

**ECONOMIST
IMPACT**

**Mitigating the ongoing
and future health, economic
and organisational
consequences associated
with covid-19**



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Executive summary

The worst of the covid-19 pandemic is over, but its consequences on people's health, work and productivity remain. The winter illness season instils heightened apprehension due to the 'triple-demic', which is the concurrent high incidence of flu, covid-19 and respiratory syncytial virus (RSV).¹ Simultaneously, 'long COVID' continues to blight the lives of millions. There is also the fact that new pandemics are a near-certainty due to the constant interaction between humans and wildlife, changing ecosystems influenced by climate change, and the enabling effects of international travel.

Companies must therefore remain aware of the ongoing consequences of covid-19 and learn the lessons of the pandemic to be resilient now and during future crises.

Against this backdrop, Economist Impact, sponsored by Pfizer, organised two multi-session workshops with experts and leaders across business sectors from Europe and Asia-Pacific. Their objective was to gather insights on the long-term impacts of covid-19 on business and best practices to protect companies and employees in tomorrow's health emergencies.

Key insights from the workshops include:

- Much like during the pandemic, **surging absenteeism and reduced productivity impacts employee health** continue to present significant costs to businesses. This elevates the role for business leaders in driving employee health and wellbeing, in addition to introducing preventive measures to reduce infection and avoid everyday health issues that impact productivity.

“There’s just such a plethora of illnesses that unfortunately modern society has put us in this environment where most of us are probably not as healthy as we should be. If they [employers] could bring screening to the office, if they could give us better insurance, all of those things would then ensure that they have a much more productive workforce that is much less likely to even experience absenteeism, as well as presenteeism.”

Antonella Santucciono Chadha, executive officer pro bono and co-founder, Women's Brain Project; vice-president, Euresearch

- **The pandemic triggers ongoing economic shifts and talent-related challenges for small, large, remote and in-person businesses alike.** In addition to widespread financial and economic impacts, organisations are confronted with pivotal challenges to resilience and adaptability, talent retention and trust-building. Although many of these challenges persist, their effects differ in both nature and scope across organisations and sectors.
- **Health emergencies must be part of core business risk management.** The pandemic should prompt all companies to develop more rigorous risk management frameworks for health emergencies. This is key, as the future is likely to present additional emergencies and viral outbreaks due to the constant interaction of humans, wildlife, and the unfolding of climate change. Codes and procedures for managing outbreaks, including protocols on vaccination and protection measures—while facilitating access to health protection resources—need to be in place.
- **The pandemic illuminated the ‘silent’, but ongoing, mental health challenge that was already growing in the workforce.** Companies have recognized the need for a more holistic approach to employee health that includes mental health and wellbeing, along with an understanding of how crises affect different employee cohorts unevenly.
- **Employers must weigh the pros and cons of hybrid and remote work.** Flexible work has been a welcome shift for some employees, while others highlight the need for interaction with colleagues. In addition, employers are concerned about the potentially negative impacts of remote work on culture and cohesion. Remote and hybrid work may not always be appropriate across business

cultures—and are unpractical in some sectors. The transition to hybrid work was mostly a triumph of enterprise ingenuity, but it still requires careful calibration.

This workshop findings summary outlines the expert insights in more depth across the themes of absenteeism and productivity; mental health and wellbeing; remote and hybrid working norms; and risk management.

The research was led by **Emi Michael**. The research team consisted of **Giulia Garcia** and **João Hofmeister**.

We extend our sincere appreciation to the following experts for their time and contributions to this work:

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Absenteeism and productivity

The covid-19 pandemic was declared a public health emergency in January 2020 by the World Health Organization (WHO), which formally concluded this status in May 2023. Over that period, 7 million deaths were reported, although the death toll is now estimated at closer to 20 million.² Despite the change in emergency status, covid-19 infections persist alongside several associated society-level implications.³

While there has been a decrease in the number of acute presentations of covid-19 and improved treatments, it continues to challenge the world. In the two years after the beginning of the pandemic, Americans averaged 1.5 million absences every month and absenteeism peaked at about triple the pre-pandemic numbers,⁴ a cost estimated to be US\$1,685 per employee.⁵

The impact on productivity has been felt across sectors; nevertheless, its degree varies depending on the sector and region.

Industries like travel, food services and certain segments of the healthcare sector, where remote work wasn't feasible, bear the brunt of the impact. Meanwhile, regions with higher vaccination rates among the working population experience lower probabilities of absenteeism.⁶

A study on how covid-19 affected productivity, using data from a monthly survey panel that asks for the quantitative impacts of covid-19 on inputs and outputs, found that factor productivity fell by up to 5% during 2020-21.⁷

Beyond the direct impacts of illness, the long-term effects of the virus that persist long after the acute phase ends, commonly known as 'long covid' are a critical contributor to lost productivity. Symptoms include fatigue, breathlessness, cough, chest pain, brain fog, and sleep problems,⁸ collectively compounding absenteeism and productivity-related challenges among the working-age population.

“The loss of workdays directly impacts productivity of affected individuals, but also affects their team members. It potentially increases their workload and stress levels, negatively impacting their immune system and making them more at risk of falling ill when exposed to viruses and other pathogens.”

Dr Beeta Balali Mood, founder and director, Forvard



Furthermore, long covid is more likely to affect those of working age and has increased economic inactivity due to long-term sickness. It accounts for 15% of the post-covid labour shortage, costing US\$230bn.⁹ A study of the costs in Germany suggested that long covid led to a production loss of €3.4bn, a gross value-added loss of €5.7bn, and a €1.7bn financial burden on the healthcare and pensions systems due to affected employees not working fully.¹⁰

Many existing clinical trials experienced substantial disruptions, resulting in significant delays, primarily due to limited access to hospital infrastructure and challenges in enrolling patients. Patient enrolment was deprioritized by healthcare professionals due to other critical priorities within health sector management.

“Not having to deal with daily commute times allowed productivity for our staff to increase, however, our staff did communicate they became overworked, overloaded and overwhelmed, because we did not require work in an office five days a week, and they struggled to set boundaries between home/office.”

Caroline Dellaway, Principal, Financial Services People Consulting, EY

Community pharmacies saw their workload pressure increase, as pharmacists were tasked with delivering vaccines in some countries. However, this made a very significant contribution to public health. Productivity was heavily affected for companies whose main customers were in the healthcare sector, where lockdown made it impossible to meet with clients, impacting service provision.

Our workshop found that an early fear for employers during covid-19 was monitoring staff to determine if they were at their keyboards; that fear has now given way to more trust for employees and increased productivity, as factors like long commutes are removed from the working day. The pandemic exposed the ineffectiveness of micromanagement, according to Beeta Balali Mood, who is the founder and director of Forvard, a human capital consulting firm, as there is complexity and diversity in people’s working habits. Working from home enhanced the productivity of some, but negatively impacted others.

There could even be health risks to enhanced productivity, with some employees working more due to the boundaries between work and home blurring.

The productivity and absenteeism dynamics could worsen in future winters. This has always been a harsher period for companies as viruses spread throughout the working population.¹¹ Now, with the tripledemic of respiratory illnesses, many people are missing work, increasing the burden on remaining staff. When respiratory viruses affect children, parents are required to keep their children at home until symptoms resolve due to their highly infectious nature.

A parent without childcare translates to a loss of about eight working hours over the working week¹² and direct financial losses have been calculated at just over £14m in productivity losses and £1.5m from out-of-pocket costs.¹³

Addressing reduced productivity starts with a better grasp of its root causes. Conducting an audit of team dynamics, manager-employee relationships and changes in an employee's circumstances could all feed into potential solutions.



Digital transformation

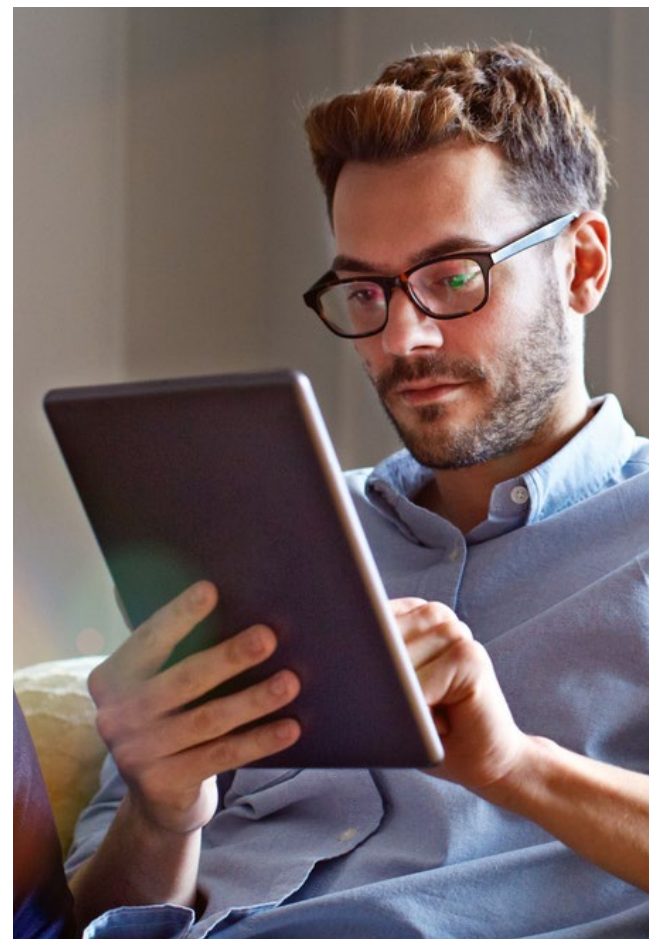
The pandemic's impact on business around the globe was less devastating than it might have been, thanks to unprecedented public financial support and furloughs, but it has altered operational norms permanently. Hybrid working, remote collaboration, and an emphasis on operational resilience are shifts brought on by the pandemic and have deepened in its aftermath.¹⁴ While the shift to hybrid, remote and flexible working was impressive, it raised questions about the impact of distance on culture and mental well-being.

“It is hard to build and maintain culture in companies, particularly for new employees, but culture is an important component when it comes to business.”

Ray Fuji, managing director, L.E.K Consulting

The pandemic accelerated digital transformation, with considerably more time now spent on teaching staff how to digitalise operations in a way that benefits them. Smaller businesses needed more help, particularly those that still relied on manual approaches. “Helping businesses digitise their operations has made a huge impact on them, particularly with day-to-day activities,” said Dr Hsien-Hsien Lei, the CEO of the American Chamber of Commerce in Singapore.

The development of healthcare applications, and the rise of telemedicine and teleconsultations, accelerated during the pandemic and helped curb additional losses.



However, digital transformation is evolving unevenly across sectors. For emerging markets in South-east Asia, such as Vietnam, insurance premiums are still paid in person, as some individuals lack the resources to do this digitally. This raises the important question of how vulnerable communities could be supported to maintain productivity when remote work is not possible.

“There are many companies that are already hit by covid-19 that will never have the financial luxury to engage in this,” warned Professor Yik Ying Teo, dean of the Saw Swee Hock School of Public Health at the National University of Singapore.



The mental health challenge

As the world grappled with the pandemic's continued physical and financial burden, the emergency phase of the pandemic also highlighted mental health problems ranging from anxiety to uncertainty, loneliness, and more widespread reports of suicidal ideation fuelled by enforced social isolation and disconnection.¹⁵ Poor mental health has a bidirectional effect on employment and job losses. Additionally, having a lower income due to the pandemic has had negative consequences on people's mental health.¹⁶

“We have to invest in ensuring workforce mental health is a priority. We need to capitalise on technology to maximise delivery of digital services, such as medication delivery.”

Dr Lina Bader, lead for equity, sustainability policy and development, International Pharmaceutical Federation

Companies that have maintained hybrid working patterns need to pay attention to wellbeing, including understanding what resources people require to work from home. Employers need to set up systems and practices that can identify when workers are struggling and should create a culture where employees are encouraged to step away when they



need to, without fear of retribution or any other consequences to their career. Senior management needs to tackle the stigma against showing weakness in the workplace.

In the covid-recovery era, many firms have started reintroducing office-based work, a transition that may impact employee well-being. While the reduced flexibility, especially during the winter, poses challenges for parents who need childcare for sick children, it is also critical to acknowledge the potential benefits for returning to the office.

The in-person environment might foster stronger team collaboration and more immediate problem-solving, although it does raise concerns about illness spreading when employees come in with minor ailments. Interestingly, amid this transition, numerous companies are adopting a hybrid model that combines in-person and remote work. This approach aims to strike a balance, offering both the advantages of face-to-face interactions and the flexibility of remote work. However, it's essential to recognise that this model might not suit everyone's needs or preferences.

Technology can help strengthen workforce wellbeing. Dr Lina Bader, lead for equity, sustainability policy and development at the International Pharmaceutical Federation, says that "we have to invest in ensuring workforce mental health is a priority. We need to capitalise on technology to maximise delivery of digital services, such as medication delivery."



Risk and resilience

The pandemic took a heavy toll on smaller businesses. A UK study found that productivity disparities between and within regions widened, and asset and income inequality increased as well. Additionally, the study found that small and medium-sized enterprises (SMEs) were more likely to be in the lower end of the productivity distribution, as they accumulated more debt during the pandemic and suffered from steeper financing costs due to increasing levels of leverage, higher perceived bankruptcy risk, limited access to bond markets and lower credit ratings.¹⁷

Even as rates of recorded covid-19 infection recede, resilience has come to the fore as a business priority for SMEs. “There was pressure from different sides, including the operational and financial side of things, even though there were mechanisms in place to help. It was impossible to prepare for something like this, it was a shock to everyone,” recalled Dr Van De Keere.

“We need to come together, like everything in healthcare it is a collaborative space. The product will not reach the patients without [the] government, regulators and insurance coming together.”

Dr Isabel Van De Keere, CEO, Immersive Rehab

Dr Santucciono Chadha says the crisis was a wake-up call for businesses accustomed to mastery and control of their destiny. “I think the Western mindset makes us feel that we have superpowers, that we are not prone to emergencies. We should not forget our vulnerabilities and position strategies that allow us to navigate disruptions in a global world,” she cautioned. Companies can never plan for all future scenarios, though. “There is only so much you can be prepared for,” said Caroline Dellaway, principal of financial services at EY. “There’s only so much of the unknown that we just have to deal with as it comes up,” she added.

Even where adaptation plans work operationally, there are cultural and human factor considerations. In Singapore, while businesses generally had continuity plans, they often struggled to cope with remote working. Additionally, for industries like insurance, the inability to do face-to-face sales impacted business growth. “The Singapore government worked swiftly with the insurance industry to open up non face-to-face sales and put in place additional protections for consumers such as deferment of premiums for those who faced financial difficulties to ensure they would not lose their insurance coverage,” explained Min Hung Cheng, senior director at the Global Asia Insurance Partnership. Such straight-forward, efficient lines of communication between public and private sectors were helpful for mitigating risks.

Compared with pre-pandemic times, the risk of epidemics and spread of infectious disease have significantly increased due to globalisation and the impact of climate change on health, says Ms Santucciono Chadha. She added that this poses threats to both individuals and organisations through epidemics, natural disasters and viral infections. The solution may lie in collective global policy efforts to address the human behaviours that have led—and will continue to lead—to these challenges. While specific innovative solutions may be in development, the goal should be to prevent such events from occurring.

With winter approaching, public health campaigns have the power to protect those most at risk by taking preventative measures such as flu vaccines. “There is such a plethora of illnesses that means most of us are probably not as healthy as we should be. If they bring screening to the office and provide better insurance, they would ensure a much more productive workforce that is much less likely to experience absenteeism and presenteeism,” said Dr Hsien-Hsien Lei. These preventative measures need to be instilled in the public to protect the vulnerable. In Singapore, for example, a national initiative by the Ministry of Health called Healthier SG was recently launched. It focuses on preventative health, running programmes where the public can learn about infectious and chronic diseases and reduce their health risk. This initiative emphasises proactive health measures, aiming on educating the public to further mitigate risks, and therefore fostering a healthier and more resilient population.

“Everyone has a role in mitigating risks: civil citizens, workers, families and the wider community, and everyone should understand their role in a collaborative space.”

Dr Lina Bader, lead for equity, the International Pharmaceutical Federation

Similarly in the context of preventing infectious disease, some companies in Asia set up strict codes preventing those who were not vaccinated from returning to work and meeting with other employees. Such policies influenced vaccine deployment. To protect themselves against lost productivity due to the triple burden of seasonal flu, RSV and covid-19, organisations should encourage workers to be vaccinated. They could also consider hosting clinics at their place of business, or notifying employees about clinics offering vaccination nearby.

Business continuity and crisis management plans are key to limiting impacts and supporting swift recovery. “Now, we have a lot of data from the pandemic, we can analyse it and come up with a plan to protect ourselves. This does not mean the absence of issues in the event of another pandemic, but now we know what can be done wrong and how to do things better,” said Mr Fuji.

Mitigating risk is not just the role of governments.



Conclusion

The pandemic has brought far-reaching changes to business and the world of work. Organisations should not only focus on immediate response strategies but also invest in long-term resilience by leveraging technology, investing in prevention and emphasising employee well-being. By doing so, businesses can navigate through uncertainties and ensure resilience in future health crises.

“Now, we have a lot of data from the pandemic, we can analyse it and come up with a plan to protect ourselves. This does not mean the absence of issues in the event of another pandemic, but now we know what can be done wrong and how to do things better.”

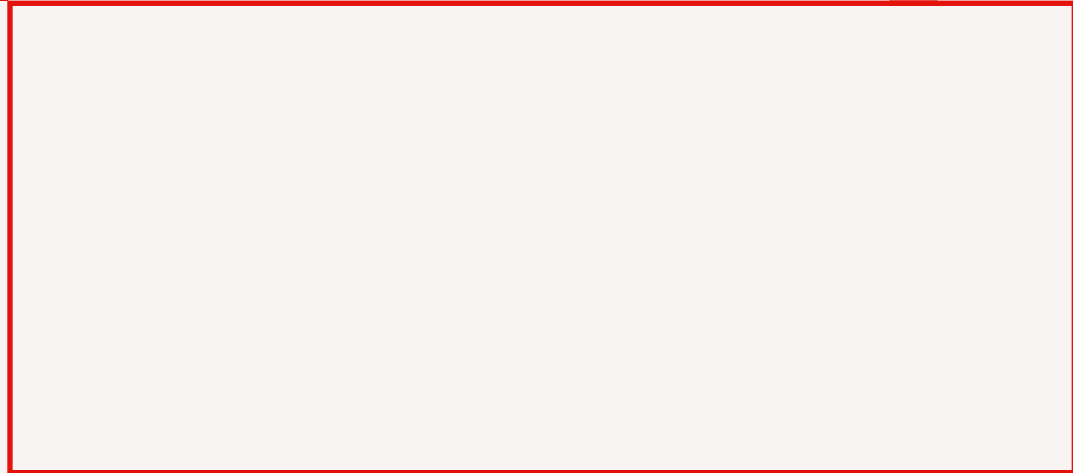
Ray Fuji, managing director, L.E.K Consulting



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