



## POST-PANDEMIC PREDICTIONS:

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

An original research report. September 2020.



# INTRODUCTION

As organisations, we 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 entirely by corporate policy and process. This year, a global pandemic provided the impetus for rapid and radical change across organisations 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 organisations 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 through to employee health and wellbeing, organisations 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 organisations as well as 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 organisations 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 EMEA 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. So with that in mind, we set out to answer three questions.

**What are companies doing differently to hire and onboard staff?**

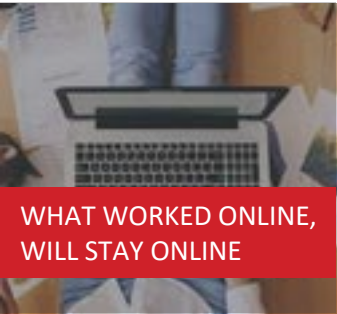
**What are companies doing differently to engage and motivate staff who are largely working from home?**

**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

Remote processes are here to stay. From interviewing to onboarding through to the way we consult with our client stakeholders, virtual recruitment will be normalised and often the preferred method.



OUTSOURCING WILL GET A BOOST

Companies will focus on their core strengths and look to outsource non-essential activity. In the UK, unresolved IR35 matters will see an increase in SoW contracts, particularly within technological skillsets.



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-negotiables 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

Clearer corporate messaging across external and internal platforms will be important in capturing 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 optimised from an employee and talent management perspective will be pivotal in successfully transitioning into the new way of working.



DISCRETIONARY SPENDING AUSTERITY

From staff travel to office expenses, overhead costs will be heavily scrutinised over the coming years. With it becoming less likely that entire workforces will return to the office, companies' real estate expenditure is a primary concern.



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



## INTRODUCTION

As governments and governing health bodies declared lockdowns throughout Europe, companies were forced to re-think their entire recruitment and onboarding processes.

Across industries, the success and ability to continue to recruit and onboard staff virtually has seen varying degrees of success. 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.*

## RECRUITMENT ACTIVITY

Whilst we have seen some industries being hit hard, such as hospitality and high street retail there are also industries that have seen an increase in demand due to the health crisis. These companies have had to ramp up their recruitment activity and adapt their processes to keep up with the rapidly changing working environment.

In the UK, supermarkets increased their recruitment by almost 400% with over 50,000 new vacancies in March. Companies involved in supply-chain, online retail, digital and pharma among others have seen their numbers grow during this period.

Financial services, insurance, legal and other professional services have slowed down overall but only a few have entirely frozen all recruitment activity.

The skills required to help companies with their digital transformation quickly became the same skills required to help companies communicate with their clients and manage the huge shift in expectations. The sudden demand on online banking with the local branch banks being shut is a good example of this.

**“The skills required to help companies with their digital transformation quickly became the same skills required to help companies communicate with their clients and manage the huge shift in expectations.”**

Our manufacturing clients have remained active but must work within government health guidelines that can dictate workplace conditions.

Social distancing is still a requirement in many countries, so employers are considering the safest and most effective way of being productive. This slowed recruitment initially, but companies and employers are now more comfortable returning to the workplace.

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

### INTERNAL MOBILITY

With sharp declines in external hiring demand across the board 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 favour 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.***

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

95% of our clients moved to an entirely virtual hiring process, using video conferencing and online tools to complete interviews. Prior to the COVID-19 outbreak, less than 10% of our clients used video interviewing tools for the end to end process and only 30% used video interviews at all.

Recruitment teams have created more resources for hiring managers and candidates in order to prepare them for adapting to virtual recruitment, offering tips and tricks for completing video interviews. Additionally, recruiters have worked with hiring managers to design on-line exercises and business cases to be sent to the candidates during the interview as part of their assessment.

***“ Most organisations 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?***

Most organisations 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 organisations cut hiring manager and candidate travel time down by continuing to leverage virtual tools?

### ONBOARDING

The challenge of welcoming and integrating new employees into the workforce with little to no ability for physical interaction was considerable. Despite that, many companies adapted quickly and successfully.

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. 80% of our clients now have a sustainable virtual onboarding process in place.

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

## VIRTUAL ONBOARDING

Across EMEA, companies reacted quickly to implement a virtual onboarding process where possible, suffering minimal disruption.

For some organisations 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 starters. Paper based contracts were replaced with digital copies and security checks such as passport checking could be done via video.

*Most organisations were able to introduce entirely remote onboarding experience.*

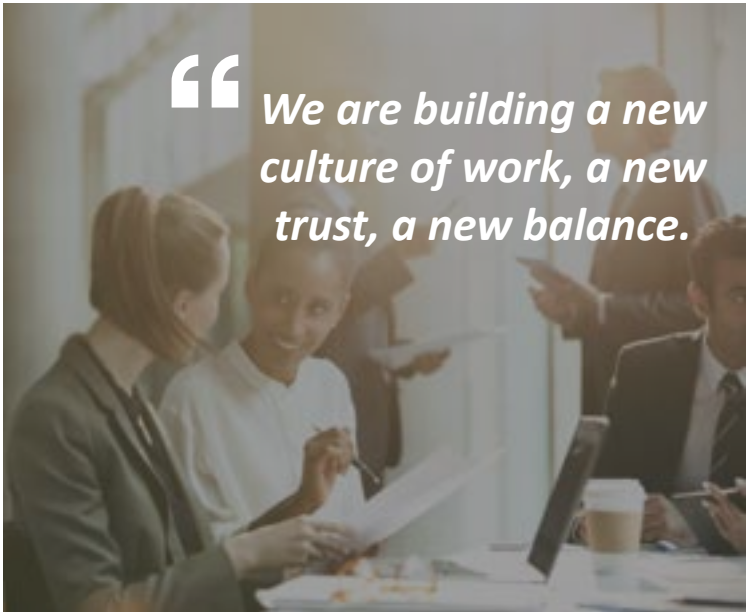
Most organisations were able to introduce entirely remote onboarding experience but for those who had challenges with IT set up, a variation of online and face to face was designed. These options included IT device pick-up and set-up at local offices, some including a brief ‘meet and greet’.

Couriers were also used to deliver equipment on a new starter’s first day to their home address. In several instances this meant sending equipment overseas if they had made a quick dash out of the country to be with family pre-lockdown. Typically, they would then have a virtual session with the IT support team on day one.

All organisations provided additional onboarding resources to support their new hires including step by step guides and other useful resources.

## ENHANCING THE NEW STARTER EXPERIENCE

Many organisations 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 starters in the critical weeks post start date, many introduced initiatives such as team welcome virtual events through to regular online catchups, virtual lunches and other activities.



Companies had to digitalise the candidate experience quickly and many now offer virtual tours of the offices, departments and teams they will be working with. One of our clients has allocated a mentor to each new hire, who reaches out to the new starter as an additional point of contact and support, to bolster inclusion even before they start.

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

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

### ENHANCING THE NEW STARTER EXPERIENCE CONT.

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

Interestingly, our research uncovered one organisation that was really struggling to adopt virtual interviewing, citing the absence of technology and lack of confidence in their interviewing skills to progress with hiring anybody.

Their inability to swiftly implement fundamental changes to their existing process resulted in placing all hiring on hold including the onboarding of new staff. Fortunately, Hudson RPO have since been able to quickly implement both technology and training to get the interview and onboarding process moving again.

***“Asking people to make, often, life changing decisions - e.g. relocate themselves and their family to another country having not even had the chance to see the office or meet a single person face to face has been a new experience.”***

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

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

Similarly, the UK and many other countries across EMEA implemented a mixture of remote onboarding and candidate support through local offices.



Only one client in the Nordic region chose to continue with a final face to face interview. It's worth noting this decision was based more on the country's different approach to public health than not having the tools to interview remotely.

The safety and wellbeing of candidates has become a primary importance to employers, and this has resulted in a huge improvement to the candidate experience.

With global economies facing an uncertain future, the concerns of candidates leaving secure jobs requires sensitive handling. Many candidates are reluctant to jeopardise current job security, despite being unhappy in their current roles.



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

### SO, WHAT DOES THIS MEAN?

Initially, we predict there will be a pick-up in hiring activity as organisations transition to post Covid-19 business activity, however it is expected that organisations will focus on ways to future-proof their workforce given the uncertain outlook.

A key trend across EMEA, has been a dramatic shift in sentiment around workplace flexibility. Companies including Google, Shroders and Linklaters have already communicated that staff will not be required to return to the office full-time at any point in the future, others will no doubt follow suit.

**“As companies begin to remove hiring freezes, we can expect to see increased scrutiny over what is deemed ‘essential’ hiring.”**

Flexibility will be a key aspect of recovery and adjustments to permanent headcount may be undertaken. It is likely that organisations will increase their contingent workforce or outsource ‘non-essential’ activity with a view to exercise more flexibility and control. With IR35 in UK only being delayed until 2021, this also has implications to those employers that implemented blanket bans in 2019/20.

As companies begin to remove hiring freezes, we can expect to see increased scrutiny over what is deemed ‘essential’ hiring as organisations 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 whilst assessment of the new normal is undertaken. We also believe that workforces will look to bolster their headcount across technology (in particular, workplace technology) as well as risk and resilience-based roles.

As the workforce slowly returns to the office and companies can 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 organisations have experienced from moving their recruitment and onboarding processes online, we believe that many organisations will make permanent changes, moving much of the detail to online platforms and automating traditionally complex processes.

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

The technology to provide a fully remote interview, assessment and onboarding platform has existed for several years and has proved to be incredibly successful. There is little doubt that COVID-19 will act as the catalyst to drive increased adopting of such technology.

With organisations realising geographical dispersion was merely a perceived issue that can be eliminated by our learned-proficiency in using virtual tools (e.g. Zoom, Teams), recruitment will become more efficient and effective for international or cross-border candidates.



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

### SO, WHAT DOES THIS MEAN?

For organisations 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 organisations will review their technological agility which may result in significant investment in order to mitigate future risk.



***COVID-19 has exposed a human vulnerability that will last well into the future.***

Additionally, with many organisations 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.

COVID-19 has exposed a human vulnerability that will last well into the future. With increasing unemployment levels and new graduates entering the workforce with a different set of expectations than 12 months ago, employers need to implement robust online processes that seamlessly assess a candidate's suitability whilst delivering the very best candidate experience.

Our research suggests that organisations 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, organisations have reported that their online adaptation to onboarding became even more structured and thorough, logistically and socially.

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.

Organisations have acted quickly to implement new processes with little time to reflect, plan or be halted by organisational 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.

***“It will be organisations that were vocal and transparent about their pandemic response who will capitalise on an increased brand strength amongst top talent.”***

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

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

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



## INTRODUCTION

While most organisations 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 the EMEA region, organisational efforts to engage staff while working from home could be described across five key pillars.

*Many organisations 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. Transitioning initiatives that have previously been heavily reliant on face-to-face interactions have had to pivot overnight to virtual means.

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

What we have observed is an increase in focus on the wellbeing and mental health of staff, on both organisational and team level.

Many organisations have created a wealth of resources for employees to help them to adjust to working from home. These include tools and resources to create ergonomic home offices, online offerings such as yoga and meditation classes, and online wellness events. Organisations have also increased their team meetings and online social events.

Also, organisations in the EMEA region were frequently sending out newsletters, care packages and in some cases ergonomic tools or working equipment to help a smooth transition into the home office.

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

### FLEXIBLE WORKING OPTIONS

By far the biggest change was the wholesale move to working from home. This was a relatively painless transition for many organisations 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, organisations needed to equip managers with the tools and insights to manage remote workers as well.



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.

We saw several companies which had previously not endorsed working from home, now encouraging employees to work from home part-time when a safe return to the office is possible, and senior managers leading from the front, helping to 'normalise' 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 organisations 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 utilising collaboration tools (such as Office365, Teams, Zoom, etc.) and internal social media (such as Yammer, Workplace).



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

## WORKPLACE TECHNOLOGY & TOOLS CONT.

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, continued learning and development and social interactions between employees – truly embracing these tools and the technology that by many have previously been underutilised. There has been a shift to video technology acceptance, and more efforts to connect visually.

***“ We have quickly grown to rely on digital platforms to foster collaboration, continued learning and development and social interactions between employees.***

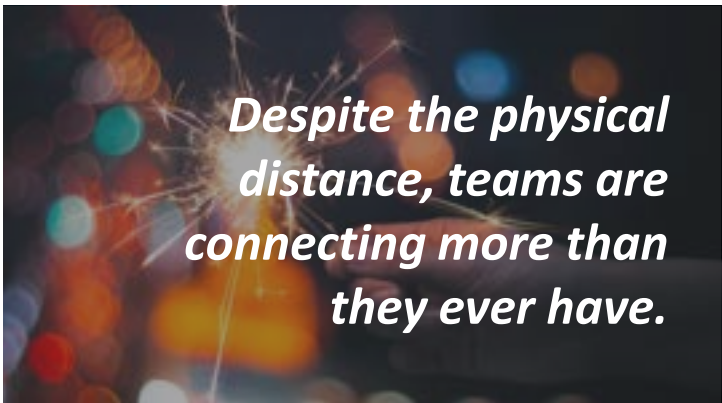
Finally, a key trend has been a conscious effort by many organisations to increase the Learning & Development offering to staff. As an effort to both upskill and motivate employees during this time, additional resources as well as external guest speakers and learning tools such as webinars and online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

## SOCIAL INTERACTION & COLLABORATION

Workplace culture has largely been relatively social across Europe, the Middle East and Africa, 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 organisations citing these are now happening more than once a week. In addition, digital coffees, team catch up and socially distanced walks where possible were mentioned as a means to maintain employee engagement.

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 subsidies, family-friendly online classes or social catchups.



Smaller organisations seem to lead the way for creative social initiatives with popular activities including team quizzes, Friday drinks, online classes or webinars, and fitness activities.

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

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

### CORPORATE TRANSPARENCY

The final pillar relates to corporate transparency or the efforts made by organisations 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, Managing Directors and Executives 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 organisations emphasise their employees' sense of connectedness.**

Organisations, 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 organisations and their employees. It's been important that organisations emphasise their employees' sense of connectedness to the business with the absence of daily office life.

Across EMEA, organisations have increased their efforts in employee engagement, wellbeing and motivation. With some companies carefully returning to their offices with increased measures for social distancing and hygiene, others are focussing on preparing their staff to work from home for the foreseeable future or a part time return to the office.

In London, a number of banks are introducing a rotational system for workers returning to the office. One US bank is aiming for 35% of staff to return by 21<sup>st</sup> September. Senior employees are being encouraged to return to set an example to the keen and enthusiastic new graduate intake, however, lifts in office blocks remain a problem for many employers in the City and Canary Wharf.

Staff engagement and motivation has been predominantly sustained through an increased focus on regular managerial catchups with direct reports, online (social) activities, and an increased amount of resources available for employees' mental health and adjusting to working from home.

### SO, WHAT DOES THIS MEAN?

A key trend across EMEA, has been a dramatic shift in sentiment around workplace flexibility. Whilst many organisations 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 organisations 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 organisations have commented on an increased level of productivity since workforces have introduced working from home.

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

### SO, WHAT DOES THIS MEAN? CONT.

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, whilst the option exists for 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.



*Technologies have been around for years however we are now seeing the vast benefits of connecting virtually using technology.*

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, whilst others are actively exploring ways to maintain a full spectrum of flexible work options post-COVID-19.

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?

**“ We also predict an increase in rigour where technology assessment is concerned.**

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 organisations actively pursue upgrades to their workplace technology. And with more pressure on having up to date workplace technology, we also predict an increase in rigour where technology assessment is concerned –namely from a privacy and security perspective.

Many organisations have bolstered their learning & development efforts as well as employee resources for health and wellbeing, 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.

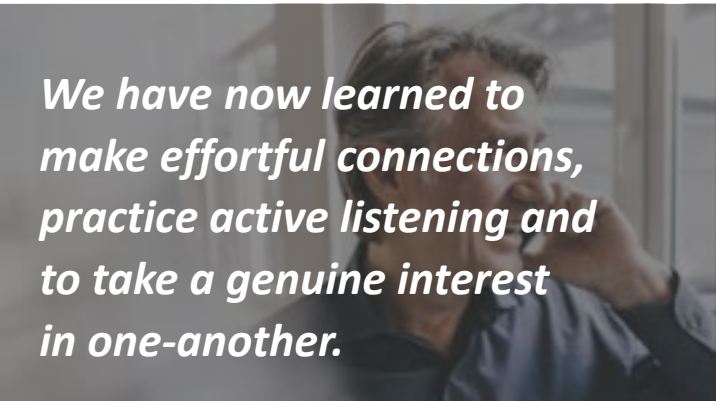
Something to consider will be maintaining these resources, ensuring that there are custodians of the materials as well as considering a 'one source of truth' approach.

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

### SO, WHAT DOES THIS MEAN? CONT.

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.*

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 flat 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 balance sheet, we saw lots of different 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 EMEA.

“ ***Given staff costs are typically the largest single cost in a company's P&L, we saw lots of different ways to save costs.*** ”

## GOVERNMENT FINANCIAL ASSISTANCE

Governments in mainland Europe have deployed a mixture of tax moratoriums, payment extensions on social charges, loan guarantees and wage subsidies for workers who cannot work or are forced to move to part-time roles.

In the UK, the government Job Retention scheme was made available to any UK organization with a PAYE payroll system on or before 19 March 2020, enrolled for PAYE online and a UK bank account. Companies received up to 80% of employees' monthly wage costs, including employer NICs and pension contributions, capped at £2,500 per month.

This government payment reduces to 60% of wage costs and a requirement to pay at least 20% of wages costs plus NICs and other contributions from 1<sup>st</sup> October. In a further attempt to encourage employers to retain their staff, the government will pay companies £1000 for each employee that returns from furlough and is still employed as of 31<sup>st</sup> January 2021.

In Sweden, like many other countries, companies had to prove that they had suffered financial difficulties directly attributed to COVID-19 to qualify for subsidies. Employees had to take a 20%, 40%, 60% or 80% reduction in normal working hours to receive between 88%-96% of their normal monthly pay.

In Spain, companies had to prove a reduction in workload due to force majeure or economical, technical, organisational or productive causes. The government pays 70% of the employees' regulatory base for the first six months and 50% from the seventh month, capped at EUR 1,4112.

## 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.

In the Netherlands, employers suffering a drop in revenues of at least 20 percent in any four consecutive months' period between 1 June and 30 November 2020 were eligible for financial assistance. 90 percent of the employers' salary costs multiplied by the actual percentual drop in revenues was paid, capped at EUR 9,538.

Italy made their employee assistance available to all companies in all markets offering 80% of salary capped at EUR 1,300. Germany insisted on all employees reducing their hours in return for financial assistance until December 2020. France required employers to prove that it was impossible to retain all employees working full time in order to qualify for government subsidies.



On 21 July, EU leaders agreed on an overall budget of €1.824 trillion for 2021-2027, the package will help the EU to rebuild after the COVID-19 pandemic and will support investment in the green and digital transitions.

These elements are in addition to the three safety nets of €540 billion already put in place by the EU to support workers, businesses and countries.

In South Africa, should an employer as a direct result of the COVID -19 pandemic have to close its operations for a period of 3 months or less, employees of the company qualify for a COVID-19 benefit. The salary to be taken into account in calculating the benefits is capped at a maximum amount of R17,712 per month.

***“ We made full use of the government furlough scheme in order to protect ALL jobs across the business and this has worked well for us to the point where we have protected our revenue and are now in a position to bring most people back either part-time or in most cases full-time.*”**

In the GCC, Saudi Arabia provided employees in the private sector 60% of their monthly salary for 3 months. The UAE introduced 'emergency measures' allowing employers to reduce workers hours, impose vacation, temporarily reduce hours and request unpaid leave is taken. During this period the UAE government introduced redundancy as a concept for the first time in UAE labour law.

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?

RECRUITMENT FREEZES AND RESCINDED OFFERS

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 May and, although not back to normal levels, all indicators (including job advertising rates) in most countries across EMEA are trending in an upwards direction.



SAVINGS IN STAFF COSTS: FREEZE ON PAY INCREASES

90% of all companies we spoke to across EMEA have implemented a freeze on all pay increases, whether due to merit reviews or promotions.

Many companies have also communicated they will be paying little or zero bonuses, whilst others have frozen the bonus qualifying period.

SAVINGS IN STAFF COSTS: PAID LEAVE

Encouraging staff to use up accrued holiday entitlement was another tool used by employers across UK and Europe. Whilst this provided limited cost-savings, many companies were initially hoping for a swift recovery in the second half of the year and wanted to avoid reduced productivity caused by staff absences.

This proved to be a benefit to those employees receiving government assistance, as all leave is paid at full rate of pay, so another incentive to take the time off.

*Although less common, some organisations made pay cuts without reducing hours and instead offered other incentives to staff.*

SAVINGS IN STAFF COSTS: UNPAID LEAVE

60% of companies we spoke to asked employees to take unpaid leave, which effectively meant employees worked reduced hours for an agreed period. Countries including Sweden and Germany made this mandatory to be eligible for government subsidies.

Although less common, some organisations made pay cuts without reducing hours and instead offered other incentives to staff. Several companies offered employees the opportunity to set up a fully functioning home office in return for an adjustment in salary based on having no commuting costs.

## 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: LAYOFFS AND REDUNDANCIES

For industries hardest hit (i.e. airlines, hospitality, high street retail), widespread employee layoffs and redundancies were inevitable. Those countries reliant on the summer tourism trade have struggled with quarantine periods being imposed on tourists arriving in the country or returning home and many will have lost an entire season of revenue.

Whilst the majority of governmental assistance programmes have proved to be successful in keeping people in employment, some companies have simply been unable to commit to retaining headcount at pre-COVID-19 levels due to the demand for their product no longer existing or becoming commercially unsustainable. The colossal shift from offices to homeworking has left business districts deserted and a hospitality community without customers.

As unemployment levels steadily increase across EMEA, there is a real concern that the number of redundancies will increase dramatically once governments withdraw their subsidies.

Another obvious cost saving that over 90% of companies have implemented from have been travel bans and a freeze on general non-essential expenses.

The almost immediate uptake of video and remote working platforms meant that business continued to be done, candidates continued to be interviewed but sadly this had the opposite effect on the travel industry.

### 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 layoffs, redundancies and imposed salary reductions, there is still a long way to go as we approach the winter in the northern hemisphere.

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

**“ More organisations will consider outsourced 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 and recent announcements made by several large corporates, we firmly 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. Many home working employees have remained highly productive whilst juggling home-schooling during lockdown and hot-desking at the kitchen table with family members. They relish the opportunity to continue working from home but in less stressful circumstances.



## 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? CONT.

At the same time, we must remain mindful that home working does not work for everyone for a number of reasons, so employers must consider flexible working practices and support for the wellbeing and development of employees who would rather be in the office.

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 organisations will likely not reach 100% on-site office capacity again.



***Work-related travel expenses will likely decrease substantially.***

One of the large UK banks has recently announced its intention to de-centralise out of its London skyscraper hub and disperse its employees across their regional bank network. We don't believe it will be long before companies start to reflect the reduced cost of working from home in salaries being offered.

We believe offices across all EMEA central business districts 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.

Organisations 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.

***“More organisations will consider outsourced solutions to bolster staffing needs while also managing risk.*”**

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

With many companies having to make difficult decisions to layoff staff and in some case, make redundancies, we believe organisations will continue to look at ways to create leaner organisations and introduce more flexibility into their staff cost base.

Restructuring is high on the agenda, and many companies are looking closely at their existing talent before looking externally. In turn we will likely see more investment in contingent and outsourced workforce solutions, enabling them to scale resources up and down far more easily than achieved in the past.

Many organisations 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 organisations will consider outsourced solutions to bolster staffing needs while also managing risk.

## CONCLUSION

Although we've discussed some unprecedented measures that organisations 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 behavioural experiment of all time.

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

Whilst this is just the beginning for many organisations to now take a step back and reflect on what went well and what, perhaps not so well, many of us have taken part in possibly the biggest corporate behavioural 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 you'd simply like to know more, please get in touch with our Talent Expert, Justin Somerville-Cotton.

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