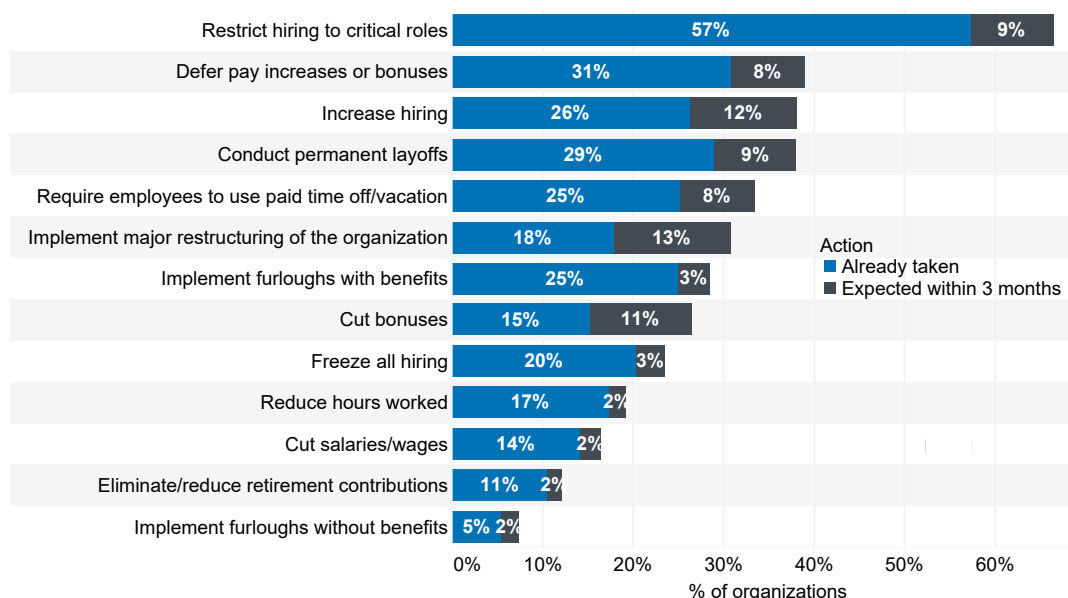
⁹ US Bureau of Labor Statistics through the interactive tool of the Federal Reserve Bank of St. Louis.

Workforce Cost-Reduction Actions

Six months into the pandemic, many cost-reduction actions are still planned for the next three months

Chart 9

How is your organization currently responding to COVID-19, and how are you planning to respond within the next 3 months (October through December 2020)?



n=328

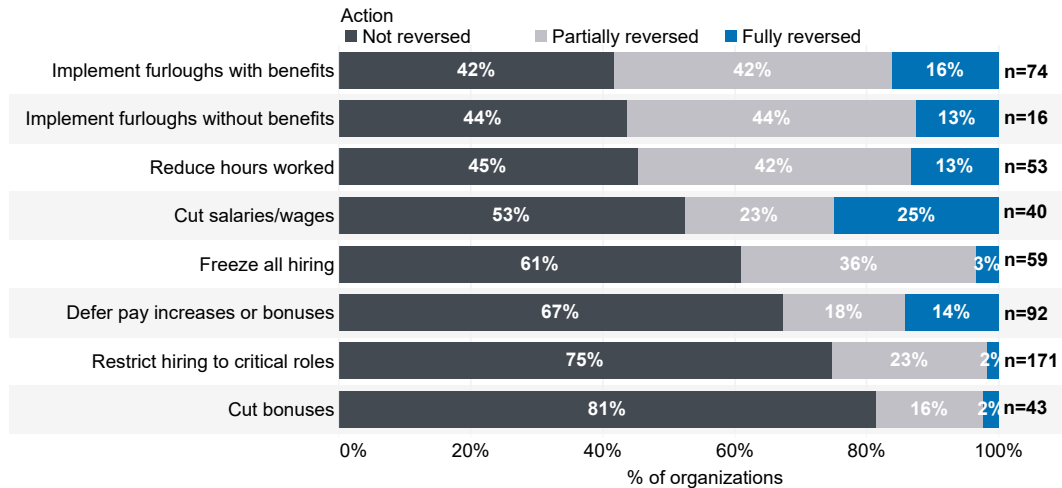
Source: The Conference Board

As we did in the April survey, we asked organizations which workforce cost-reduction actions they had already taken and which they were planning to implement in the next three months (October through December 2020). After six months of adapting to the pandemic, surveyed organizations responded that the financial pain experienced by employees is not over yet as organizations are not done implementing cost-reduction actions. In the next three months, 13 percent of surveyed organizations plan to restructure the organization (often resulting in layoffs), 11 percent plan to cut bonuses, 9 percent plan to conduct permanent layoffs, and 8 percent plan to defer pay increases and bonuses. More positively, 12 percent of current survey respondents noted that their organizations are planning to increase hiring in the next three months.

One-quarter of organizations that implemented salary/wage cuts during the pandemic had fully reversed this action by September

Chart 10

Has your organization reversed any of these actions already taken?



Note: Survey respondents who indicated that their organization had already taken a cost-reduction action since the beginning of the pandemic were asked if they had fully reversed the action for all employees, partially reversed the action (still ongoing for some employees), or not reversed the action.

Source: The Conference Board

On the positive side, as of September, many organizations have been able to reverse fully or partially some of the cost-cutting actions that they took at the beginning of the pandemic. Most organizations that had implemented furloughs (with or without benefits) and reduced hours worked have at least partially reversed these actions. It also seems that organizations were likely to reverse wage cuts as quickly as possible; one-quarter of organizations that had implemented wage cuts had fully reversed them by September, and another 23 percent had partially reversed this action. Reversals in cost-cutting actions may indicate that organizations are optimistic about returning to more normal operations.

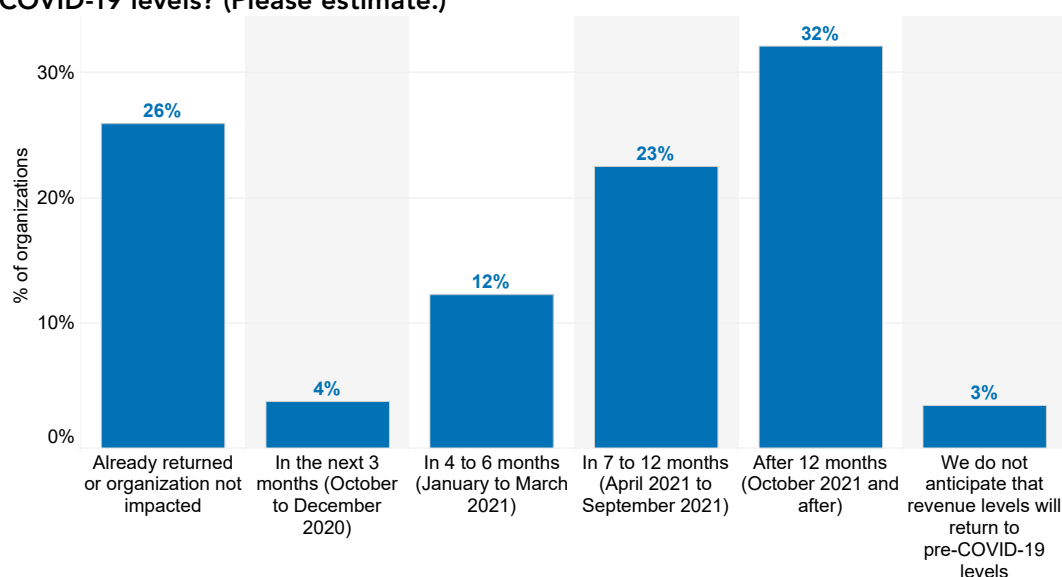
When we dug further into the data, we found that organizations that employ mostly industry and manual services workers were more likely to implement furloughs during the pandemic and more likely to reverse these actions (not shown in the chart). Those that employ mostly professional and office workers were more likely to reverse hiring freezes and restricted hiring.

Plans for Returning to the Workplace

More than one-third of respondents do not expect revenue to return to pre-COVID-19 levels within the next year (by September 2021)

Chart 11

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



n=293

Source: The Conference Board

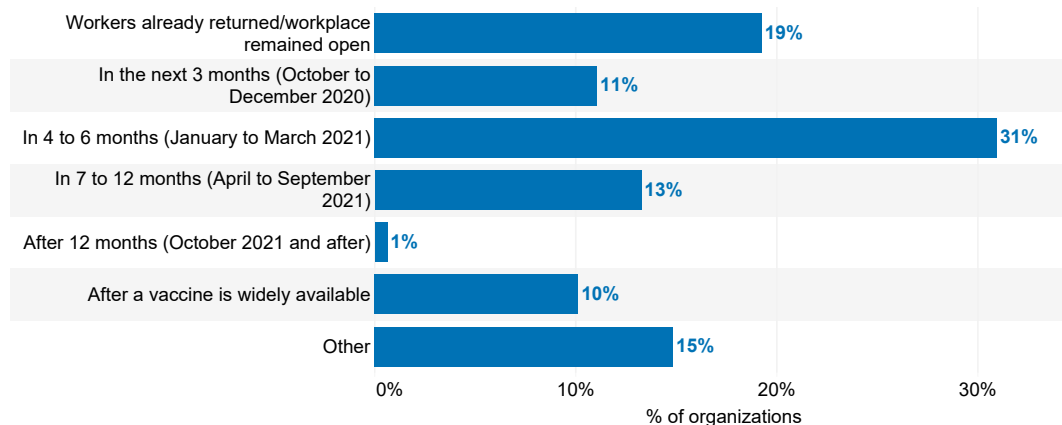
Returning to the workplace for many organizations coincides with the belief that the precautions taken for COVID-19 are no longer necessary and life can “get back to normal.” We were curious about when US organizations thought their revenues would get back to precrisis levels and how that perception had changed from April to September.

In our April survey, more than 55 percent of respondents from organizations that experienced a decline in revenue after COVID-19 expected to return to precrisis revenue levels by April 2021. The September results indicate that these predictions may have been too optimistic. As of September, 26 percent of respondents’ organizations had returned to pre-COVID-19 revenue levels, only 16 percent anticipate that revenues will return before April 2021, and over half of respondents believe revenues will not return to pre-COVID-19 levels until April 2021 or later.

Most organizations are planning for a return to the workplace by March 2021, but there is still uncertainty

Chart 12

When is your organization planning a return to the office or work site for employees who shifted to virtual/remote work during COVID-19?



n=317

Source: The Conference Board

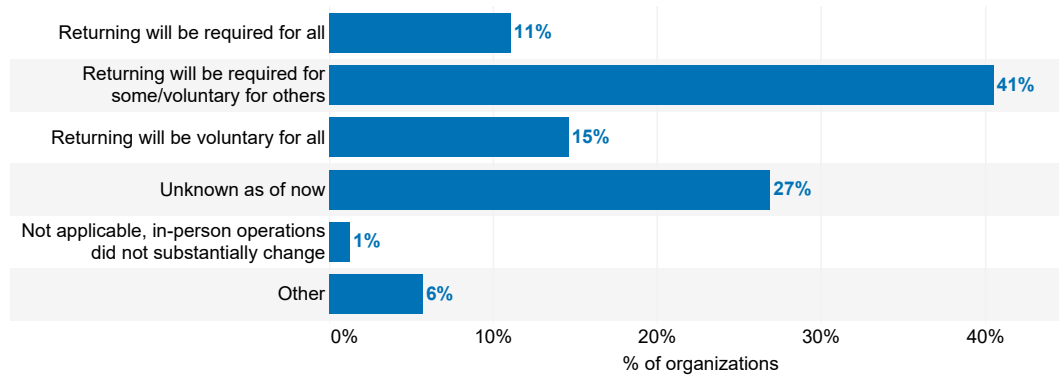
With state-mandated lockdowns, one of the first organizational responses to the COVID-19 pandemic was to require all workers except essential workers to work remotely. We found that only 19 percent of organizations had never closed or had returned to the workplace by the end of September. Forty percent of organizations are planning to return to the workplace by March 2021; however, a quarter of respondents are more uncertain. Ten percent of organizations plan to wait for a vaccine before returning, and another 15 percent are considering other factors, such as trends in cases, hospitalizations, or deaths in the local area. However, we expect that all these plans for returning to the workplace will change if the forecast of increases in COVID-19 deaths and hospitalizations materializes.¹⁰

¹⁰ "COVID-19 Forecasts: Deaths," Centers for Disease Control and Prevention, October 15, 2020; "COVID-19 Forecasts: Hospitalizations," CDC, October 20, 2020.

Uncertainty also exists for many organizations about whether returning to the workplace will be voluntary

Chart 13

For employees who worked virtually/remotely during the pandemic, do you have a plan for how they can return to the office or work site?



n=316

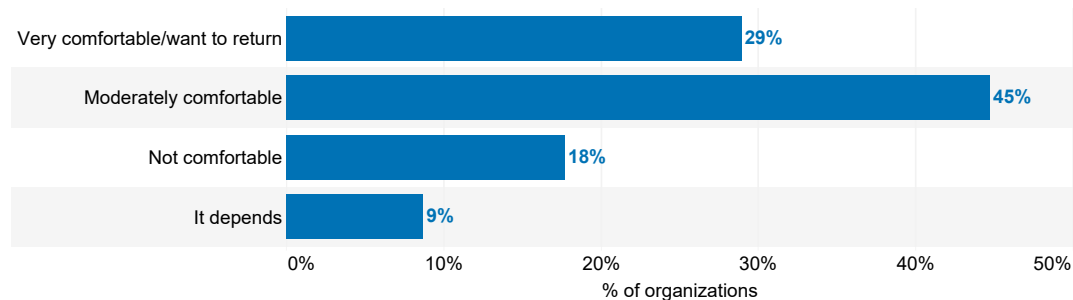
Source: The Conference Board

Uncertainty around returning to a physical work location remains high as a third of respondents are not sure if returning to the workplace will be voluntary or mandatory. For 41 percent of respondents, a return to the workplace will be required for some and voluntary for others. Only 15 percent of organizations report that returning to the workplace will be voluntary for all. Organizations should understand that employees who are at high risk themselves, have high-risk family members, or have dependent care responsibilities may feel they have no choice but to quit their jobs if returning to the workplace becomes mandatory.

Most HR leaders feel at least moderately comfortable returning to the workplace

Chart 14

When your workplace reopens, how comfortable are you with returning?



n=311

Note: Survey respondents were asked to answer the question for themselves personally, not on behalf of their organization.

Source: The Conference Board

Almost 75 percent of the HR leaders who responded to our survey feel either very comfortable (29 percent) or moderately comfortable (45 percent) with returning to the workplace, while only 18 percent are not comfortable.

The willingness of HR leaders to return to the workplace contrasts with the willingness of the broader employee population. In a separate survey from The Conference Board with 1,100 respondents, only 17 percent of employees were very comfortable with returning, 39 percent were at least moderately comfortable with returning, and almost a third (31 percent) were not comfortable. Individual contributors were least comfortable with returning (42 percent were not comfortable). And 20 percent of individual contributors and 21 percent of frontline managers felt pressure to return to the workplace to keep their jobs.¹¹

This discrepancy may indicate a need for greater communication with employees about their comfort levels in returning, as well as conveying the safety measures that the organization is putting in place.¹² Previous research from The Conference Board in August 2020 with over 1,100 executives found that only 59 percent of organizations have surveyed employees about their comfort level in returning, and those that did instituted additional safeguarding measures.¹³ Lower-ranking employees, who may be less involved with planning for a return and less informed about the safeguarding measures in place, may feel particularly uncomfortable with a return.

¹¹ Ray et al., "Employee Readiness Reopening Survey."

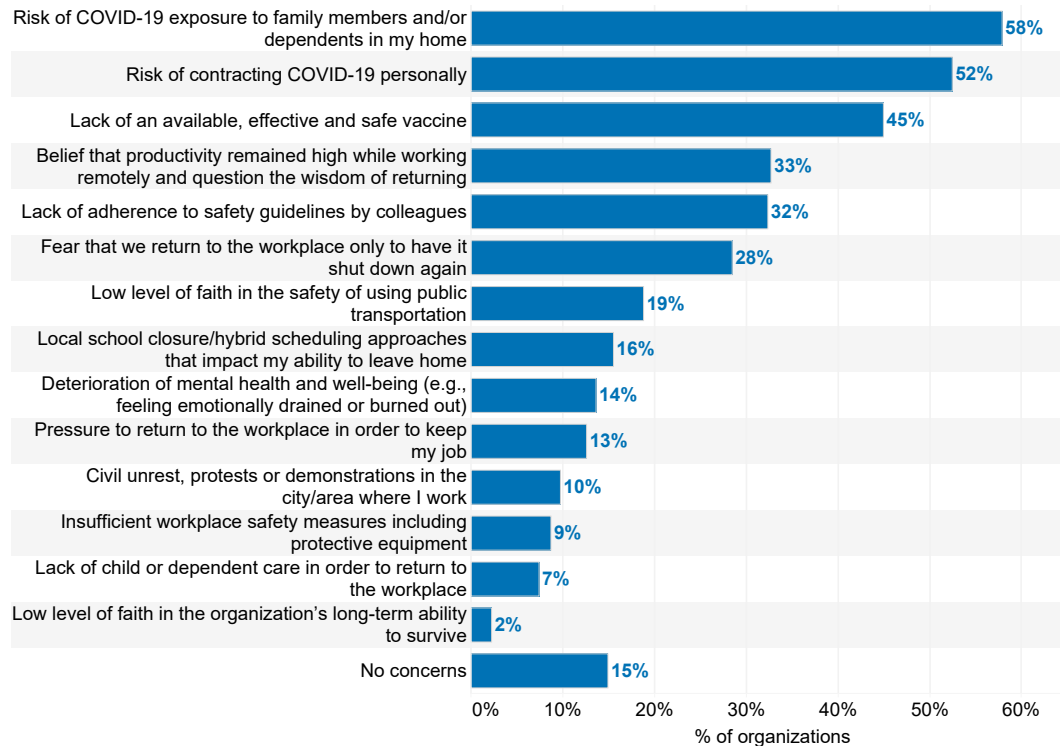
¹² See the [Continuous Listening](#) series.

¹³ Rebecca Ray, Robin Erickson, and Amanda Popiela, "Reopening the Workplace Survey: Summary of Results," The Conference Board, September 2020.

HR leaders are most concerned about contracting or spreading COVID-19, as well as the lack of an effective vaccine

Chart 15

What are your greatest concerns about returning to the workplace?
(Select all that apply.)



n=309

Note: Survey respondents were asked to answer the question for themselves personally, not on behalf of their organization.

Source: The Conference Board

When asked about their greatest concerns about returning to the workplace, HR leaders were most concerned with the risk of exposing their family members and dependents to COVID-19, the risk of contracting COVID-19 personally, and the lack of an available and effective vaccine. These top three concerns mirrored those of employees in our employee readiness survey.¹⁴ A third of HR leaders are satisfied with their levels of productivity from home and question the wisdom of returning to the workplace, and a third are also concerned that colleagues may not adhere to safety guidelines. Notably, while 15 percent of HR leaders did not have any concerns with a return to the workplace, only 5 percent of employees felt the same. Again, this finding may indicate a need for greater communication with employees about a potential return to the workplace, as well as the safety measures that have been put in place.

14 Ray et al., "Employee Readiness Reopening Survey."

Authors

Frank Steemers, Economist

Robin Erickson, PhD, Principal Researcher

Amanda Popiela, Researcher

Gad Levanon, PhD, Head of Labor Markets

Related Resources from The Conference Board

[From Immediate Responses to Planning for the Reimagined Workplace: Human Capital Responses to COVID-19](#)

[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

PUBLISHING TEAM

DESIGN Peter Drubin

EDITOR Sara Churchville

PRODUCTION Victoria Cooper