ECONOMIST IMPACT

A strategic playbook for navigating the pandemic-accelerated new work paradigm

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About the research

This report, written by Economist Impact (formerly The Economist Intelligence Unit) and sponsored by Prudential, elevates the conversation around the future of work and workplaces in the US. It sheds light on to the drivers, reality and impact of the covid-19-accelarated new work paradigm. Using insights obtained through a US-based survey conducted in late 2020, desk research and expert interviews, this playbook presents key findings for five industry verticals—healthcare, financial services, manufacturing, the public sector and unions—and discusses their implications for organisations moving forward.

We would like to thank the following experts for their time and insights:

- **Jane Sarasohn-Kahn**, health economist, Think-Health LLC
- **Robert Lavigna**, director, Institute for Public Sector Employee Engagement
- **Chad Moutray**, chief economist, National Association of Manufacturers; director, Center for Manufacturing Research, The Manufacturing Institute
- **Julia Lamm**, workforce strategy partner, PwC
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Introduction

The covid-19 pandemic has reshaped the US employment landscape in drastic and long-lasting ways. A variety of pre-existing trends affecting organisations and workers have been accelerated by the historic crisis: digital transformation, remote work and automation, to name a few. The new normal that emerges from the pandemic has profound implications for how and where work gets done, and—more fundamentally—how organisations and workers relate to each other. To remain competitive, organisations will need to skillfully navigate both near-term business challenges and longer-term talent, technology and workplace culture issues.

To understand how the pandemic has affected workers and organisations, and surface important sector-specific and broader trends, Economist Impact (formerly The Economist Intelligence Unit), sponsored by Prudential, surveyed more than 5,800 US workers and executives in late 2020. Respondents were in five key industry verticals: healthcare, financial services, manufacturing, the public sector and unions. Complementing the *Recovery, resilience and the road ahead* report, which summarises the overall findings from the survey, this playbook presents key findings for specific industry verticals, insights gleaned from expert interviews, and discusses their implications for organisations moving forward. While revealing cross-vertical trends, it sheds light on unique or prominent findings in specific verticals.

- Overall, many workers said their wellbeing had improved in various ways during the pandemic. However, the survey has revealed its disproportionate impact on certain groups, including older workers and women. These disparities, particularly seen in the healthcare and public sector verticals, with high levels of their workforce deemed essential to critical social and physical infrastructure, incites a deeper observation.

- Covid-19 has been a multidimensional public health and economic crisis. Health and safety concerns have been significant among essential workers, but the survey results make clear that financial concerns remained prominent. In that vein we have observed verticals—across the board—fall short of providing or raising awareness of tools and resources to address this need.

- While digital transformation has become an urgent requirement during the pandemic, rather than a business goal for organisations, executives are increasing investments in new technologies, as well as grappling with disproportionate digital divides, evident in the public sector and manufacturing. Competition for information technology talent will also intensify, especially in the financial services sector.

- The unpredictable disruptions presented by covid-19 have underscored the importance of stability for workers on edge and exhausted. For some, the crisis has highlighted how unions empower members to advocate for their wellbeing and safety, exemplified by the investments seen in the public sector. Accordingly, there may be a lesson there for organisations across all sectors as they emerge, transformed in a number of ways, from the pandemic: an empowered workforce can also be more engaged and resilient.

The chapters that follow reveal how organisations in each of the five verticals may evolve as a post-pandemic future comes into view and workplace priorities continue to shift for workers and executives alike. The unique and cross-vertical findings collectively paint a picture of what the post-pandemic US workforce may look like for years to come.

Chapter 1

Mending the wounds: The new work paradigm in US healthcare

US healthcare organisations faced significant evolutionary pressures in the years leading up to 2020. But the covid-19 pandemic was truly disruptive, forcing unprecedented and rapid change on the sector tasked with helping Americans survive a once-in-a-century public health crisis. For frontline and female healthcare workers especially, the cost to mental wellbeing has been steep. High levels of stress and anxiety became normalised, elevating the risk of workforce burnout—which healthcare organisations can address through targeted resources to support workers' wellbeing.

Those are just a few of the major insights gleaned from the survey responses involving 153 executives and 1,091 workers in the healthcare sector. Integrating insights drawn from survey results, expert interviews and research, this chapter highlights key findings that together present a picture of a healthcare workforce undergoing tremendous change. The pandemic has accelerated a new work paradigm within the healthcare sector, forcing organisations to improvise and adapt to newly mainstreamed technology and new worker expectations. The last year has been intensely challenging, for healthcare workers and organisations alike. The forces unleashed by covid-19 will effect dramatic change within this sector.

In harm's way

Covid-19 has disproportionately impacted the mental health of women and frontline workers.

The sudden, widespread disruptions caused by the pandemic heightened the stress and anxiety levels of Americans working in all areas of the economy. But mental health costs were particularly high in the healthcare sector—and especially for frontline workers and women. The latter account for about three-quarters[1] of the country's full-time healthcare workforce.

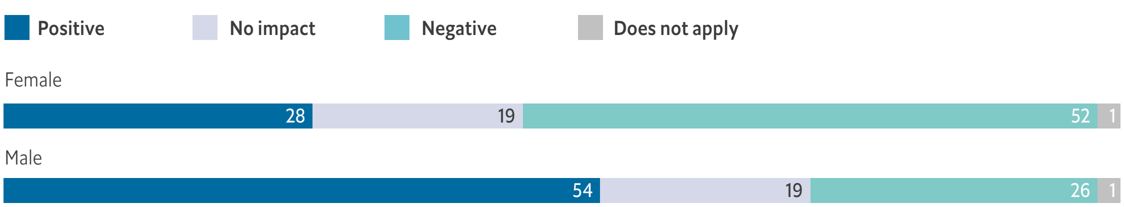
In one survey[2] conducted from March to May last year, healthcare professionals reported higher levels of covid-19-related stress, depressive symptoms, concern about their health and general anxiety.

While female workers are more likely to be negatively affected by covid-19 than male workers physically, mentally, financially and socially, the most uneven impact is in the realm of mental wellbeing.

Fifty-two percent of women responding to Economist Impact's healthcare sector survey reported that covid-19 has had a negative impact on the mental health of themselves and their coworkers, compared with 26% of men (Figure 1). Health economist Jane Sarasohn-Kahn is blunt about the disparate mental health impacts experienced by healthcare workers, which will not recede quickly. "We still have toxic mental health effects that are affecting, in particular, people of colour and working women," Ms Sarasohn-Kahn says.

Figure 1: Covid-19 has had a disproportionate mental health impact on females.

To what extent has your and your co-workers' mental wellbeing been impacted by covid-19?
(% worker responses)

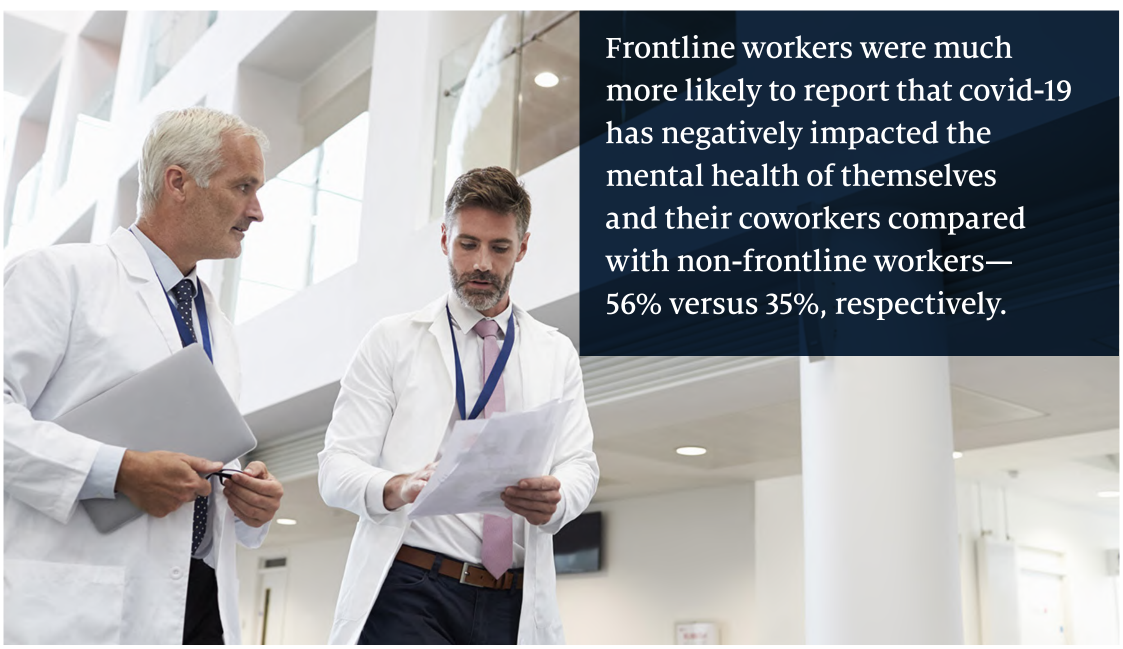


Source: Economist Impact

Those groups disproportionately make up the frontline healthcare workforce, which acts as the backbone of health systems and includes roles ranging from hospital nurses and doctors to nursing home staff to home health aides. Unsurprisingly, frontline workers were much more likely to report that covid-19 has negatively impacted the mental health of themselves and their coworkers compared with non-frontline workers— 56% versus 35%, respectively . A study[3] published in February underscores the adverse impacts experienced by workers. Researchers assessed a range of frontline emergency department (ED) healthcare personnel for symptoms of anxiety and burnout, specific covid-19 work-related stressors and risk for post-traumatic stress disorder (PTSD). A fifth of ED staff were found to be at risk of PTSD, and symptoms of anxiety and burnout were prevalent across the spectrum of workers.

In another study, published last fall, researchers polled workers at 25 medical centres across the US to gauge the pandemic's early impacts on healthcare workers.[4] What they found was shocking: Of the 1,132 people who responded to a survey last May, almost 25% had probable PTSD. More than 43% reported probable alcohol-use disorder.

The takeaways from these and similar studies are clear. Covid-19 has strained health systems and pushed the sector's frontline workers to breaking point. Organisations should acknowledge the pandemic's toll by providing frontline—predominantly female—staff with targeted support that improves mental health and helps to build a more resilient workforce. It is in healthcare organisations' long-term interests to provide resources such as free mental health counselling and wellness guides that align with the particular experiences and challenges faced by the workforce. Failing to do so will likely correlate with higher staff turnover rates.



> Frontline workers were much more likely to report that covid-19 has negatively impacted the mental health of themselves and their coworkers compared with non-frontline workers— 56% versus 35%, respectively.

Value adds

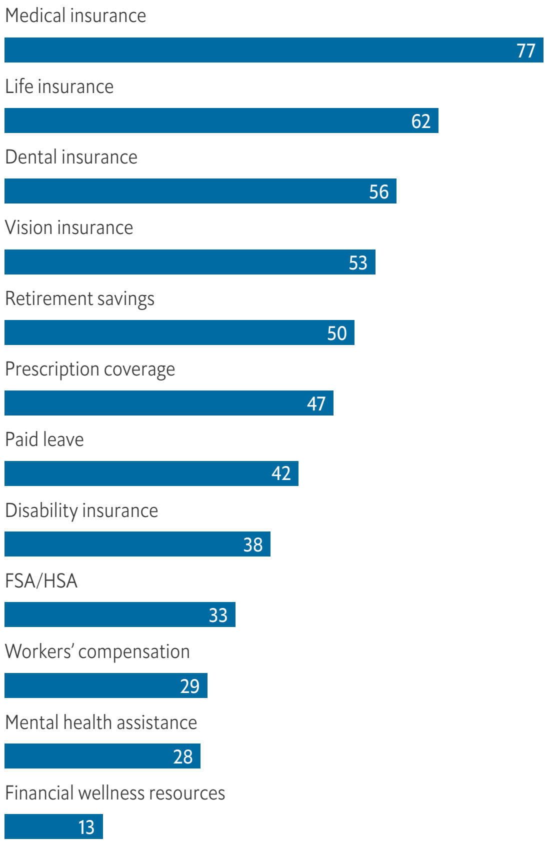
Providing employees with benefits and mental and financial health resources is paramount for talent retention.

The mental health needs of many healthcare workers coming out of the pandemic are clearly high and widely recognised. Less noted has been their financial health needs. Economist Impact's survey found that the majority of healthcare workers either do not have access to or are not aware of resources to support their mental and financial wellbeing. Only 28% of respondents said they have access to mental health assistance through employer-sponsored benefits. And just 13% said they have access to employer-sponsored financial wellness tools and resources, such as student loan assistance and financial advice (Figure 2).

The larger context is that, despite high job growth rates in the decade leading up to the pandemic, many healthcare workers experienced relatively stagnant wages.[5,6] Uncertainty remains in the future of widespread investment in worker pay and benefits in the coming years within the sector.[7] With research clearly linking financial wellness and mental health, the possibility of a negative feedback loop among some workers is real, separate from covid-19-related mental health challenges.

Figure 2: Mental health assistance and financial wellness resources are not among the top ten workers' benefits.

Whether or not you use them, do you or your family currently have access to any of the following types of benefits? (%)



Source: Economist Impact

"Financial health and mental health are really the two endemics after covid-19," Ms Sarasohn-Kahn says.

Benefits have long been a major way companies have retained talent and cultivated an employee's sense of value—and survey respondents confirmed this opportunity is still there. When asked what was most important to feeling valued, more than half (51%) of workers selected responses associated with workplace benefits—for example, a strong retirement plan, financial wellness programmes, mental health support and childcare support.

One gap between how workers and executives think their relationship could be enhanced surfaced in survey results. Workers' most popular choice for enhancing their relationship with employers? Salary increases and bonuses. Executives weren't as keen on those. These divides could become points of contention as organisations move out of the pandemic. The question is whether organisations will step up to provide more workers with what they want to retain talent.

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Telehealth is here to stay

A growing number of healthcare professionals use it as a primary medium to work.

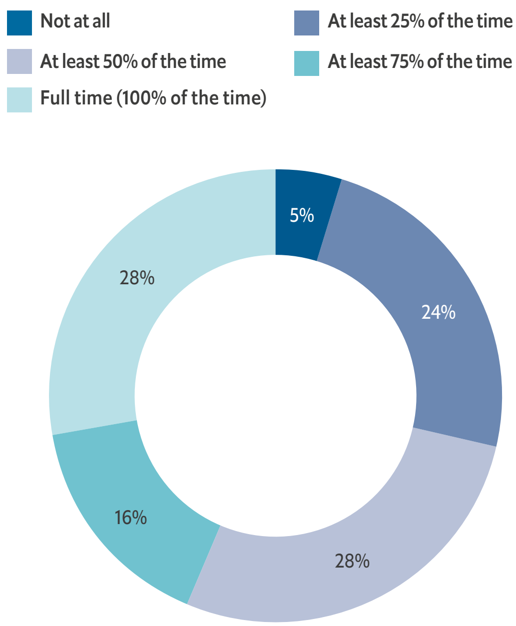
In 2019 only 43% of US health centres were capable of providing telehealth services. During the pandemic, that figure more than doubled to 95%[8], an astonishingly sudden pervasiveness. No surprise, then, that 92% of healthcare executives surveyed by Economist Impact said covid-19 has accelerated telehealth.

"The pandemic ushered in the digital transformation of the individual who could connect from home," Ms Sarasohn-Kahn says. "But if you couldn't connect from home, you couldn't reap the benefits."

The nearly universal desire of healthcare workers to work remotely is striking: less than 5% of survey respondents said they have no interest in doing so. Just under half (46%) of respondents said they began to work remotely during the pandemic, while an additional 21% increased their remote work hours. Of these people, 57% said that their productivity had improved and 71% said they would like to keep working remotely more than half the time (Figure 3). Clearly, this shift is broadly popular.

The implication for the future of healthcare organisations appears quite clear: the need to invest in telehealth capabilities and connectivity will only become more important as the pandemic recedes.

Figure 3: A large majority of healthcare workers would like to continue working remotely, at least part of the time.
To what extent would you like to continue to work remotely? (% worker responses)



Source: Economist Impact

Executives are focused on business growth strategies

When they think about business value and the near future, talent retention and attraction is not a top priority.

Healthcare executives regard the business value of talent-related activities differently depending on the time horizon. When asked to identify areas critical to driving business value in their organisations right now, executives noted the importance of growth-related business goals—such as expanding the customer base, digital transformation, and strategic vision and growth strategy. Talent-related endeavours—employee engagement and human capital/talent—were at the top of their list as well, suggesting that executives recognise the importance of attracting and retaining talent even as they deal with the pandemic and near-term priorities.

But when the question shifts to what critical factors will drive business value in the next two to three years, executive priorities also shift. Talent-related factors drop down the list to make room for factors like new revenue streams and "rightsizing the business."

That's likely indicative of executives' anticipation of rising competitive pressures in future due to consolidation and the heightened need for cost controls due to government regulations. In so many ways, the sector is rapidly evolving—so it's harder for leaders to take the long view. "In healthcare, it used to be much easier to do a ten-year plan," Ms Sarasohn-Kahn says. "But now healthcare organisations are looking one, three, five years out, max."

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> Jane Sarasohn-Kahn, Health Economist, THINK Health LLC

When the future of healthcare appears so in flux and pressures to compete and grow loom large, investments to engage employees and attract and retain talent can seem less than urgent. Right now, however, a talent shortage significantly worsened by the pandemic is a clear constraint on growth prospects. There are hundreds of open jobs for every applicant[9] and the situation will likely persist for years. For executives, so will the tension between giving workers more of what they want and making investments in other areas.

Conclusion: Exhaustion and innovation, side by side

The rapid changes that have coursed through the US healthcare sector and its workforce since March 2020 are historic. They have also been disorienting, with problems and innovations both on display. A fractured, decentralised system made a co-ordinated national response to covid-19 harder. And frontline workers discovered their "hero" status didn't guarantee adequate personal protective equipment. Today, many are understandably exhausted and burned out. Some are traumatised. These are real concerns that employers can address through targeted workforce support.

Yet there is good reason for optimism. Drive-through testing, mass vaccination sites and suddenly ubiquitous telehealth platforms, among other innovations, proved that the sector can innovate under pressure. "Healthcare has changed more in the past year than during any similar period in modern US history," says Dr Shantanu Nundy, a senior health specialist for the World Bank and author of Care After Covid: What the Pandemic Revealed Is Broken in Healthcare and How to Reinvent It. "And it changed for the better."[10]

Many healthcare workers developed new and valuable skill sets on-the-fly, developing a nimbleness and resilience that served both patients and organisations well. How far will organisations go to make tired but talented workers feel valued enough to stick around? That's a pressing question in 2021, but the answer will have lasting consequences. How healthcare executives handle today's workforce challenges directly relates to how well their organisations can innovate and execute winning strategies tomorrow. As the pandemic recedes in the US, there's an unusual window of opportunity to hit reset on workplace culture and embrace new ways of working within the sector.

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Chapter 2

Transformation, accelerated: Financial services embrace change

Fast-moving fintech startups. The rise of mobile banking. Artificial intelligence (AI). The financial services sector was undergoing significant change in recent years—and then came covid-19. The pandemic created market volatility that greatly impacted the industry, spurred a dramatic shift to remote work and accelerated digital transformation efforts already underway. It also provided an opportunity for financial service company leaders to show they care about workers' wellbeing. Many workers were able to adapt to new ways of working relatively well—and most say they're as productive or more productive working from home.

That's just one aspect of the sector's new normal surfaced by the survey of 1,015 financial services workers and 157 executives; they work around the US across various functional roles, ranging from finance to operations and production. One clear takeaway from survey results is that both executives and workers are aware of the pandemic's negative workforce impacts. That presents an opportunity for alignment on how to address the various costs of the crisis and executive longer-term competitive strategies. It's clear that digitalisation will continue to reshape how financial services companies operate and compete. Less clear is whether organisations will be able to retain, develop and attract the talent they need to thrive in the post-pandemic landscape.

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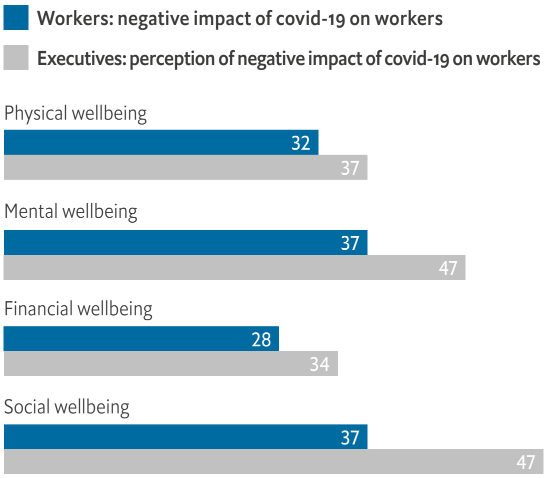
Common knowledge

Executives and workers are keenly aware of covid-19's impact. That could set the stage for collective organisational efforts in the post-pandemic era.

The covid-19 pandemic impacted everyone, to some degree. This reality comes through in the survey. To a remarkably similar extent, both financial services executives and workers have a shared perception of the pandemic's impacts on both the wellbeing of workers and on companies. Perhaps surprisingly, a larger portion of executives than workers said covid-19 had negatively impacted the physical, mental, financial and social wellbeing of workers (Figure 4).

Figure 4. Similar levels of workers and executives said the pandemic had negatively impacted the wellbeing of workers.

To what extent have the following been impacted by covid-19? (% worker or executive responses)



Source: Economist Impact

These findings suggest high levels of empathy among executives for the stressful burdens employees carried throughout 2020. They help to explain why a majority of financial services workers said that the worker-employer relationship has improved in the last year, and reported a positive working relationship and culture.

Julia Lamm, a financial services expert at PwC, says that leaders of financial services felt uncertainty, fear and anxiety just like employees—and that has helped change the scope of typical conversations between the two groups. "Due to the pandemic, I think many leaders are saying, 'We need to make a stand, we need to be talking about issues and we need to change how we as a company talk about some of these things.'"

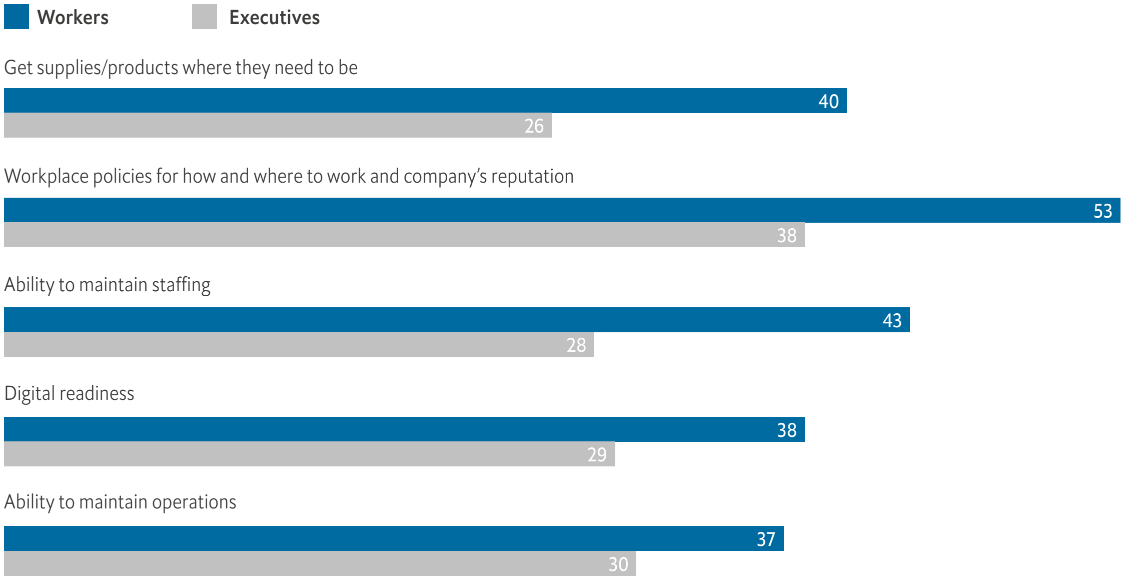
That said, there appears to be room for improvement in the provision of services and resources that support workers' wellbeing. Just 28% of workers said they have access to mental health assistance through employer-sponsored benefits, while only 22% said they have access to employer-sponsored financial wellness tools and resources. The latter survey finding is surprising, given that all these employees work in the financial services sector; there may be a gap between perception and reality. Twenty-eight percent and 26% of workers, respectively, said their organisations had prioritised these benefits, the most while dealing with covid-19.

Just as executives are conscious of challenges faced by workers, workers are conscious of how organisations have been impacted by the pandemic (Figure 5). For example, 43% of workers in the sector said covid-19 had negatively impacted their organisation's ability to maintain staffing—only 28% of executives said the same. The potential implications of shared perceptions of covid-19's impact on individuals and organisations are significant. The shared experience of the pandemic appears to have created alignment across the org chart—alignment that organisations could leverage to help build the buy-in necessary to execute post-pandemic business strategies.

More immediately, however, there may be talent retention benefits flowing from a shared understanding of the pandemic's impacts. To the extent that workers believe executives are truly engaged with the experiences of their workforce, and perceive a positive working relationship that values and welcomes their ideas for helping organisations continue to improve, individuals could be more likely to remain committed to a company. Another result from the survey suggests many feel empowered to speak up: 53% of workers said employees are free to express their opinions at their company.

Figure 5. Many workers and executives also perceive negative impacts faced by organisations.

To what extent have the following areas of your organisation been impacted by covid-19? (% Worker or executive responses)



Source: Economist Impact

The opportunity is now

Digitalisation will continue to reshape the competitiveness of financial services companies.

A frequent observation throughout the pandemic has been that the crisis has accelerated existing digital technology trends across society. The financial services sector is a case in point. The need for companies to eliminate the distance between their customers' digital experience and non-digital experiences was put into urgent relief as millions of Americans worked, shopped and banked from home.

One proof point from 2020 indicative of growing pressure on financial services companies to embrace digitalisation: Financial technology (fintechs) firms in North America reported higher than average increases in total transaction volumes and number of transactions, according to a study conducted by the University of Cambridge Judge Business School, the World Bank Group and the World Economic Forum in 2020.[11] For those two transaction metrics, the region ranked second and third highest, respectively, among six regions studied.

As fintech solutions become more integrated into the financial services sector, digital capabilities are becoming increasingly essential, transforming the business landscape. Changing customer expectations, greater competition, increasing regulatory complexity and pressure to streamline operations are all among factors driving the push for reinvention and innovation.

No surprise, then, that digital transformation was the area identified by executives in the survey as the most critical for driving business value now, as well as during the next two to three years. Ms Lamm of PwC says companies in the sector are investing in omni-channel strategies so they can create seamless customer experiences across digital platforms and devices. "They want to make sure their customers can access the same services from anywhere," she says. "When you walk into a bank or you go to the bank's website, you should still have access to the same services no matter which channel you go through."

For good reason, finding the right talent to power digital transformation is on the minds of many executives—54% of executive survey respondents expect IT/tech roles to be in higher demand going forward. The largest investment area outside of talent? Cybersecurity.
This underscored the fact that executives are mindful of the risks involved with digitalisation.

The pandemic's clearest impact in the digital realm, at least for working in the financial services sector, was probably the shift to remote work. Ramping up remote work capabilities seems to be an area of strength across the sector. About 80% of financial services workers either started or increased remote work during the pandemic, and 80% say they're as productive or more so. That bodes well for organisations' abilities to quickly embrace change, although if remote work continues at similar high levels organisations may need to continue to invest in internal digital transformation to ensure workers are set up for success. But the deeper digital transformation organisations are pursuing—to change how they deliver core services and relate to customers—is a far more complex, strategic and even existential challenge.

Minding the gap

The talent shortage has widened—and organisations realise they need to better support workers to prevent turnover.

Financial services executives were grappling with a talent gap relative to digital skills before the pandemic.[12] The crisis has only widened that gap, while also underscoring the need for organisations in the sector to more broadly support workers through an inclusive workplace culture, upskilling programmes and flexible work arrangements.

A strong majority of executives—67%—agree that covid-19 has widened talent shortages and capability gaps among firms in the sector. The core skill gaps facing organisations include machine learning, AI automation and user experience, according to Claire Tunley, chief executive of the Financial Services Skills Commission. But the gap involves more than just technical skills. "Employers are clear that their plans around skill development are not just focused on technical knowledge," Ms Tunley said during a November 2020 webinar.[13] "They want to develop skills such as critical thinking, creativity and innovation, and also resilience and agility."

To some extent the talent gap is a result of employees leaving for other opportunities. Monetary compensation matters. But there are a variety of other things workers view as important for cultivating a sense of value within their organisation, according to survey results. Job security, healthy work-life balance, rewards for hard work (not just business results), trust in leadership, and comprehensive benefits supporting workers'

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financial wellness and retirement needs were all highlighted by workers as elements through which they would feel valued.

Having a fulfilling sense of purpose at work was another. This aligns with a whitepaper from IBM's Smarter Workforce Institute.[14] It found that financial services employees who experience a sense of belonging, purpose, achievement, happiness and vigour perform at higher levels and are more likely to report they contribute "above and beyond" expectations. Notably, they are also less likely to quit.

Building a workplace culture that supports employees' sense of purpose and achievement takes time. Putting in place other elements, such as comprehensive benefits covering workers' financial wellness and retirement needs, are more straightforward. Companies should continue to rethink employee benefits and rewards beyond retirement and traditional healthcare. And they should take employee desires for flexible work policies supporting work-life balance seriously. The pandemic will end, but the desire for these policies will persist—and companies should view them as a talent retention and recruiting tool.

Conclusion: Finding a new balance

More than five years ago, JPMorgan's then-CFO said her company is not just a bank. "We are a technology company," Marianne Lake stated.[15] Today, as financial services companies navigate the fintech era and adapt to a world changed by the covid-19 pandemic, this comment would raise fewer eyebrows. Digitalisation continues to accelerate and the disruptive threats faced by the sector are growing.

But today's competitive landscape presents companies with more than a technology challenge. It is also a talent and workforce challenge. The need to recruit and retain workers with high-demand skills is reshaping hiring and training practices, employee benefits and remote work policies. The rise of remote work expands the talent pool organisations can draw from—but it also gives workers more freedom to choose a job that best aligns to their needs. They will have more opportunities to work remotely for companies outside of their geographic area, which may exacerbate competition for talent.

Shrewd financial services companies know that building a winning workforce is about more than salaries and benefits. It also involves creating a workplace culture that provides a deeper sense of value and broader support to employees, while affording a sustainable work-life balance. Finding that balance can ultimately build resilience that serves both workers and executives well as they face the sector's myriad challenges together in the years ahead.

Today's competitive landscape presents companies with more than a technology challenge. It is also a talent and workforce challenge.

Chapter 3

Manufacturing resilience: Workplace paradigms beyond the pandemic

Closed factories, demand spikes, strained supply chains: Manufacturers have faced their share of pandemic-triggered challenges. As in other sectors, many companies expanded their remote work capacity to adapt and mitigate health risks. But working from home wasn't an option for many workers keeping assembly lines and production facilities moving. Although companies invested in worker safety protections, the well-being of one-third of manufacturing workers was negatively impacted by covid-19, according to the survey of 1,139 workers and 199 executives across various functional roles in the US manufacturing sector.

Manufacturers' pre-pandemic normal also presented challenges. Companies were working to automate some capabilities to deliver business value. And executives were trying to close a talent gap; a lack of skilled labor was the sector's biggest challenge before covid-19, according to the National Association of Manufacturers.[16] In response, one workforce group companies should consider engaging first: frontline workers, who are more likely to have been negatively impacted by covid-19, and less optimistic about their relationship with employers. With digitalisation and automation on the rise, potentially displacing jobs, and a talent gap persisting, organisations will need to invest in reskilling initiatives. That's just one implication of key survey findings, which are presented below along with research detailing the state of the sector today.

Automation and upskilling can go hand-in-hand

The pandemic underscored why integrating automation and training workers for tomorrow's jobs is a two-pronged solution.

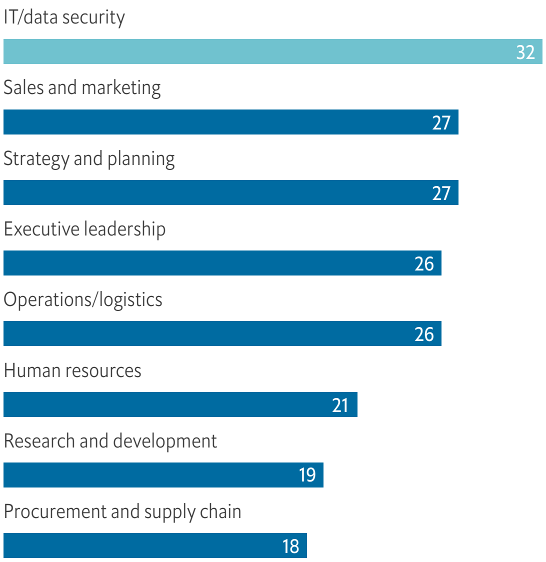
Affirmed by Chad Moutray, chief economist of the National Association of Manufacturing, "as it relates to technology in the workforce, there aren't really many non-skilled labour jobs anymore". By ramping up the need for remote management of production lines and efficiency, the pandemic catalysed rapid investments in automation technologies. Today automation "is a necessity more than a choice" and it is gaining attention from high-level executives, Artug Acar, director of product management at Righthand Robotics, told Business Insider[17] this year.

A large majority—84%—of manufacturing executives responding to our survey agree that covid-19 has emphasised the importance of balancing a human workforce and automation planning in manufacturing. More than three-quarters (77%) of executives believe the increased use of automation technology is not a threat to workers' jobs, but will simply change the nature of what they do. That may be optimistic. A 2018 study[18] found that 20% of assembly line manufacturing jobs might be displaced over the next decade, although overall headcount in the sector is projected to increase over the same period.

In other words, existing lower-skilled jobs will effectively migrate to new roles requiring new technology-related skills. According to the World Economic Forum's (WEF) 2020 Future of Jobs Report,[19] 44% of the core skills required to perform one's role in the manufacturing sector are expected to be different in the next four years. The skills gap was already a problem before the pandemic accelerated technology trends. Among companies surveyed by the WEF, 64% noted that gaps in the local labour market were the main barrier to adopting of new technology.

The most crucial skills gaps today, in terms of responding to current and near-term business challenges, are in the tech realm.
Nearly a third (32.4%) of executives surveyed said that IT/data security function is the most critical to address to meet these challenges; this was the top response (Figure 6).

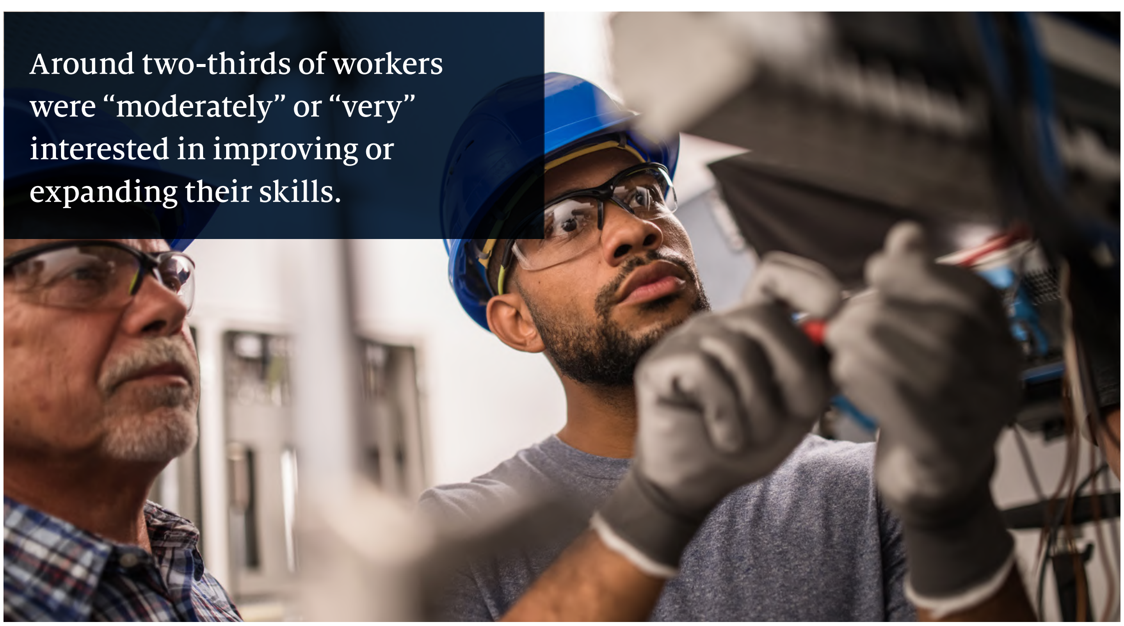
Figure 6: The most critical skills gaps manufacturing executives see.
In which functions will skills gaps be most critical to address in responding to current and near-term business challenges?
(%, executives asked to select up to three roles; top eight presented)



Source: Economist Impact

Turning to manufacturing workers, some good news surfaced relative to in-demand skills. Around two-thirds of workers were "moderately" or "very" interested in improving or expanding their skills. The implication, given employee eagerness, is that manufacturers should consider making upskilling efforts a top priority to address the skills gap. The basic strategy: future-proof the current workforce rather than waiting on high-skilled job applicants (who may not exist) and delaying automation projects indefinitely.

Executives appear keen on increasing the use of automation in their organisation, given the business value that can be captured. Upskilling workers can be a part of the change management process, although it remains to be seen if such efforts could keep pace with increased automation.



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New ways of working

Manufacturers are making digital investments to expand remote work capabilities.

Companies in many sectors ramped up remote work capabilities after covid-19 lockdowns began. Although many were required to show up on the frontlines, manufacturing ramped up its efforts to provide this. Indeed, close to 60% of surveyed executives noted that their organisation moderately or significantly increased investments in its remote work experience in response to the pandemic. Accordingly, 68% of workers either began to, or increased the time spent, working remotely after the lockdown.

The manufacturing sector faces unique challenges as it expands remote work capacity, however, mainly due to the physical nature of its activities. Many jobs can only be worked remotely if companies have invested in technology solutions allowing workers—in real-time—to monitor production levels and ensure equipment remains in good condition. As of May 2021 only 46% of the US manufacturing industry had implemented such remote monitoring processes, according to the World Economic Forum.[20] Getting there requires both technology and adequate training for both remote workers and remaining on-site workers communicating with off-site colleagues. Our survey results indicate growing investments in cloud technology, supply-chain continuity and data security and protection: 58% of executives anticipate their company will moderately or significantly increase spending in these areas in the coming two to three years.

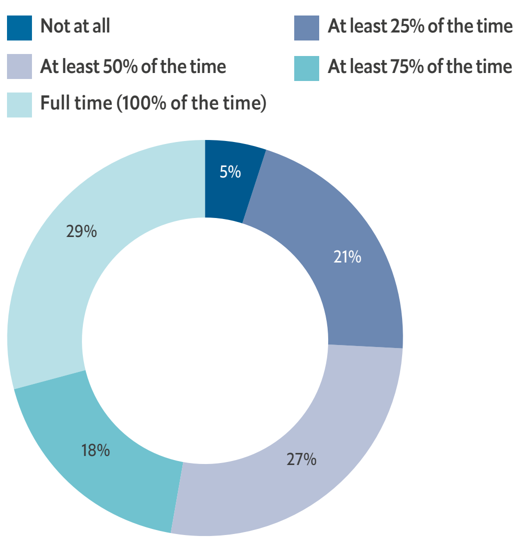
Companies going into the pandemic with more mature implementation of these and other digital technologies considered part of the Fourth Industrial Revolution (or Industry 4.0)[21] had an advantage. A McKinsey survey[22] of global manufacturers found that 96% of companies that had scaled at least some use cases of Industry 4.0 reported being able to respond to the pandemic crisis. Just 19% of companies that had not implemented any 4.0 technologies reported being able to respond.

The sector's future will clearly involve further digital transformation. In terms of remote work capabilities, workforce demand is high. Almost three-quarters of surveyed workers would like to continue working remotely at least half of the time (Figure 7).

Given this preference—and the fact that employers can potentially tap a bigger talent pool to fill remote roles—expect manufacturers to continue prioritising the remote work experience going forward.

Figure 7: Nearly all manufacturing workers hope to continue at least some remote work hours

To what extent would you like to continue to work remotely? (% worker responses)



Source: Economist Impact

Frontline workers are at risk

Frontline employees were more likely to be affected by covid-19 and are less optimistic about their relationship with employers. Executives should pay attention to their concerns.

Frontline workers bore the brunt of the pandemic's workforce impact across the economy. In the manufacturing sector, these workers were responsible for operations and production, maintenance and facilities. About a third of surveyed manufacturing workers indicated covid-19 had negative impacts on their mental, social, physical and financial wellbeing—but those impacts tended to be elevated among frontline workers (Figure 8).

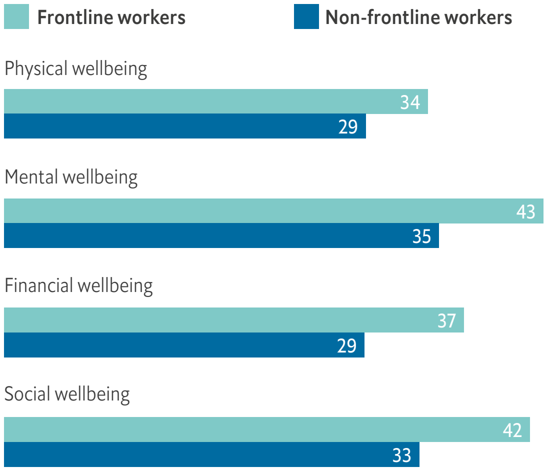
Some reasons for this may include the fact that frontline workers were more likely to be furloughed compared with non-frontline workers (37% vs 26%) and more likely to be given a different job during lockdown than other workers (27% vs 15%). Moreover, only 33% of frontline workers began to work remotely during lockdown, versus 47% of other workers.

All of this may contribute to why frontline manufacturing workers are less likely to feel their perspectives are considered in broader company planning, say there is a positive working relationship and culture where they work, and feel valued compared with non-frontline workers in the sector.

The implications of these survey results should worry executives. If many frontline workers continue to feel marginalised and devalued, and have a negative relationship with workplaces, companies risk paying a cost in lower productivity and higher turnover. With the sector's talent gap projected to grow and increased automation potentially displacing some frontline jobs, executives should try to understand and address these workers' concerns while also helping any affected by new technologies transition into new roles.

Figure 8. The negative impacts of covid-19 vary between frontline and non-frontline workers.

To what extent have the following been impacted by covid-19?
(% manufacturing workers selecting "negative (very/somewhat)")



Source: Economist Impact

Conclusion: Workforce inflection point?

The covid-19 pandemic dramatically disrupted the manufacturing sector's status quo. But the crisis was also a massive catalyst for change. As Mr Moutray articulates, "as we move forward over the next few years, we're going to continue to see this blurring of the lines in terms of the services and goods that manufacturers offer, which makes it a little bit less binary in terms of what is a manufacturing company". The last year has served to rapidly prove next-gen manufacturing technologies can work at scale, making operations more resilient, efficient and productive. For executives, the question now is not whether to invest in automation and remote work tools, but how much and how soon.

The thornier challenges facing manufacturers in the coming years involve the workforce. Digital transformations now under way will contribute to a tech skills gap. Current worker shortages may grow as the sector's older workforce retires. To attract young people, employers will need to make a career in manufacturing more compelling, says manufacturing expert Willem Sundblad, founder and CEO of Oden Technologies. "[That] at means offering new digital tools, making really cool things that truly have an impact, and giving people a chance to see the fruits of their labor," Mr Sundblad told DigitalTrends.com.[23]

Attracting new talent is only part of the manufacturing workforce challenge, however—talent retention also matters. One promising lesson from the pandemic is that even in times of genuine crisis, employers can maintain good relations with employees. About 55% of workers in our survey said they feel either "very much" or "extremely" valued and respected. A big challenge facing companies going forward, however, is how to push that number closer to 100%. Proactive engagement of frontline workers, including through training that prepares them for the sector's high-tech future, is a good place to start.

The last year has served to rapidly prove next-gen manufacturing technologies can work at scale, making operations more resilient, efficient and productive. For executives, the question now is not whether to invest in automation and remote work tools, but how much and how soon.

Chapter 4

Serving the public: The public sector's challenges ahead

In an age of political polarisation, facing a once-in-a-century pandemic that shut down much of the private sector in spring 2020, millions of public servants working at the local, state and federal levels stepped up and continued their job in the face of unprecedented adversity. They collectively helped the nation fight the virus and kept essential services going (mostly) smoothly.

In fact, the shock of the crisis and urgent need for action catalysed creative solutions and transformation, from deploying outdoor mass vaccination sites to overhauling day-to-day services for the digital age to the embrace of remote work capabilities. The pandemic caused high levels of disruption in the public sector, effectively pushing it to become more innovative, while intensifying competition with the private sector for talent.

That's a major theme that emerged from the survey of 1,292 workers and 156 senior management working around the US; in local, state and federal governments; and across various functional roles, from construction to education.

As the US continues to grapple with the pandemic, the public sector plays a key role in powering its recovery. But as in so many other sectors, there is no return to an old normal in sight—both in terms of how many public services are delivered, and hopefully how Americans perceive the value of government services in general.

Disparate impacts

Women and older workers have been disproportionately impacted by the covid-19 pandemic. Public sector organisations should step up with strengthened workforce supports.

The survey revealed that generally, workers in the public sector experienced negative impacts more often than positive effects from the pandemic on their wellbeing. Certain groups at the workplace have been more vulnerable to disruption from covid-19.

Specifically, the disproportionate toll the pandemic has taken on the wellbeing of female workers in the public sector has been noted throughout the crisis, with the study fortifying this reality.[24] With many childcare options limited and female-dominated service sectors more likely to experience job losses, women have shouldered heavy mental and financial burdens. The public sector's workforce is nearly 60% female, with a large number of women of colour. As of 2019, the median wage of women among the country's 4.6 million essential workers in government and community-based services is US$18/hour—well below the median wage of US$31/hour received by their male colleagues.[25] For several reasons, in other words, female workers in the sector were particularly vulnerable to the stresses created by covid-19.

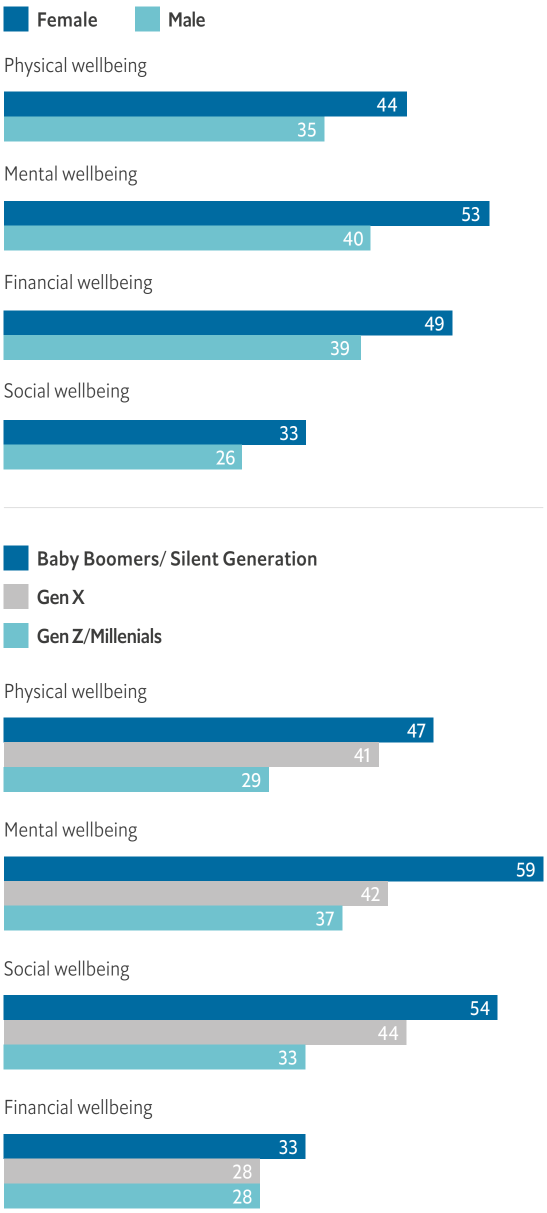
This reality came through in our survey results. Public sector female workers reported feeling less valued, respected and listened to in the workplace compared with men. Categorically, female workers also reported various aspects of their wellbeing as "very/ somewhat" negatively impacted by covid-19 at significantly higher rates than their male counterparts (Figure 9). With this glaring insight in mind, it is no surprise that diversity and inclusion is paramount among senior management as key to recruiting, and equally important, retaining talent.

Another segment of sector's workforce disproportionately impacted by covid-19 is older workers, not surprising, given the pandemic's more adverse effects on this group. The older the generation a respondent is part of, the more likely they were to report being "very/ somewhat" negatively impacted by covid-19 in terms of physical, mental and social wellbeing.

The disproportionate toll the pandemic has taken on the wellbeing of female workers in the public sector has been noted throughout the crisis, with the study fortifying this reality.

Figure 9. Female and older workers are more likely to be negatively impacted by covid-19.

To what extent have the following been impacted by covid-19?
(% workers choosing "very/somewhat negatively impacted")



Source: Economist Impact

The bleak indication of where female and older workers see the state of their wellbeing is rebuffed by the waning feeling of value and respect that these groups feel their respective organisations provide them.

For women, this seems to have been exacerbated by the pandemic, since 36% of women feel less valued over the past year, higher than the share among men (23%). At the same time, 38% of Baby Boomers feel their perspectives are not very/not at all considered in broader company planning—above the 30% of workers overall who felt this way.

What emerges from all these results is a picture of a relatively segmented public sector workforce that feels disconnected from their organisations to a significant extent. The implications for leaders and their organisational strategy is clear: there's a need for efforts to improve employee engagement and satisfaction, especially targeting female workers who make up the majority of the sector's workforce. The wellbeing and perspectives of Baby Boomers should also be supported—failure to do so could raise organisations' risk of losing experienced employees and all their institutional knowledge. As Robert Lavigna, director of the CPS HR Institute for Public Sector Employee Engagement, surmises, "an organisation can have great ideas, sound policies, and even cutting-edge technology, but if it doesn't have talented people to execute on those ideas and policies, and manage the technology, it can't be successful."

Weathering the storm

Public sector workers appear in a relatively better financial situation compared with private sector workers, nonetheless significant financial concerns persist.

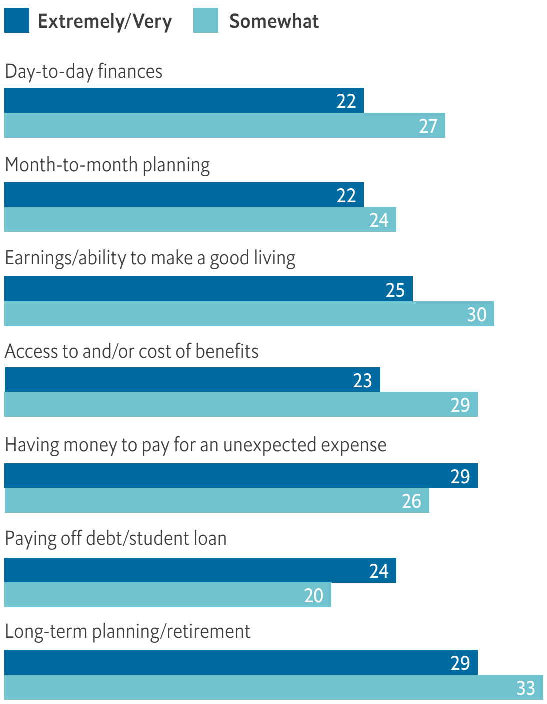
Broadly speaking, public sector workers were less likely to experience negative financial impacts from the pandemic compared with workers in the private sector. When lockdowns began last year and employment cratered in many private sectors, some observers thought the public sector would follow suit as tax revenue plummeted and state and local governments slashed budgets. To be sure, the public sector did lose jobs—1.1 million from end-2019 to end-2020.[26] But those losses were far less than in the private sector.[27] As the pandemic continued, anticipated tax shortfalls didn't materialise to the degree expected in many places;[28] however, the public sector bore the brunt of the pandemic until federal aid via the American Rescue Plan stimulus bill, passed in February, gave state and local governments an infusion of cash.

The rapid expansion of remote work capabilities by many governments—most visibly in schools—likely played a role in cushioning the financial impacts of the pandemic on workers. As in other sectors (eg, financial services), many government jobs were able to be performed remotely. About 74% of surveyed workers reported either starting or increasing the amount of time working remotely due to a covid-19 lockdown.

Nonetheless, roughly half of public sector respondents in the survey are at least somewhat concerned about their financial situation, ranging from day-to-day finances to the ability to pay for an unexpected expense (Figure 10). In particular, 62% of them are at least somewhat concerned about their long-term retirement planning.

Figure 10. Large portions of the public sector are at least somewhat concerned about their financial situation.

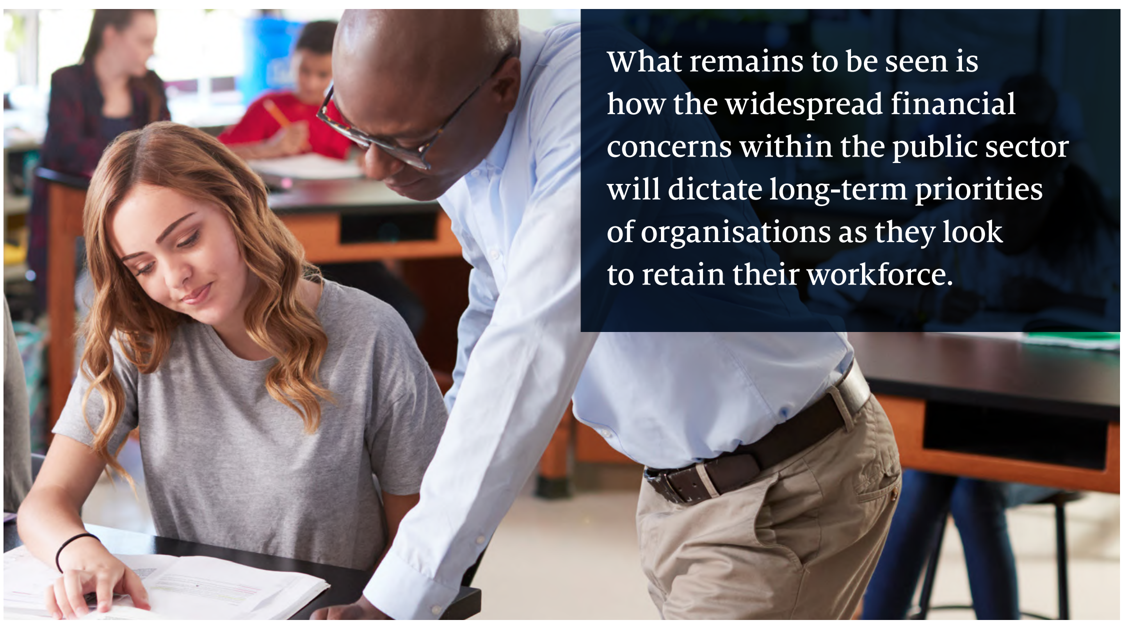
How worried are you about each of the following today? (% respondents selecting either "extremely/very" or "somewhat")



Source: Economist Impact

In addition, while government workers in general have greater access to employee benefits such as healthcare, credit counselling, and professional development or tuition assistance,[29,30] the sector does appear to fall short when it comes to providing wellness tools and resources, specifically for finance. Only 13% of workers report that they have access to such tools, regardless of if they use it or not. Though this may be more perception than reality, it cannot be understated that the opportunity to mitigate financial concerns through increasing access to such tools is not one to waste.

All this underscores that in a moment of true crisis, many organisations in the public sector were able to maintain operations in large part due to the alignment between their actions and worker concerns. The integration of remote work in accordance with the wide array of benefits given to workers helped prevent more layoffs. For workers who have made it through, and are able to take advantage of more robust employment benefits than many in the private sector, public sector organisations have proven steadier than expected during an unprecedented crisis. However, what remains to be seen is how the widespread financial concerns within the public sector will dictate long-term priorities of organisations as they look to retain their workforce. While organisations have been proactive in providing flexible working conditions and expansive benefits, lack of access to tools and resources, particularly, for financial wellness, is still a glaring shortfall that organisations must address moving forward.



What remains to be seen is how the widespread financial concerns within the public sector will dictate long-term priorities of organisations as they look to retain their workforce.

Innovation constraints

The pandemic catalysed the sector's digital transformation efforts and new ways of working and delivering public services. But multiple constraints could slow progress.

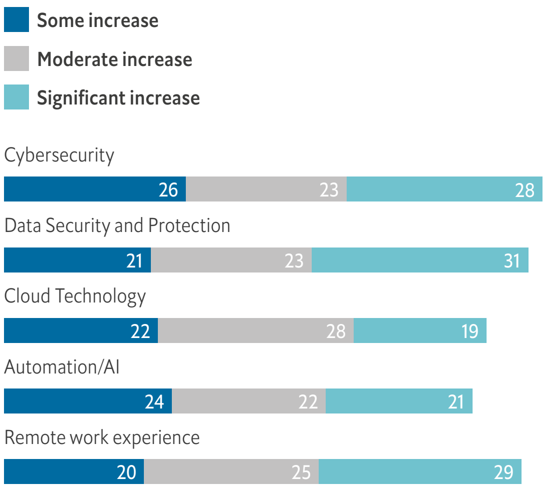
Many governments had been planning on evolving services and workflows for the digital-first cloud-computing age; the pandemic proved itself a major catalyst for change. But as much as public sector organisations prioritise the adoption of digital technologies, they face various constraints.

One of them is a skills gap. When public sector senior management were asked which skills gaps would be most critical to address while responding to current and near-term business challenges, information technology/data security was their top choice. (IT tied with human resources, including diversity, recruitment and benefits.) This tech skills gap, which many other sectors face as well, will likely be an enduring issue. Large majorities of senior management said their organisations had at least some increase in investments in remote work experience (82%), cybersecurity (74%) and data security and protection (67%) following the covid-19 pandemic.

Moreover, 67% of government executives have reported an increase in financial commitment to digital transformation despite budget pressures brought about by the pandemic.[31] This accentuates the urgency with which organisations in the sector now view the need for change. And it appears these areas will remain priorities in the coming years.

Figure 11. Most public sector senior management expect to increase tech-related investments in the coming years.

How do you anticipate your organisation will increase its investment/resourcing in the following areas in the next 2-3 years?



Source: Economist Impact

Of course, the desire to make tech-related investments is not the same thing as making them. Finding adequate levels of funding to sustain digital transformation efforts has long been a challenge—American Rescue Plan stimulus dollars flowing to municipalities and states won't change this public sector reality. "The first answer is always 'Money,'" says Peter Wilson, a senior fellow at ICF who focuses on federal innovation and strategic efforts, describing common public sector challenges vis-à-vis digital transformation. "The second answer is always, 'But we have a hiring freeze'."

Another constraint to progress: legacy technology systems. In a recent survey of public sector leaders, 19% of respondents said that legacy systems were the most significant challenge to updating technology.[32] Jobless Americans saw this problem up close throughout the pandemic while applying for unemployment benefits through antiquated systems operated by state governments.

Yet another constraint is uncompetitive workplace culture and work hours. Many governments are not offering the same schedule flexibility and work environments as private sector organisations. That's a growing liability, both in terms of the sector's current workforce and ability to attract new talent. More than 80% of senior managers believe public workers expect the same flexibility and working options as non-public sector workers, according to survey results.

"If the public sector does not respond to the demand for remote work, it's going to be at a distinct disadvantage in attracting and retaining talent," says Mr Lavigna. "Particularly in big cities, where it is already at a disadvantage with respect to compensation."

One way governments might enhance their competitiveness is by raising awareness of the array of robust benefits many offer employees, he adds. "Governments don't do a great job of talking about all of the attractive features that we have, particularly vis-à-vis the private sector."

Having accelerated digital transformation efforts to adapt to the pandemic operating environment, governments now face heightened pressure to attract and retain the right talent to keep momentum going. Given the sector's unique legacy technology challenges and financial constraints, as well as broader digital skill gaps in the labour market, digitalisation will likely continue to be an uphill climb.

> **"If the public sector does not respond to the demand for remote work, it's going to be at a distinct disadvantage in attracting and retaining talent, particularly in big cities, where it is already at a disadvantage with respect to compensation."**
>
> Robert Lavigna, director, CPS HR Institute for Public Sector Employee Engagement

Continued investments in remote work capabilities should help the public sector boost competitiveness. But there's a deeper work culture shift that may need to occur to adequately recruit and retain top talent. It's a shift that involves managing results and outcomes rather than time attendance and activities. How workers' value is defined and productivity is assessed for both remote government workers and those who remain on the frontlines will be a key area of focus for organisations as they continue their digital transformation and move into a new post-pandemic normal.

Conclusion: Sustaining momentum for change

In the space of months, government operations that had been largely static for decades changed rapidly. Court hearings, city council meetings and elementary school classes were held virtually. With town halls and city halls, civil servants reported from work-from-home offices. The covid-19 pandemic accelerated far-reaching, and in many cases overdue, digital transformation in the public sector, belying the common stereotype of slow-moving bureaucracies.

But the extended crisis also exposed how far governments still have to go in their transformation process. The big question now, as the country continues to reel from the virus, is how much organisations will be able to sustain momentum for change. The billions of federal American Rescue Plan dollars flowing to state and local governments this year and next could act as a tailwind driving strategic digital change. But talent gaps could become stronger headwinds as private sectors compete for the same high-skilled workers. The good news is that competitiveness can likely be boosted through relatively low-cost solutions. If governments can strengthen workforce supports to sustain employee wellbeing and embrace flexible hours along with remote work, deeper transformation will be more achievable.

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Chapter 5

Stronger together: Union workers and the pandemic

The rapid onset of the pandemic exposed how vulnerable many US workers are to unsafe working conditions. Amid unprecedented lockdowns that dramatically altered life across the country in spring 2020, workers deemed "essential"—in grocery stores, transit systems, agricultural fields and hospitals—kept working as the virus spread nationwide. Most lacked union representation to help them advocate for things like personal protective equipment, paid sick leave and hazard pay. Walkouts, protests and other actions began multiplying as workers were unwilling to accept risky working conditions—and public support for unions, as well as workers' interest in unionising, rose.

What difference did belonging to a union make to US workers during the first year of the pandemic? According to the survey of 1,001 union members and 153 union representatives and executives in organisations with unionised workers, the value of unions to workers emerged in multiple ways. Unionised workers were more likely to report positive impacts on their wellbeing during the pandemic, for example, compared with non-union workers. They were more likely to feel that they could express their opinions and feel loyal to their organisations. The findings also paint a nuanced picture of the value of unions to workers in a time of crisis, going beyond monetary benefits.

The pandemic dramatically reshaped the nature of work in the US, making remote work normal and accelerating digital transformation in many industries. Whether it reshapes, in a lasting way, how many workers view unions and the fate of the country's labour movement remains to be seen. For now, this chapter offers a valuable window into how the unionised workforce has navigated covid-19.

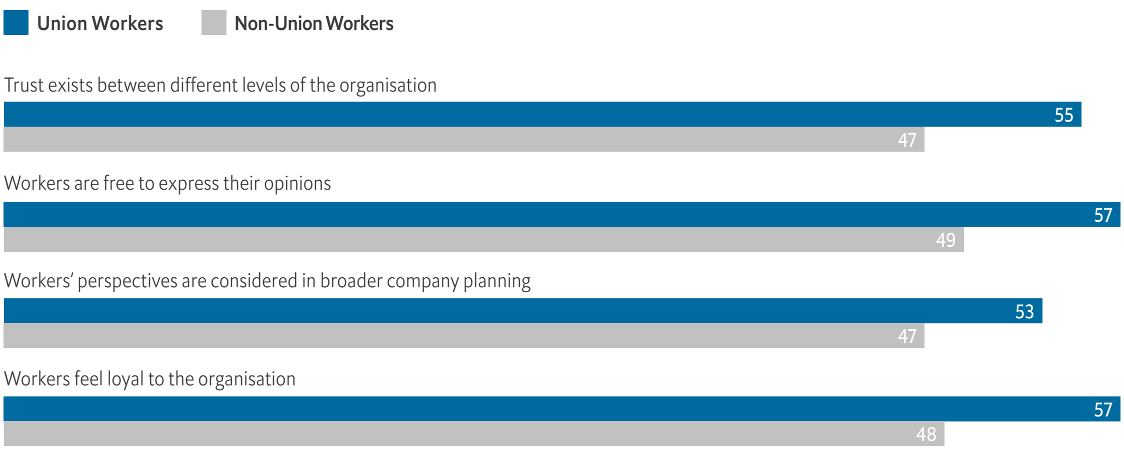
Empowered and optimistic

The value of union representation has been made clear to workers during the pandemic.

Unions have long existed to help their members navigate crises, and covid-19 was no exception. The pandemic presented a one-two punch to many workers: an array of anxiety-inducing workplace safety challenges, as well as the prospect of being abruptly laid off amid the sharpest uptick of unemployment in US history. Across the country, union representatives rose to the challenge, working with members and management to create and implement new health and safety standards. Unions also played a direct role in protecting the livelihoods of members, minimising job losses through furloughs and work-share agreements. This is one reason why unionised workers have experienced more job security[33] during the pandemic.

Union members largely agree that their union has stepped up to help them. Seventy-one percent of those surveyed said their union has risen to the challenge of representing and protecting their workplace interests during the pandemic. A sense that their concerns can be transmitted via the union to their organisation may explain why 57% of union members feel their workers' ability to freely express their opinions has increased during the last 12 months versus 49% of non-union members (Figure 12). By about the same margin, union members were also more likely to say they feel more loyal to their organisation; this could result from feeling valued by leaders, as well as a greater sense of job security.

Figure 12. The pandemic has altered workers' relationship with organisations—in some ways for the better.
How have these elements of the worker-organisation relationship at your organisation changed over the past year? (% workers selecting "somewhat" or "greatly" increased)[34]



Source: Economist Impact

More broadly, surveyed union workers were more optimistic about their job and career, organisation and industry, and have sufficient retirement savings compared with non-union workers. Nearly two-thirds of this group—65%—felt "very" or "extremely" optimistic about the outlook of their industry, organisation and career. In fact, taken as a whole, union workers reported greater confidence in the future compared with the four sectors surveyed for the Recovery, resilience and the road ahead programme: healthcare, financial services, manufacturing and government.

Given that unionised workers were able to more strongly influence how their organisation navigated the pandemic compared with non-union workers and enjoyed more job security, it's not surprising that interest in joining a union rose during the crisis.[35] So did protests, walkouts, strikes and other kinds of concerted worker actions. The survey registered growing interest in the labour movement: 81% of union representatives and advocates expect union membership to increase in light of the experience of workers during the pandemic. Nearly three-quarters of executives in organisations with union workers feel the same way.

Public approval of unions ticked up to historic highs in 2020, although it remains to be seen if support for and interest in unionising will be sustained and whether that will lead to surging union membership.

As organisations register the changing mood of workers, and perhaps their own workforce, some leaders might feel defensive. But they should take note of survey results showing that union members feel more loyal to and optimistic about their organisation compared with non-union workers. In the long run, it seems, organisations that respond effectively to the needs of workers—whether organised or not—stand to benefit.

Taken as a whole, union workers reported greater confidence in the future compared with the four sectors surveyed for the Recovery, resilience and the road ahead programme: healthcare, financial services, manufacturing and government.

Where the rubber meets the road

Unions successfully pushed many organisations to invest in the safety and wellbeing of workers during the pandemic.

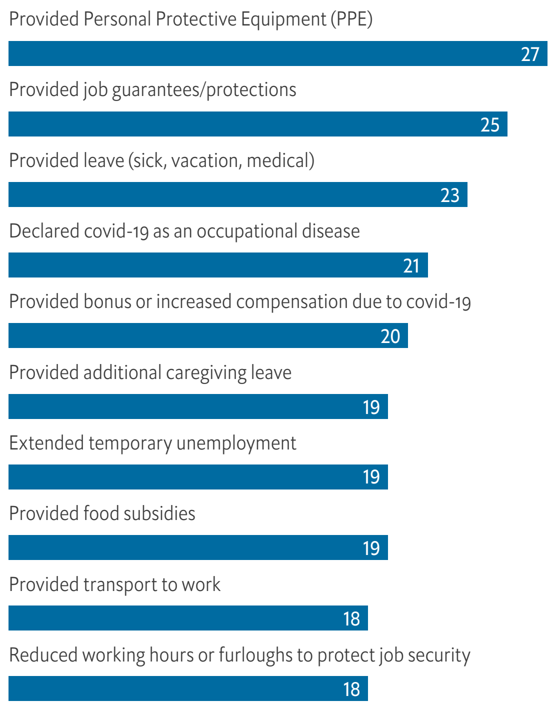
Early in the pandemic, personal protective equipment (PPE) was relatively scarce. Many workers were asked to work without PPE, including essential workers employed by large organisations in the grocery, warehouse and logistics industries. But only one in ten essential workers were covered by union contracts, which generally bar organisations from dismissing workers at will.

In this context, many non-union workers risked job loss, if they advocated forcefully for PPE and other covid-19 mitigation efforts. Union members "are more likely than non-union members to utilise internal and external mechanisms to address workplace complaints," the Brookings Institution noted last year.[36] Unionised workplaces are 30% more likely to face an inspection for a health or safety violation compared with non-unionized workplaces.[37]

Lacking union protections and advocacy, many non-union essential workers continued to work without basic protections—and were more likely to be infected or die of covid-19 in the early months of the pandemic. The pandemic "showed how helpless workers are without a union," former AFL-CIO president Richard Trumka, who passed away during the summer of 2021, said last year.[38] "They couldn't even get PPE and unions were able to get it for them." The great majority of union representatives and advocates—78%—agree that covid-19 has put a spotlight on the importance of union membership for essential workers.

Surveyed results make clear that unions delivered tangible, urgently needed benefits to their members during the pandemic (Figure 13). The top supports union members cited as receiving through their union since the crisis began were: PPE, job guarantees/protections, provision of leave (sick, vacation, medical), declaration of covid-19 as an occupational disease and provision of bonuses or increased compensation due to covid-19.

Figure 13. Top covid-19-related support union members say they received.
How has your union membership supported your needs as a working professional since covid-19? (Top ten responses; workers could select as many as apply.)



Source: Economist Impact

The greater job security and workplace health and safety protections enjoyed by many union members may explain why significantly higher percentages of this group reported positive impacts of the pandemic on the wellbeing of themselves and their peers.

Given that unions were able to directly and successfully advocate for covid-19-related worker protections, it makes sense that executives at organisations with unionised workers would be planning further investments in this area. About 65% of these executives anticipate that their organisation will increase its investment in worker safety protections over the coming 2-3 years, compared with 53% of executives at organisations without union members.

The greater job security and workplace health and safety protections enjoyed by many union members may explain why significantly higher percentages of this group reported positive impacts of the pandemic on the wellbeing of themselves and their peers. This was true across all four wellbeing realms the survey asked workers about: physical, mental, financial and social. In all of them, union respondents were far more likely to say covid-19 had a "somewhat" or "very" positive impact. Substantial portions did note negative impacts, however. For example, 28% of union member respondents said covid-19 had a "very" or "somewhat" negative impact on their financial wellbeing. With this in mind, enabling members' access to financial wellness tools and resources is one way for unions to help with their overall wellbeing and potentially build positive momentum.

There were also demographic disparities that cut across a respondent's union status: women and Baby Boomers were more likely to experience negative impacts from covid-19 on their wellbeing. This result was in line with results seen across sector survey results.

Taken together, the above survey results—that during the pandemic union members benefited from meaningful support secured by their union and were more likely to have experienced positive impacts—suggests that union membership correlates with worker wellbeing.

Skills development in the digital age

Union workers and executives are aligned on the importance of skills development in an increasingly digital age.

The world of work was changing fast before covid-19 as organisations embraced digital technologies to transform how they produce and deliver goods and services, and interact with customers. The pandemic accelerated these trends while decisively pushing organisations into new remote work paradigms that may become permanent.

With so much changing, many workers will need to improve their skills to keep up. The good news is that survey results indicate that most executives and union workers are aware that skills development is key to maintaining competitiveness. For example, 71% of executives in organisations with union workers selected talent as the most critical area for driving business value. And about two-thirds of surveyed union workers expressed interest in improving their skills. (Forty-two percent were "very interested," while 23% were "moderately interested.")

The IT/data security skills gap is most critical to address in responding to current and near-term business challenges, 31% of surveyed executives said. This skills gap was most commonly chosen by both executives with unionised workers, and executives with only non-union workers. The rise of remote work will only grow cybersecurity risks[39] for many organisations as they move IT infrastructure to the cloud and more employees log in from more devices. Given the demand for the ability to work remotely among union workers—70.8% of those surveyed said they would like to work remotely at least half the time— even if the nature of work prevents them from doing so remotely, skills development to help workers feel valued is equally if not more important for those members. Ultimately, there seems to be an opportunity for management and unions to work together to both surface and fill digital skill gaps.

Indeed, unions today play an important role in providing high-quality training to their members across a wide range of industries, including aerospace, healthcare and construction.[40] Research by the Trade Union Advisory Committee to the OECD shows that one way unions support skills development is by winning the confidence of members so they can get an accurate picture of a workforce's current and future skill needs, and then share these needs with managers.[41] Labour unions can also serve as private-sector partners on behalf of business entities to provide apprenticeships to help individuals gain the skills needed to gain employment in high-demand areas.[42]

Broadly speaking, what is needed to ensure the success of workforce development programmes is a strong emphasis on outcomes rather than enrollment, says Veronica Goodman of the Progressive Policy Institute. Everyone with a stake in these training efforts, including organisations and unions, should consider her questions. "How do you make sure there's accountability for the success of these programmes? How do they lead to good jobs? How do they lead to transferable skills that will give people a career, as opposed to just one-time job access?"

Unions and organisations are often seen as adversaries. But when it comes to addressing digital skill gaps, they have a clear common interest: upgrading skills so that workers and organisations alike are more competitive and therefore more successful.

Conclusion: Solidarity rising?

Years from now, the covid-19 pandemic may be seen as a historic inflection point in the US labour movement. For decades, the movement has been in decline, in terms of the percentage of the country's workers who belong to unions. In 1983 20.1% of all employees were unionised;[43] today, just 10.8% are. The drop has been dramatic in the private sector over this period. Just 6.3% of private sector workers are now unionised—in contrast to 34.8% of public sector workers.[44]

Could the widespread workplace health and safety challenges created by the pandemic mark a shift in how US workers think about their jobs? Will more start or join unionisation campaigns in the hopes of greater bargaining power with organisations? Those are the big questions in the air as the US pushes through the late stages of the pandemic. In 2020 as initial waves of the virus crested and vulnerable frontline workers protested, walked off jobs and went on strike,[45] much of the public was sympathetic.

But workers' actions didn't translate into stronger unions; in fact, the number of workers belonging to unions, at 14.3 million in 2020, declined by 321,000 compared with 2019, amid mass layoffs.[46]

But as the US economy recovers and companies rehire, non-union workers' memories of the crisis aren't likely to fade quickly. Many were exposed to great risks and felt relatively powerless to protect themselves—while many unions advocated forcefully for their members' interests. As Recovery, resilience and the road ahead survey results make clear, unions made a tangible difference in the lives of their members. Whether enough non-union workers will push to join their ranks in the years to come to change the course of the country's labour movement remains to be seen. But at the very least, covid-19 made clear to millions of working Americans that the workplace status quo is not enough.

Conclusion

From its start in March 2020, the covid-19 pandemic has been disruptive and painful for both individuals and organisations. There have been benefits for many Americans as the country rose to meet the unprecedented challenges of a truly collective crisis. However, across many industries, for example, expectations about where and when people work became more flexible. It's hard to imagine a reversion to old norms after a workforce has experienced a new work-life balance—and the organisation's productivity hasn't suffered.

But for frontline workers unable to work remotely, women and older workers, the pandemic was far more likely to be an exhausting experience that bred stress and burnout. These unmet needs of vulnerable workers are clear enough. In the healthcare sector, for example, where droves of frontline workers have quit during the last year, there's a significant need for organisations to support staff's mental health with resources such as free counselling. But executives in various industries will be faced with broader talent retention challenges as remote working persists as a mainstream option. With many talent pools effectively expanding, workers have more opportunities—and organisations will have to become more tuned into their needs.

Many surveyed workers registered surprising levels of optimism about their jobs during the pandemic. This may in part speak to organisations' short-term responses to covid-19. But workers' near-term relationship to their jobs and organisations shouldn't obscure widespread concerns about their longer-term financial security and health.

Before covid-19 arrived, many US workers were struggling to make ends meet. Today, as the US economy recovers from the sharpest downturn on record, organisations across all sectors now face an opportunity to build on the good will they established with workers during the pandemic. If they can respond effectively to the needs of workers, supporting their physical, mental and financial wellbeing, as well as their professional development, they'll be cultivating a more resilient workforce that is well positioned for the post-pandemic future—whenever that may be, and whatever it may look like.

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