Briefing paper - Employer responses to the Coronavirus

This paper is intended as an evolving document. The tables will be updated with new examples as different practises emerge.

Using the 5Rs to consider responses to the Coronavirus

Reactions to the Coronavirus pandemic across the economy were swift. Particularly in the early days of the pandemic, media attention focused on employers acting ethically to protect employees' incomes and health (both from the virus and other physical and mental health consequences) as far as possible. Organisations are now beginning to think about preserving their business, and employees, in the medium and longer term.

[McKinsey's Sneader and Singhal suggest](#) that during the pandemic and its aftermath organisations' focus should be across five stages:

- Resolve – protecting employees, customers and business from the initial disruption
- Resilience – maintaining operation during virus-related shutdowns
- Return – returning-to-work ensuring operations return to scale quickly
- Reimagine –considering employees' and customers' shifting expectations
- Reform – considering new regulatory frameworks and competitive environments

Employers should apply these five stages across all areas of the business, including in HR decisions. At time of writing, most institutions and organisations will have moved from the resolve stage into the resilience stage of their business continuity plans while some are beginning (with differing levels of success) to move to the return phase. It will be some months, or even years, before the implications for the final stages are fully understood.

As the government announces an extension of the lockdown period, it is becoming apparent that the virus will affect almost all areas of work for employers. This paper aims to highlight practise related to the virus undertaken by organisations outside the HR sector in three broad areas:

- Reward and retention
- Health, safety and wellbeing
- Employee engagement and industrial relations

Different employers have made decisions in these areas which have been both praised and criticised by the media, trade unions, employees and the general public. It has been important for companies to act decisively whilst taking time to digest available advice.

Reward and retention

When responding to a pandemic and economic shock of this kind, reward and retention are intrinsically linked. Many employers are making difficult decisions about pay cuts and potential redundancies – both to what scale and for whom. The coronavirus job retention scheme (CJRS) has provided some security with over [140,000 companies employing a total of about a million workers](#) applying to the scheme on its first day of operation. The [Resolution Foundation](#) expects the numbers to grow exponentially, estimating that employers will furlough 11.7 million staff in Q2.

Employers had to make quick decisions on which staff to furlough in a landscape of rapidly changing advice and guidance. Companies with perceived lack of consideration for their workforce received intensified media attention. [Sports Direct](#) and [Wetherspoons](#) received particular criticism. Both u-turned in the face of public backlash. In comparison, before the furlough scheme was announced, Vauxhall immediately closed all factories in order to protect workers while guaranteeing full pay. The hours lost were to be made up when the factory reopened with employees being asked to work an extra hour each shift. These plans may have changed considering the coronavirus job retention scheme.

In order to avoid hasty decisions, UNICEF built a response team made of heads of departments. Members of the taskforce were chosen as those who knew what was going on "on the ground". This team understood the implications on business continuity and relayed information quickly to

teams. This meant that the charity could make considered decisions and keep the business running smoothly.

Companies are attempting to maintain a resilient workforce by furloughing approximately a [fifth of their workforce](#) according to the ONS. This has caused some, including investment firm, Shroders, to call for company directors to "share the pain". In response, some senior executives are choosing to forgo large proportions of their salary, such as Sky's Jeremy Darroch pledging half of his salary to coronavirus relief programs. Others are pledging a 20% reduction in total remuneration to echo the 80% that furloughed staff will receive from government funds.

Pay cuts and redundancies may continue past the end of lockdown as many organisations fear loss and closures. Some organisations are beginning to open discussions with their unions on this topic. Heathrow airport has agreed with Unite that its members will take a 10% pay cut for the following 9-months as the travel industry is one of the hardest hit. Non-unionised staff members are being asked to accept a 15% pay cut with dismissal and reinstatement being suggested as the final step if employees do not accept this.

Once the implications of the post-coronavirus world become apparent, businesses can begin to reimagine the future. Such considerations might include increased use of [automation, digital technologies and contact-saving innovations](#). These changes could have a large impact on businesses' labour needs particularly if cost-saving measures need to be introduced. The regulatory landscape is similarly likely to mean large changes to the workforce. Businesses' ability to access an international workforce is likely to be constrained if international travel is restricted for the foreseeable future, the proposed points-based system is introduced, and the Brexit transition proceeds at planned timescales. These landscapes point to a significantly different workforce in the months and years after the crisis.

Table 1: Recruitment and retention examples of practice

	Organisation *(source hyperlinked)*	*Practice*
Resolve	Vauxhall	Closed factories immediately with full pay to staff, hours to be made up once factories reopen at one hour per shift.
Resolve	JCB	Lowered working week to 34 hours whilst continuing to pay for a 39 hour week. This was intended to maintain their skills base.
Resolve	UNICEF	Formed a Covid-19 response team to make fast decisions based on changing guidance.
Resilience	Deloitte and EY	Partner pay reduced by a fifth
Resilience	BDO	700 staff furloughed, equity partners to take a 25% monthly pay cut and quarterly dividends suspended
Resilience	Mirror publishing group	Furlough 1000 staff, senior staff (including editorial teams) to take a 20% pay cut whilst all other employees will take a 10% pay cut. Bonuses will be suspended and dividends scrapped.
Resilience	Disney, Sky, Santander, Ryanair (and others)	CEO's to take large pay cuts, including sacrificing all base pay or forgoing full salary
Resilience	Nationwide	Chief executive to cut pay and pension by 20%
Return	Heathrow airport	15% 'voluntary' pay cuts for staff not employed by a union, unite members took a 10% pay cut for 9 months

Health, safety and wellbeing

For businesses across the economy, maintaining the health and safety of their employees remains a priority during the coronavirus pandemic. Good and bad practice in this regard was another area closely covered by media outlets. Initially the focus was on ensuring physical safety of workers, both in general and particularly for those in high-risk categories.

Employers were particularly praised for placing at-risk staff on full pay while allowing them to self-isolate. Edinburgh City Council and Better Foods immediately took this step to protect their staff. Stephen Moir, executive director of resources at Edinburgh City Council, said: "These are employees we would have been paying anyway. The bigger issue for us is a loss of productivity ... [but] we're doing remarkably well."

Conversely, several large companies where staff where unable to work from home were placed under fire for not allowing their staff to properly social distance or providing enough PPE. ASOS was amongst a number of businesses with large factories or distribution centres criticised for not applying social distance measures to workstations and at turnstiles. This resulted in GMB accusing the business of "playing Russian roulette with people's lives". ASOS denied these criticisms but the press still published them. As businesses moved into full lockdown, this focus on protecting workers who were not able to work from home continued. Staff complained about conditions at Amazon's distribution centres, claiming lack of temperature checks and PPE, resulting in staff walking out and calling in sick in protest of these conditions.

Other organisations are focusing on supporting their staff as they transition to working from home. This support often included mental health support. For example, organisations are providing their usual mental health support remotely. The private healthcare provider, Bupa, reports that their workplace psychologists are [fully booked for virtual consultations](#), Linklaters have virtualised their on-site psychologists and Lloyds Bank has offered access to a resilience app which provides covid-related content. Other organisations have tried to maintain a vibrant culture by offering virtual happy-hours, online quizzes, story time for children, meditation, cooking classes and many other activities.

Many organisations have recognised the impact that isolation may have on their employees with very different living situations. They recognise that employees who live alone, those who live with three generations under one roof and those who live in flatshares with many housemates experience different challenges. Employers are encouraged to recognise this in the workloads they are providing. Linklaters suggest giving people discrete pieces of deliverable work "so they don't feel adrift" while KPMG circulated guidance to managers about recognising domestic abuse.

Organisations have begun to consider the return to work. Her Majesty's Passport Office (HMPO) was widely criticised for attempting to return to work too quickly without following health and safety advice. Their intention was to prevent a backlog of passport applications building up on return post-lockdown. Despite implementing some social distance measures, it was felt that executives were out of step with government policy. Responding to staff anxieties, the deputy scientific advisor said, "we cannot hide away from it forever", which led to criticisms of a "cavalier approach to staff safety".

In comparison, Barratt homes recognised staff anxiety about the return to work. In response, they created a detailed back-to-work plan outlining the steps they had taken to ensure staff safety. Such measures included widening walkways and creating refuges to allow for people to pass each other safely, procuring PPE for workers where appropriate; staggering start times to avoid surges; considering the canteen and washroom; posting site managers and wardens on every site; welcoming the HSE to carry out inspections and carrying out safety team checks internally. They attempted to over-engineer rather than under provide in order to protect their staff.

Once lock-down is over and the return to work begins, businesses will consider the long-term psychological impact of quarantine. The Lancet studied past epidemics including Sars and Ebola and found that those on low incomes showed "significantly higher amounts of post-traumatic stress and depressive symptoms" because a temporary loss of income had a greater impact than on wealthier peers. Overall, it noted that "separation from loved ones, the loss of freedom, uncertainty over disease status, and boredom can, on occasion, create dramatic effects". Those with pre-existing poor mental health would be particularly vulnerable. These will become important considerations when protecting the occupational health of workforces across the economy.

Table 2: Health and wellbeing examples of practise

	Organisation	*Practise*
Resolve	Edinburgh City Council	Provided full-pay to those self-isolating or sick
Resolve	ASOS	Criticised by unions for not enabling workers to effectively social distance in warehouses
Resolve	Better Food	Immediately placed staff in high risk categories on full paid leave
Resilience	Lloyds banking group, Linklaters, Goldman Sachs	Provided virtual activities and apps to support company culture and mental health whilst employees work from home.
Resilience	KPMG	Circulated domestic violence guidance to managers which includes tips such as asking open questions and signposting to help.
Resilience	Amazon	Did not implement health and safety measures, including failing to provide enough face masks and not implementing temperature checks. This resulted in a staff walk out with thousands calling in sick for work.
Return	Her Majesty's Passport Office (HMPO)	2,000 staff asked to be on stand-by to return to work with 500 staff expected to be in the office at one time – unions attack this as 'scandalous' practise.
Return	Barrett Homes	Have a detailed health and safety plan to get staff back to work including staggering start times, widening walkways and canteen and washroom considerations.

Employee engagement

Remaining connected with employees and their representatives during a global pandemic can provide further challenges. As employees are dispersed and looking for reassurance, employee engagement is more important than ever. With more employees staying at home, online video conferencing systems have seen a dramatic rise (the Zoom app saw a twenty fold increase in daily users in March this year) as businesses try to stay connected.

News, advice and guidance changed rapidly in the early days of the pandemic. Employees were receiving the same information in daily briefings as employers meaning responses were necessarily quick. Peter Harrison, managing director at Siemens realised that leadership styles needed to change, being more directive and agile in decision making to ensure employees were quickly receiving the answers they needed.

Anticipating decisions enables companies to respond quickly when announcements were made. UNICEF pre-empted lockdown measures and responded by running a trial office closure. They employed a cascade text message system to ensure key messages could be relayed to all workers. By running tests prior to the official government lockdown, they were able to make changes to process to ensure it worked when the official announcement happened. It also gave them time to communicate with staff about the effectiveness and ease any anxieties they might have had.

Trade unions, as employee representatives, are an important tool in ensuring employee engagement. Edinburgh City Council recognised this early in the process and invited their Trade Union Joint Secretary to join their council incident management scheme. By including him in the conversations from the outset, they were able to listen to the concerns of union members. The unions then understood that the council was trying to make decisions in an inclusive manner. A cooperative approach between TfL and their unions led to the implementation of more comprehensive health and safety measures. Unite health and safety monitors ensure employees feel safe at work without additional burden on TfL.

Consulting with the unions to agree an appropriate timetable to return to work can prevent operational delays. Merthyr Tydfil County Borough Council was due to reopen its civic amenity's site but failed to consult the recognised unions, GMB and Unison. The unions felt the council had not undertaken proper risk assessments and so advised staff not to return to work. The council ultimately had to reverse the decision. By contrast, Airbus worked closely with their unions. They were able to draw up a 19-point plan which included considerations around the journey to work, a checklist for shift managers to work through and the social impact of the workplace. This enabled them to remain open, with the support of their unions, throughout the crisis with only a short pause in production over Easter.

When organisations do return to work within appropriate timescales, the working environment could look incredibly different. A requirement for organisations to take steps towards more flexible working was imminent as the government made steps to implement their "good work plan", but this may be more pressing now as employees become more used to it. Engaging employees with more varied working patterns will be important when considering long-term changes to an organisation.

Table 3: Health and wellbeing examples of practise

	Organisation	*Practice*
Resolve	UNICEF	Before lockdown, ran a forced office closure to test cascade plans of alerting staff to stay at home
Resolve	Siemens	Being more direct and agile in decision making process
Resilience	Edinburgh City Council	Trade Union Joint Secretary is part of council incident management team, the council talk to him regularly and make sure to listen to the concerns from their membership
Resilience	TfL and Unite	Working with the unions to ensure safety of drivers, including introduction of free travel to allow middle door only access to keep drivers safe and each garage having a Unite safety officer monitoring health and safety issues
Resilience	Cadent Gas	Introduced increased signage to let members of the public know they are essential workers
Resilience	Financial ombudsmen services	Using online conferencing software for employee relations casework such as sickness, performance and conduct.
Return	Merthyr Tydfil CBC	Merthyr Tydfil CBC did not consult with unions (GMB and Unison) before planning to reopen civic amenities site without conducting a proper risk assessment. Unions are advising staff not to return to work.
Return	Airbus	Worked closely with the unions to ensure staff felt safe to continue working avoided any disruption in production for the company.

Conclusions

Companies outside the HE sector are facing many of the same issues as HE employers throughout the coronavirus pandemic. The pandemic's impact on the role of employers is large with important decisions relating to employees being made frequently. As employers consider the future of their businesses, key reflections about how to make decisions quickly, how to absorb and consider to changeable advice and who should be involved in the decision-making process will be at the forefront of their strategic decisions. Getting this right is important as taking the wrong steps can at best cause reputational damage and at worst put the safety and security of their staff at risk.

Further information

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