

Recovery, Resilience and the Road Ahead

Rethinking US Workplace
Priorities to Pursue Short-
and Long-term Success



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Executive Summary

Waves of substantial disruption are the norm in business, not the exception. The challenges of 2020-21 have been unusual, but workers and organisations can never assume that stability will persist. The US employment landscape was already seeing substantial transformation long before 2020. That said, covid-19 has revealed the future of work faster than anyone expected. Digitalisation has accelerated; widespread working from home has left many workers eager for more; and the joint experience of navigating through immense disruption has profoundly affected workplace relations. The great unknown is how much will last and how much will be seen in retrospect as a temporary blip.

To shed light on the major shifts taking place, The Economist Intelligence Unit, sponsored by Prudential, conducted an in-depth survey in November and December 2020 of over 5,800 US workers and executives¹ across five key industry verticals—healthcare, financial services, manufacturing, the public sector and unions—in order to explore the impact of the pandemic-accelerated new work paradigm. Specifically, we asked about organisational and worker concerns, priorities, remote work experiences, digital maturity, technology investments, skills and capabilities, and likely future challenges. This executive summary reports the overall findings from the survey, while other pieces will discuss insights relevant to the specific industry verticals.

Key findings:

- 1** Workers and their organisations were largely on the same page as they addressed the workplace implications of dealing with covid-19-related disruption in 2020.
- 2** The economic turmoil that the pandemic unleashed had uneven results with, perhaps surprisingly, more workers saying that their company culture and workplace relations improved rather than deteriorated.
- 3** Although workers are currently optimistic about their employment, there are widespread concerns about longer-term financial security.
- 4** Talent largely values better pay and job security, but organisations may be prioritising other factors and some risk focusing insufficiently on worker engagement.
- 5** Digitalisation will continue to reshape the workplace but also intensify the competition for digital talent.
- 6** A lasting legacy of the social response to the pandemic will be retaining remote working as a mainstream option.

¹ Executives are defined as director-level or above and workers as head of department or below.

Unexpected silver linings to the covid-19 cloud: improved workplace culture, relationships and worker wellbeing.

The covid-19 pandemic and related lockdowns created disparate effects across the American workplace. At a very basic level, while 43% of survey respondents reported that these factors created substantial upheaval for their organisations, particularly in the public sector, 57% saw only limited or no disruption in 2020. This split reflects a wider trend in our data. While many of the pandemic's impacts were negative, the surprising message is that, more often than not, the outcome of this shared experience was positive.

Rather than turmoil promoting disputes, workers and executives were largely aligned on organisations' priorities and measures to deal with the impact of the pandemic. According to both workers and executives, the highest priorities were workers' physical wellbeing, mental wellbeing and the financial wellbeing of both workers and organisations. The top measures implemented to address these priorities—greater use of remote working, clear public health messaging, flexible work schedules and new workplace protections—were also the ones workers selected as the most important.

The joint experience of a common challenge may explain why more workers said that covid-19 led to an improvement in company culture (43%) and workplace relations (43%), rather than a deterioration (28% and 26% respectively). Strikingly, the extent to which workers feel valued and respected, as well as their trust in and loyalty toward their organisations, rose in the last year, according to roughly half of respondents,

and stayed the same for a further 24% to 30%. These declined for only 20% to 25% (Figure 1). As other pieces in this series will make clear, for some groups of workers—such as clinicians—the picture is not so positive, but in general American workers have better relationships with their organisations now than before the pandemic.

Figure 1: Pandemic response improved workplace relationships

How have the following elements of the worker-employer relationship at your organisation changed over the past year? (% Worker responses)



Source: The Economist Intelligence Unit

The diverse impacts of covid-19 at the personal level have also more often been a plus than a minus. More workers, for example, said covid-19 had a positive effect on their own and their peers' physical wellbeing versus a negative one (40% to 34%). In terms of their own and their peers' financial wellbeing, 38% said things were better and 29% worse. Mental and social wellbeing were less clear-cut but, even for these, about the same numbers report positive as negative effects (Figure 2). Furthermore, large majorities, particularly union members, are extremely or very confident about the outlook for their own careers (62%) and that of their organisations (62%) and their industries (63%).

However, certain groups at the workplace have been more vulnerable to disruption from covid-19. Women were more likely than men to experience negative effects from the pandemic: 38% of women said covid-19 had negatively impacted their physical wellbeing and 44% their mental wellbeing, compared

with 30% and 34%, respectively, for men. In addition, frontline workers, particularly in healthcare, were more likely to report negative impacts from covid-19 on their physical and mental wellbeing, compared with those not working at the frontline.

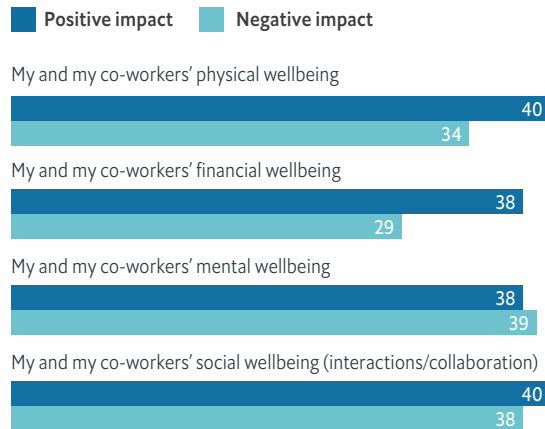
Organisations appear to have been slow in responding to the disproportionate effect of covid-19 on vulnerable groups. Among the measures organisations have or are planning to implement to deal with the impact of covid-19, new or revised benefits to help address the covid-19-related shocks—such as greater childcare expenses, which will likely benefit women workers the most—tend to be less of a priority than the others. In addition, only 17% of executives considered “integrating benefits for a holistic approach to worker wellbeing” as the most critical to driving business value in their organisation today, and even fewer (12%) believed so in the next two to three years.



Perhaps it was in part due to the unmet needs and insufficient measures that the majority of respondents think we are only at the beginning of workplace transformation: more than three-quarters of both workers and executives believe that “a new set of social norms and expectations around employment is needed to strengthen society’s resilience to global crises moving forward.”

Figure 2: Lockdowns could bring unexpected benefits for some

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



Source: The Economist Intelligence Unit

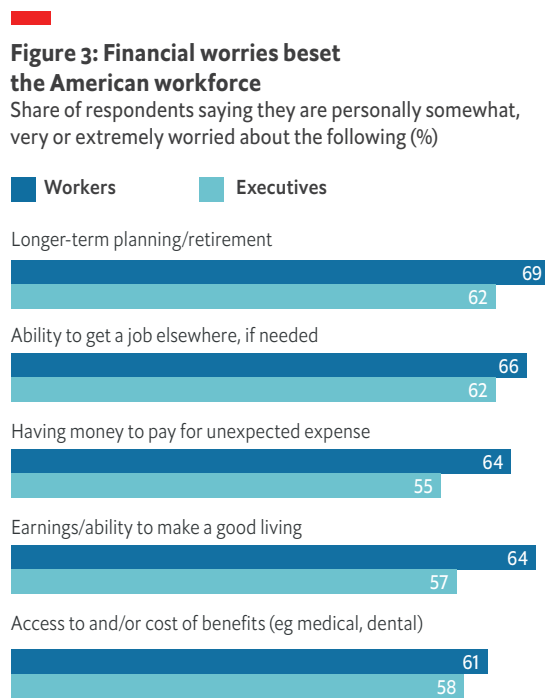


Keeping talent engaged and feeling valued will require addressing workers' longer-term financial concerns, but some organisations may prioritise other factors.

Digging deeper, though, shows signs of widespread financial concerns. Over half of workers (56%) are at least somewhat worried about job security, with workers in manufacturing more worried than those in other sectors. Between 60% and 70% of workers are at least somewhat worried about long-term retirement planning, the ability to make a good living, the ability to get another job if needed and access to health benefits. On these personal matters, the proportion of executives who share these concerns, although lower, is not hugely dissimilar (Figure 3).

Although slightly more workers reported being financially better off than those saying they were worse off during covid-19, the events of 2020 are likely to have exacerbated unease over economic insecurity: 46% of workers in the survey saw their incomes go down, and 40% experienced an increase in debt.

This context sheds light on what workers are looking for from their organisations. No one-size-fits-all formula exists for enhancing worker-employer relations, but the highest priority for workers is to secure decent remuneration from a stable job. Workers most frequently say that the best means to recognise them and enhance worker-employer relations are via financial rewards (38%) and recognising



Source: The Economist Intelligence Unit

hard work rather than just business results (32%). Comprehensive benefits covering financial wellness and retirement needs comes tied for third, along with more time off (24% each). Workers are also most likely to name job security (28%) and a fair salary (27%)—followed by healthy work-life balance (21%) and workplace health and safety protection (20%)—as the best ways to make them feel valued.

Executives understand the importance of these issues to workers. They, too, consider financial rewards (33%) and recognising hard work (30%) as the leading tools to enhance workplace relations. Nevertheless, the importance of pay and benefits may get lost amid other priorities. When asked about their organisations' investment in 13 areas of strategic significance over the past year, executives were less likely to report significant or moderate spending increases for worker pay and benefits than for any of the others. Nor will they see more attention going forward, with just 43% of executives expecting a moderate or significant increase in investment in pay and benefits over the coming two to three years. This may seem like a sizable share but the number who foresee

investment here is lower than for every other potential priority covered in the survey, such as cybersecurity (where 57% foresee growth in spending) and customer experience (48%).

Of greater concern, executives at some organisations may be taking the eye off the engagement ball. In the past year, 21% of executives reported that employee engagement was a critical issue driving business value, the second most common choice. In the next two to three years, however, only 16% expect this to be the case, moving it to the 10th place. Amid the challenges of recovery, decision-makers should consider building on improvements in worker-organisation relations rather than taking them for granted.

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Digital transformation remains a leading business priority. After the pandemic passes, remote work through digital channels will feel normal and more workers intend to do it.

Digital transformation is a leading concern for executives. Within this group, it is the most commonly cited critical issue driving business value (25%) and comes a close second to strategic vision on the list of such issues for the coming two to three years.

As a result, information technology (IT) will remain the most contested field in the battle for talent. Nearly a third of executives say that IT will face the biggest critical skills gap for responding to current and near-term business challenges. Just over a quarter of this group says that advanced IT skills will be the most important requirement for their own organisation to navigate the new business environment.

Within the broader digitisation agenda, over half of executives report that a range of areas relevant to digitalisation will see a moderate or significant increase in investment in the coming years, including cyber-security (57%), data security (56%), cloud technology (55%) and artificial intelligence (51%). All this comes in the context of the remote working surge. Unsurprisingly, over eight in ten surveyed workers either started working remotely, or increased the time spent doing so, in 2020. The rise of remote working was also the most widespread impact of covid-19 on companies. Just over half of all respondents said that at their organisations the pandemic had a very or extremely high



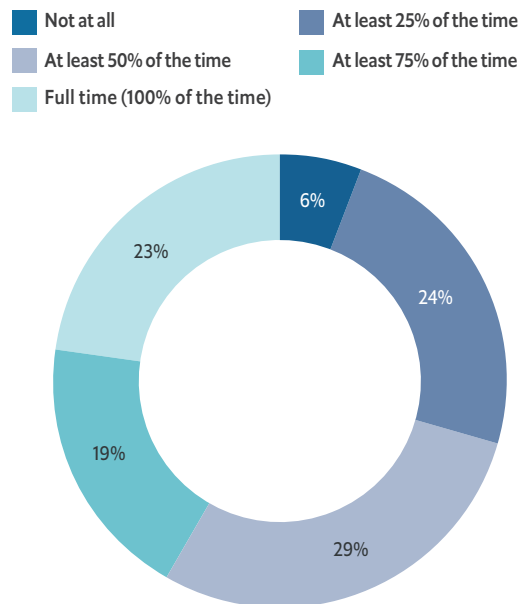
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impact on both general policies regarding how and where people work (including working from home). Investment priorities reflect this: 67% of executives reported a significant or moderate spending increase on the remote work experience in 2020—the area seeing highest levels of spending.

The result of this shift seems to be largely positive for most. Half of workers who began or increased remote working said it increased their productivity, against just 20% who reported a decline. It also suited their preferences: 70% of this group would now like to work remotely half of the time or more (Figure 4). Companies, meanwhile, appear ready to continue spending in order to allow some degree of remote activity, with 56% of executives expecting significant or moderate increases in investment at their firm in the next two to three years.

The long-term implications of greater working from home remain untested. Widespread hybrid work, for example, might break down links between geography and employment, opening up opportunities for both workers and organisations.

Figure 4: Remote work will remain popular
To what extent would you like to continue to work remotely?
(% Worker responses)



Source: The Economist Intelligence Unit

Conclusion: Building a more resilient workforce for the road ahead

The covid-19 pandemic has disrupted workers and organisations, which—as shown in other pieces in this series—varied by industry vertical. It exposed vulnerable groups at the workplace, such as women and frontline workers, and revealed the unmet needs of workers and effective incentives for talent. Meanwhile, although often disruptive and painful on personal and organisational levels, the experience of dealing collectively with the challenge has changed the environment within workplaces, often for the better. The pandemic has also resulted in a forced experiment in rapid digitalisation and adoption of remote work, opening opportunities for

workers while likely intensifying competition for talent among organisations.

As vaccinations increase and case numbers decline nationwide, it appears that the US will soon return to the economic normal. Organisations across industries, most of which have been on a “crisis-responding” mode and focused on surviving the short term, are now facing the opportunity to build on the good will established with workers during the pandemic, cultivate a more resilient, future-ready workforce, and work toward long-term success collectively with workers, for years to come.

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