WHAT LIES AHEAD?
LOOKING DOWN THE BUMPY ROAD TO RECOVERY

BY MARK MCGRAW, WORLDATWORK
Every fall, editorial teams like ours begin work on an annual ritual: the predictions piece for the coming year.

Of course, we’re writers and editors, not CEOs and vice presidents of HR. This means we seek the counsel of respected consultants and thought leaders to help us make sense of the past year and forecast what the 12 months ahead might hold for the professionals who read our publications.

Boy, that was a big ask this time around. Knee deep in the coronavirus pandemic since last spring, we ran out of fresh descriptors for the unique horribleness of 2020 by June or so. But that doesn’t mean that we’ve stopped trying to sort out what “the new normal” will look like for our readers as we continue to muddle our way through these “unprecedented” and “challenging” times.

COVID-19 has upended almost every aspect of the workplace experience, and the pandemic is still very much an ongoing crisis. In the months ahead, we should start to see just how different the workplace may look as the long process of rebounding from the coronavirus begins.

In the meantime, we turn to the experts who were generous enough to weigh in with their thoughts on the biggest issues you and your peers figure to face on the slow road to recovery.

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LOOKING FOR AGILE LEADERS

“Responding to and recovering from the crisis in 2021 is just the start,” said John Bremen, managing director, human capital and benefits, and global head of thought leadership and innovation at Willis Towers Watson.

“True leadership will be defined by the actions we take to protect, preserve and sustain human capital value,” Bremen said. “This means revising operations, programs and policies. Begin by taking the best of what we rapidly introduced. Reimagine the rest for flexibility, resiliency and efficiency.”

As harrowing as the past 11 months of the coronavirus have been, organizational leaders need to acknowledge the risk of another pandemic or global crisis occurring, or, for that matter, the possibility of another COVID-19 wave hitting us.

“At minimum, this means preparing our organizations to be agile and flexible to succeed during uncertainty and pivot to multiple short-term scenarios while simultaneously thriving in the long term,” Bremen said.

Tomorrow’s leaders must possess this type of nimble, pliable mind-set. And, while attributes such as experience and education will always be important, your organization should be looking for additional, less tangible attributes when assessing leadership potential.

Such agility will be required at an organizational level as well, said Michael Piker, a member of WorldatWork’s Global Advisory Council, and a global HR executive with multisector experience.

“An agile organization has to rapidly respond to constant disruption,” Piker said. “That requires strong intent, and HR has a crucial role to cultivate a culture and transform how work is performed and what new capability is required to realize that ambition.”

The pandemic made it “starkly apparent” that many businesses were not well-equipped to lead cross-functional business continuity, rapidly facilitate a work-from-anywhere environment and support employee well-being in a very stressful time.

“Therefore, re-architecting organizational capability with new jobs, different types of rewards and creating roles that are in high demand like big data and machine thinking led by HR and total rewards will be time well-invested,” Piker said.

LEAVE NO ONE BEHIND

Skills-based talent models will enable greater adaptability and help companies deliver on their goals as they seek to build more flexibility into their business models, said Mary Ann Sardone, a partner at Mercer.

“During the height of the coronavirus pandemic, it became clear that taking a fresh look at employees through a skills lens (rather than a job lens) was the key to business survival. Skills were the means by which companies could move talent rapidly to the most pressing needs and stay relevant,” she said.

“Even prior to the pandemic, companies have long talked about the power of skills and reskilling. But adopting a skills-based talent model has been difficult to implement. In part, HR operating in silos has resulted in piecemeal initiatives — concentrating on talent acquisition, learning and, more recently, pay-for-skills.”

Without integration and reinforcement across HR process areas, the weight of maintaining skills data and repeatedly having to advocate nonconnected people programs has led to many programs growing outdated and decommissioned, continued Sardone.
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As of this writing, the United States led the world with 18.1 million coronavirus cases and more than 320,000 deaths. The impact of COVID-19 is still being felt around the world, of course, including in the workplace.

Most organizations in Africa have embarked on a journey of repurposing themselves, [and] culture has once again escalated into the forefront for real — many years after the expression ‘culture eats strategy for breakfast’ became common.

In the coming months, HR will need to concentrate on “several competing things simultaneously,” Blair pointed out. For example, he suggests carefully and accurately assessing the extent of the psychological damage COVID-19 has inflicted on employees.

In addition, companies should focus on job creation within and outside of your organization, [and] regain lost ground where there were pay cuts by quantifying the gaps.

Bussin and Blair also urge reviewing employment practice policies with a close eye on gender, race, minority groups and LGBTQ+ bias, for example, as well as increasing retirement fund contributions and aiming for more flexibility in terms of how and where employees work.

“For every cloud, there is a silver lining, and, as they say, never waste a good crisis for new opportunities.”

“A new mantra for businesses in the post-pandemic era has to be ‘leave no one behind.’ If an individual’s skills don’t match the organization’s future requirements, the organization can still make a difference to the employee by focusing on outplacement services, for instance.

“Responsible employers recognize their role as part of the community and see the labor market as a dynamic, circular, internal and external skills market in which they must drop as many silos as possible to ensure fluid skills movement within and between organizations, sister companies, consortiums and throughout their industry.”

What constitutes a leader continues to evolve as we move forward, but the rest of the workforce will look a bit different as well.

The American workplace — how, when and where work gets done — was already changing well before the coronavirus arrived on U.S. soil last year.

Consider, for example, a FlexJobs and Global Workforce Analytics analysis that found a 159% increase in remote work between the years 2005 and 2017. According to that same analysis, 3.9 million U.S. workers worked remotely in 2010, before COVID-19, that number stood at 4.7 million.

“Today, we have an added layer to how we work (post-COVID) that is impacting the segmentation of ‘workers’ beyond full-time, contractor and open source to include essential workers, in-office staff and work-from-anywhere employees,” said Catherine Hartmann, senior director in talent and rewards, and North America rewards practice leader at Willis Towers Watson.

“This increased bifurcation requires more sophisticated workplace planning tools that look at employee segments from a multidimensional lens.”

THE PANDEMIC’S IMPACT ON BENEFITS

However workers are classified, and wherever they’re working, they value flexibility now more than ever before, as evidenced by the aforementioned PwC data (and several other studies showing a groundswell of support for remote work options).

Given this reality, employees and potential employers might evaluate employees based on a different set of benefits than in the past.

“There is currently an emphasis on flexibility in how and where work can be done, and savvy employers are reflecting these same principles in their benefit design,” said Kate Brown, leader of Mercer’s Center of Health Intelligence.

“Benefit programs that include omni-channel delivery — like virtual care and retail clinic access — will be more highly valued than analog benefit designs that don’t allow the level of flexibility that consumers have come to expect from other parts of their life (which now includes their employer),” continued Brown.

“Plans that enable member choice represent the next evolution of employer-sponsored benefits, and are key to unlocking previously unrecognized value to members and businesses alike.”

Steven Balsam, Ph.D., a professor of accounting at Temple University’s Fox School of Business, agreed that employees will put more importance on benefits than ever before, citing factors such as COVID-19 and the potential demise of the Affordable Care Act (ACA).

“Costs of health care will likely skyrocket because of COVID-19. If a company is self-insured, it will pay the bill. If they bought insurance, they will likely pay higher rates in the future. How will organizations navigate the increased demand versus the increased costs?”

Indeed, oral arguments began in November in a case that could see the Supreme Court undo all or parts of the ACA.

“If turmoil continues to surround the ACA, employees may place higher value on their employer-sponsored coverage, because it’s a steady option compared to the uncertainty present in the exchanges,” said Mercer’s Brown.

“Furthermore, research has shown that employees trust their employers to provide access to credible health programs, and we expect this trend to level up as uncertainty reigns in the public space,” she added, citing Mercer research that finds 48% of U.S. workers saying they would have more confidence in a digital health solution if it were offered by their employer.

“All that said, it’s tough to gauge just how striking down the ACA would affect employers. Many of the requirements set forth in the ACA were already met by employer plans prior to the law being enacted, so, if the law is struck down, employer-sponsored plan designs may or may not change,” Brown said.

“If pre-existing condition protections are removed, we might see employer-sponsored plans that continue to offer such protections be more highly valued than they are today. If there is variability in which plans do and do not offer these protections, such plans could be a powerful attraction and retention tool as employers compete for talent.”

Brown described such a plan as a “double-edged sword” for self-funded employers, however, noting that these organizations will take on more financial risk related to members with such conditions.

“We could also see employers reimagine lifetime maximum limits as a way to [distance] themselves financially from the increasing risk of high-cost specialty drugs coming to market,” she added.
WHERE WILL EMPLOYEES WORK?

In the wake of COVID-19’s arrival in the U.S. early last year, many organizations quickly moved most or all of their employees from offices to work remotely, said Steve Werner, Ph.D., JP Morgan Chase professor of international business and chair of the management and leadership department at the University of Houston’s Bauer College of Business.

And many employees want to stay home to work, at least part of the time. Consider a recent PwC survey that found 72% of more than 1,200 U.S.-based office workers saying they would like to work remotely at least two days a week.

Employers are recognizing this reality. In the same survey, 55% of the 120 U.S. executives polled by PwC said they anticipate that most of their organization’s workers will want to remain at home to work at least part of the time long after COVID-19 is not a concern.

Some organizations — Facebook, Microsoft, Twitter, for example, — have already responded by sending employees to work from home on a long-term or possibly permanent basis. And, now that many of these employees — some of whom never worked away from the office before — have experienced remote work, “it’s quite likely that there will be a big push to keep telecommuting,” Werner said.

“Although research studies tend to generally support a positive effect of telecommuting on organizational outcomes, this can vary by industry and organization,” As such, companies should start developing telecommuting plans now, rather than just reacting when the COVID-19 threat dissipates, he said.

“Organizations should also realize that allowing some employees to telecommute while not allowing others can create feelings of unfairness for those required to come to the office. Thus, this decision should be made on clearly defined criteria that employees would find reasonable, and the use of small hazard pay differentials may be warranted to eliminate this perceived unfairness,” Leaders must also acknowledge that working from home affects employees differently, added Dave Ulrich, a professor of business at the University of Michigan’s Ross School of Business and co-founder of the RBL Group.

“Frequently, younger employees who are usually digital natives might be expected to savor the virtual work world. However, they often have young children, live in smaller residences or are single and seeking community, thus making the virtual work world challenging or unfavorable.”

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As such, some digital natives might prefer a more traditional office environment, so they can focus on work and build career-enhancing relationships, continued Ulrich, adding that the social unrest of 2020 has led many to “ponder on their personal biases as they seek to create a more inclusive and just society.”

CONNECTING EXEC COMP TO DEI OUTCOMES

As business leaders consider how to lead their employees and their organizations through the COVID-19 era and beyond, linking executive compensation to diversity outcomes will help accelerate recovery, said Global Advisory Council member Piker.

“One of the strongest ways to increase diversity is to pay CEOs and the C-suite for measurable outcomes on inclusion and diversity initiatives,” he said, citing a PwC letter analysis of public pay disclosures that found only 78 of roughly 3,000 companies saying that fulfilling diversity goals defined some portion of chief executives’ pay.

“Some companies, however, are already making a strong connection between executive compensation and organizational diversity objectives. Count Starbucks among them. In an Oct. 2020 letter to the multinational coffeehouse chain’s 346,000 employees, CEO Kevin Johnson announced that Starbucks would begin tying executive compensation to the company’s diversity goals in 2021.

Starbucks did not share specifics as to how executive pay will be impacted. But it did set goals for increasing the number of Black, Indigenous and People of Color (BIPOC) employees at all levels of the organization. Those goals include achieving at least 30% BIPOC representation at all corporate levels by the year 2025, and at least 40% representation in all retail and manufacturing roles in the same timeframe.

Currently, 53% of Starbucks’ U.S. employees are White, 27% are Hispanic or Latinx, 8% are Black and 5% are multicultural. Less than 1% are Native American or Native Alaskan, with the same percentage identifying as Native Hawaiian or other Pacific Islander.

“We will hold ourselves accountable at the highest levels of the organization, connecting the building of inclusive and diverse teams to our executive compensation program, effective immediately,” Johnson wrote, adding that all of the company’s senior leaders at the vice president level and higher will be required to complete two-hour anti-bias training as well.

PepsiCo chairman and CEO Ramon Laguarta sent a letter to employees the same day Johnson shared his message with Starbucks workers. In his dispatch, Laguarta outlined the food, snack and beverage producer’s goals to increase gender and racial diversity in its management ranks.

For instance, PepsiCo aims to increase Black representation in managerial positions by 30% and plans to expand Hispanic managerial representation to 10% of its workforce by 202, by hiring 120 Hispanic managers, including 90 Hispanic executives.

Piker urges HR leaders everywhere to set similar goals within their organizations.

“We are the stewards of total rewards, and isn’t it incumbent upon us to influence change such as this?” he asked. “Now is the time.”

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