AFTER THE PANDEMIC:

What does the future of work look like after COVID-19?

Entering an era of resilience

Welcome to *After the Pandemic*, Hudson RPO's latest report which examines what the future of work could look like after COVID-19. Through in-depth conversations with our clients across the EMEA region, we sought to unpick how workplace and talent management practices have been permanently transformed this year.

The pandemic has undoubtedly had a significant effect on recruitment, with remote working, virtual recruitment and changing candidate expectations all impacting the profession. Through our client conversations, we identified three notable trends which we explore in detail through this report.

Increased uptake and implementation of technology in interviewing and onboarding

Most of our clients have incorporated video technology into their recruitment processes. For many, technology has speeded up hiring, with pre-recorded questioning helping to screen applicants, multiple stakeholders interviewing candidates simultaneously, and recorded interviews allowing managers to review candidates before sign-off. Technology is here to stay; what works online, stays online.

A mentality shift around presenteeism

Remote working has been embraced by most employees and organisations and, with many businesses looking to reduce office space in an attempt to save costs, remote, flexible working looks set to continue. With a rise in productivity, we've seen an end to presenteeism

> **Leaders must model transparent communication, empathy with employees' personal situations, and a sense of positivity**

and an acceptance that employees who are unproductive at home are probably unproductive in the office too. A greater focus on outcome-based performance is a positive side effect of the pandemic.

The importance of candidate experience

At a time when we cannot meet job applicants in person, concerns around employee wellbeing are paramount and a recession is expected, candidate experience is vital. Recruitment professionals have a huge part to play in enhancing organisational brand, but getting the right technology and processes in place to provide a positive experience will be paramount.

As we move towards 2021 and the next stage of this pandemic, one main characteristic must come to the fore: resilience. For leaders, this will involve transparent communication, empathy with employees' personal situations, and a sense of positivity in the face of challenges.

Darren Lancaster
CEO, EMEA and Americas, Hudson RPO

Introduction

The year 2020 is one we will never forget. The impact of a global pandemic has shaken businesses to their very core, providing the impetus for rapid and radical change across organisations of all sizes and industries.

In pre-COVID times, the business world was often complacent and too 'safe' when it came to disruption and transformation, with real innovation watered down by corporate policies and processes. This is no longer the case. In a world of remote working, furlough schemes and social distancing, talent acquisition and talent management processes have been tested like never before.

So what have organisations learned about how they hire, onboard, engage and manage talent during a pandemic? And what key takeaways will they carry into the post-pandemic world?

Hudson RPO's breadth of clientele and diversity of industry have given us a unique opportunity to look at the EMEA region and discover common themes across the three overarching tenets of talent management: how you hire and onboard talent, how you engage talent, and how you retain talent. Through the strength of our client partnerships and candidate relationships, we've been able to work closely with our stakeholders to navigate and understand the similarities and differences of how organisations have responded to the challenges of the pandemic.

This paper unpacks our key findings, looking at the permanent changes facing the world of work post-pandemic. We set out to answer three questions:

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1
What are companies doing differently to hire and onboard staff?

2
What are companies doing to motivate and engage staff who are working remotely?

3
With many companies facing falling revenue, how are they reducing costs while saving jobs?

Key findings

What works online, stays online

From interviewing and onboarding to the way we consult with our client stakeholders, virtual recruitment is here to stay – and will be the preferred method.

Supercharge your internal talent

Good people offer a competitive advantage, so developing frameworks to support, coach and upskill internal talent is vital. Internal capability and mobility will be bumped up the priority list.

Positive experiences are paramount

Exceptional candidate and employee experiences will be crucial in sustaining a competitive advantage in the talent market. Being memorable (for the right reasons) has never been more important.
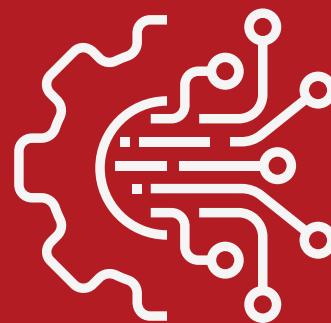
Workplace tech is on the rise

Ensuring workplace technology is optimised from both an employee and talent management perspectives is key to transitioning into new ways of working.
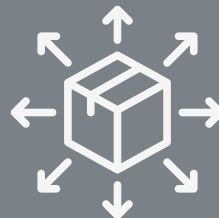
Flexibility is non-negotiable, not nice to have

The workplace of the future is about flexibility in all forms. Recalibrating 'flex' offerings will be imperative to attracting and retaining talent.

Employer brands will be more transparent

Clearer, less-corporate messaging will be important in capturing the attention of talent and building a strong employer brand in the post-pandemic workforce.
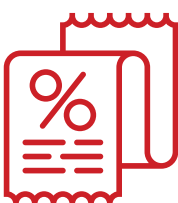
Outsourcing will get a boost

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

Expect discretionary spending austerity

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

" Recruitment teams have had to create a new set of resources for hiring managers and candidates in order to adapt to virtual recruitment "

The changing face of recruitment and onboarding

By April 2020, more than 30 countries across Europe had declared some form of national lockdown in response to the COVID-19 pandemic. As workers were told to stay at home and offices emptied, organisations were forced to rethink and repurpose their recruitment and onboarding processes.

Shorn of face-to-face interviews and assessments, businesses have had to pivot to digital recruitment tools and virtual onboarding. While there have been varying degrees of success across different industries, our research has found some consistencies between the efficiencies and inadequacies organisations have faced.

Recruitment

Recruiting and retaining the right talent has never been higher on the executive agenda. Four-fifths of CEOs worried about skills shortages within their organisation in 2020, compared with just half in 2012, according to research by *The Economist*. So how has the pandemic affected recruitment?

Some industries have been less preoccupied with hiring and more with supporting existing employees through the pandemic, such as hospitality (where 80% of jobs have been furloughed in the UK) and retail (1.6m jobs furloughed in the UK).

However, there are other industries that have had to ramp up recruitment activity and adapt processes to keep pace with the rapidly changing working environment. In the UK, supermarkets increased recruitment by almost 400% with more than 50,000 vacancies in March, while those involved in supply chain, online retail, digital and pharma have also launched recruitment drives.

Recruitment in financial services, insurance, legal and other professional services has slowed, but only a few organisations have frozen all recruitment activity. Organisations here are finding that the skills they've been searching for to help with digital transformation are the same as those needed to communicate with clients and manage new expectations.

A good example is in banking, where the closure of local branches has led to a huge demand in online banking. Research by McKinsey & Co shows that use of online and mobile banking has grown by up to 20% across Europe since the pandemic started, requiring financial institutions to rapidly invest in a whole new skill set to meet demand.

Our manufacturing clients have remained active but must work within government health guidelines that can dictate workplace conditions. Social distancing is still a requirement in many countries, so employers are considering the safest and most effective way of being productive. This slowed recruitment initially, but companies and employers are becoming more comfortable with returning to the workplace.

Virtual hiring

Our research shows that 95% of our clients have moved to an entirely virtual hiring process, using video conferencing and online tools to complete interviews. This compares with less than 10% using virtual hiring end-to-end and only 30% using video interviews at all pre-COVID-19.

"**95**% of our clients have moved to an entirely virtual hiring process"

The changing face of recruitment and onboarding

How has this played out? We found that recruitment teams have had to create a new set of resources for both hiring managers and candidates, in order to adapt to virtual recruitment, offering tips and tricks for completing video interviews. To support this, recruiters have worked with hiring managers to design online exercises and organisation-specific business cases to be sent to candidates during the interview as part of their assessment.

Most organisations disclosed little-to-no impact on the experience associated with virtual recruitment, which begs the question: do all interviews need to be in person? Can organisations save time and money by leveraging virtual tools?

Talent development

With many industries reporting a sharp decline in external hiring, companies are increasingly focusing on internal hiring and the mobility of their existing talent. One trend we see is organisations relaxing strict assessment protocols and formal

processes to redeploy talent quicker – often before employees may have previously been considered 'ready'.

While internal hiring has often been seen as costly and time-consuming, we have seen a trend towards companies focusing attention and resources on training and coaching newly promoted or seconded employees. We believe this is a positive change which we have long advocated with our clients.

Onboarding

Up to 20% of employee turnover happens within the first 45 days of hiring, reports company culture consultancy O.C. Tanner. So how are organisations coping with the extra challenge of welcoming – and supporting – new employees in an age of social distancing?

We found that companies had to react quickly to implement virtual onboarding processes while minimising disruption. At a basic level, examples include paper contracts replaced with digital copies and security checks taking place via video. Some organisations mixed online onboarding with brief office-based meetings and IT set-up, but increasingly, equipment is being couriered to new starters' homes.

Many organisations we spoke to now offer virtual tours of the offices, departments and teams new starters work with. One of our clients has allocated a mentor to each new hire, who reaches out to the new starter as an additional point of contact and support.

Most companies have embraced remote onboarding with a keen eye on maintaining and – in some cases – elevating the new starter experience. With a focus on providing 'hyper-care' to welcome new starters in the critical first weeks, many introduced initiatives such as regular online catch-ups, virtual lunches and other activities.

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FUTURE TRENDS

Remote working is here to stay

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Virtual recruitment saves time and money – but invest in technology

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Essential, frontline and revenue-generating roles are the focus

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COVID-19 has set a new standard for employee onboarding

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Employer brand is about empathy

" Many introduced initiatives such as regular online catch-ups, virtual lunches and other activities "

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A good example is at law firm Clifford Chance, where UK-based new hires are provided with a £400 stipend to buy tech, chairs and home office equipment. Recruits are also given a food gift card to order lunch for a virtual meet and greet with their boss, as well as a welcome kit for their first day.

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

Despite this, challenges with remote onboarding remain, particularly around early skills. It is possible that once the honeymoon period of working from home ends, we see a shift towards employees wanting to return to the office.

Challenges of digital adoption

Anecdotal evidence suggests that virtual onboarding has been largely successful, but it is premature to evaluate its true impact on the new hire experience, especially since many organisations saw partial-to-complete recruitment freezes.

> ## With the global economy facing an uncertain future, the concerns of candidates leaving secure jobs requires sensitive handling

Our research uncovered a telling example of an organisation that struggled to adopt virtual interviewing, citing an absence of technology and lack of confidence in interviewing skills, leading to a recruitment freeze.

Its inability to implement fundamental changes to existing processes resulted in placing all hiring on hold, including onboarding new staff. Fortunately, Hudson RPO has since been able to quickly implement both technology and training to get the interview and onboarding processes moving again.

While this case was a clear outlier, it raises concerns as to how some organisations can get left behind by rapid technological advances.

Only one client in the Nordic region chose to continue with face-to-face interviews. It's worth noting that this decision was based more on the country's different approach to public health than on lacking the tools to interview remotely. The safety and wellbeing of candidates has become of primary importance to employers, and this has resulted in a huge improvement to the candidate experience. With the global economy facing an uncertain future, the concerns of candidates leaving secure jobs requires sensitive handling. Many candidates are reluctant to jeopardise job security, despite being unhappy in their current roles.

Hiring in the future

We predict there will be an initial growth in hiring activity as organisations transition to post-pandemic business activity. However, we expect organisations to focus on ways to future proof their workforce given the uncertain outlook.

A key trend across EMEA has been a dramatic shift in sentiment around workplace flexibility. Companies including Google, Schroders and Linklaters have already suggested that staff will not be required to return to the office full time and other organisations are sure to follow.

This chimes with what employees want. Accenture's global *COVID-19 Consumer Research* survey found that more than half of employees believe they can work more productively from home, with a third planning to do so at least one day a week in the future.

This desire for flexibility will be a key aspect of recovery, but may lead to adjustments to permanent headcount. Organisations are likely

to increase their contingent workforce or outsource 'non-essential' work. With IR35 delayed until 2021 in the UK, this also has implications for employers that implemented blanket bans in 2019/20.

Given the ease, practicality and efficiencies that organisations have experienced moving their recruitment and onboarding processes online, we expect many to make permanent changes, moving much of the detail to online platforms and automating traditionally complex processes.

We also expect many larger corporations that routinely carry out face-to-face interviews with international or long-distance candidates will continue using virtual interviewing, as they benefit from cost and time efficiencies.

For organisations that faced challenges with remote IT set-up, inhibiting their ability to respond swiftly to social distancing, technology will be a clear priority. We predict that organisations will review their technological agility, which may result in significant investment in order to mitigate future risk.

As companies remove hiring freezes, we expect increased scrutiny around what is deemed 'essential' recruitment, with the focus shifting to cost containment and future proofing. Essential, frontline and revenue-generating roles will continue to be the primary hiring need for now, with companies also looking to bolster headcount across technology (in particular, workplace technology) and risk and resilience.

With growing unemployment and new graduates entering an uncertain labour market, employers need to implement robust online processes that assess a candidate's suitability while delivering the best experience.

Our research suggests that organisations have become equally concerned with efficiency and candidate experience when it comes to onboarding. With an overriding fear of losing talent due to a disjointed and isolated onboarding process, businesses have paid even more attention to its structuring.

Though it is too early to truly measure the new-hire experience during COVID-19, it has set a new standard for candidate and employee care. The task for businesses in the future will balancing ease, practicality and cost with employee experiences.

This heightened attention to social integration at the onboarding stage has illuminated the importance of creating positive employee experiences and increasing advocacy for employer brands.

Candidates are increasingly interested in understanding organisational resilience, financial stability and how employers supported their staff through COVID-19. Organisations that are vocal and transparent about their pandemic response and have strong people strategies and tailored onboarding, are well placed to capitalise on increased brand strength among top talent.

> **Candidates are increasingly interested in understanding organisational resilience and financial stability**

Mental health support has been at the forefront of many organisations' wellbeing efforts, both at organisational and team level

How to motivate and engage remote workers

"In all candour, it's not like being together physically. And so I can't wait for everybody to be back in the office. However, I don't believe we'll return to the way we were because we've found that there are some things that actually work really well," said Apple CEO Tim Cook at a virtual conference in September.

There is no doubt that remote working is here to stay. But with it come new issues around how we engage and motivate our employees when we can't be physically with them.

Our research found that organisations across the EMEA region are focusing on several key pillars to engage employees remotely.

Employee wellbeing

Employee health and wellbeing has been a focus for many organisations in recent years, but the impact of a global pandemic on physical and mental health has unsurprisingly seen the trend rocket this year.

Almost a fifth of adults in the UK say the pandemic has made them feel hopeless, growing to one-third of young people aged 18-24, according to the Mental Health Foundation.

Mental health support has been at the forefront of many organisations' wellbeing efforts, both at organisational and team level. Initiatives that have previously been heavily reliant on face-to-face interactions have had to pivot to digital. This has ranged from Zoom lunch breaks and virtual post-work drinks to organisations offering yoga, meditation and online wellness events.

Alongside this, our research found that companies in the EMEA region were sending out regular communications through newsletters, care packages, and ergonomic tools and office equipment to help workers adjust to working from home.

Flexible working

The move to flexible working has been a relatively painless transition for a large number of organisations, many of which had already embedded flexible into their culture.

After all, the trend towards flexible working has been growing for some time. A pre-pandemic survey of 15,000 employees across 80 countries by the International Workplace Group found that more than half were already working outside of their main office for 2.5 days a week, with 85% believing flexibility made them more productive.

However, the pandemic has forced us to spend almost all our time working remotely, often with children off school and vying with partners for the spare room. The circumstances have changed.

Those employers who previously did not offer flexible working have had to overcome significant practical and cultural challenges, such as ensuring employees have the tools to work from home efficiently. It's not just about the employees; organisations have also had to equip managers with the tools and insights to manage remote workers.

> **"Amost a fifth of adults in the UK say the pandemic has made them feel hopeless"**

For the most part, results have been impressive. Many companies have seen productivity either maintained, or improved, with long commutes avoided and employees relishing the extra flexibility.

Our research discovered several companies that had not previously endorsed flexible working now encouraging employees to work from home part time. Here, it is important for senior managers to lead from the front and set an example in 'normalising' this new way of working.

In addition to working from home, employers have been open to flexible working hours, so that staff can balance home and work requirements. For example, those with children have had to navigate home schooling, so the option to work adjusted hours (i.e. not 9-5) has been an additional way that employers have helped their workforces adjust.

Many employers were already on the trajectory to true workforce flexibility, but COVID-19 has accelerated the acceptance of all types of flexible work practices. With flexibility replacing money as the leading criteria for job seekers, we believe this change is here to stay.

> **" COVID-19 has accelerated the acceptance of all types of flexible work practices "**

+ FUTURE TRENDS

Mental health support is crucial to work-life balance

Remote working will kill presenteeism

Collaborative technology tools are streamlining efficiency

Good leadership in a crisis requires honesty

Businesses care more about individuals than they did

Workplace technology

Companies have always invested in workplace technology, but the pandemic and remote working have made some tools indispensable.

Our research shows that, across all industry sectors, companies have cited a considerable increase in use of collaboration tools (such as Office 365, Teams and Zoom) and internal social media and communication tools (such as Yammer, Workplace and Slack). Indeed, Slack's CEO, Stewart Butterfield, reported simultaneous user numbers on the messaging platform jumping from 10 million to 12.5 million (25%) between 10-25 March.

With employees removed from their face-to-face, across-the-desk interactions, we have quickly grown to rely on digital platforms to foster collaboration, continued learning and development and social interactions between employees – embracing technology that may have previously been underused.

However, it's important that business test and trial new technology effectively, to avoid being seduced by tools that ultimately have little effect.

A key trend has been a conscious effort by many organisations to increase their learning and development offering to employees. In an effort to both upskill and motivate employees, external guest speakers, learning tools such as webinars and online classes have been frequently referred to by organisations as part of their engagement strategy.

Culture

Workplace culture has always been relatively social across EMEA.

However, the impact of remote working and adapting to social distancing has meant finding new ways to maintain relationships and company values.

One surprising aspect of remote working is companies noting more frequent catch-ups, rather than fewer. Our research shows that many organisations say these meetings – individual, team and wider organisational – are occurring more than once a week, in addition to regular digital coffees and other employee engagement meet-ups.

While the dangers of digital overload are present, there has been a clear shift towards genuine care for employees' wellbeing. This has included more mixing of work and personal life, such as providing childcare subsidies, family-friendly online classes and outside of work catch-ups.

Smaller organisations seem to lead the way for creative social initiatives with popular activities including team quizzes, Friday drinks, online classes or webinars and fitness activities. Our study shows that larger organisations have focused on post-work virtual drinks and leveraging internal social media platforms to make sure all staff are included.

For larger business, there has been a trend towards individual teams managing social activities, which has helped them to stay connected and engaged with each other.

Corporate transparency

One key pillar in employee engagement has been the impact of senior leadership communication with employees, in order to keep them up to date with business changes and decisions.

Good communication in a crisis is vital to keeping your people with you. *Harvard Business Review* gives the example of National Basketball Association commissioner Adam Silver, who suspended America's basketball season on 11 March –– the day COVID-19 was declared a pandemic. By taking early and decisive action, Silver stopped more than one million basketball fans from potentially being exposed to the virus, despite the financial implications and criticism from within.

Our research shows that across larger businesses (5,000+ employees), C-suite executives have been releasing communications as often as several times a week. This compares with pre-pandemic levels, when senior leaders reserved cross-business communications for significant updates or special occasions. Unprecedented times have called for leaders to become more transparent and human, genuinely navigating their employees through the crisis and maintaining a connection to the organisation in the absence of daily office life.

Flexible times ahead

Across EMEA, the pandemic has seen organisations increase their efforts in employee engagement, wellbeing and motivation.

This has been led by a dramatic shift in sentiment around workplace flexibility. While many organisations have offered flexible arrangements to varying degrees for some time, lockdowns and social distancing have forced employers and employees to embrace full remote working.

With entire workforces now operating from home, organisations have been forced to accept that flexible working need not lead to a reduction in productivity. In fact, many are actually reporting increased productivity.

Will this lead to an end to presenteeism? With long-term remote working likely, both current employees and prospective candidates now expect flexible

> ❝ **There has been a clear shift towards genuine care for employees' wellbeing** ❞

working arrangements. We believe organisations are already undergoing strategic efforts to recalibrate flexible working policies to ensure that they retain current employees and attract future talent.

This is exacerbated by the challenges facing business trying to reintroduce employees to their offices. The necessary safety measures involved (increased hygiene and cleaning, limits on public transport, distancing between desks) is likely to have an effect on productivity.

Workplaces have also seen a sudden uplift in the use of technology and collaborative tools. While these technologies have been around for many years, it is only now that we are seeing the benefits of connecting and collaborating virtually. Having been forced to turn the camera on and communicate collaboratively, many employees will take these skills with them into the workplaces of the future.

It will be interesting to see if workplace technology use continues to increase, as well as how many organisations actively pursue upgrades to existing tools. One

trend we predict is an increase in rigour where technology assessment is concerned – from both a privacy and security perspective.

Many organisations have bolstered their learning and development efforts as well as employee resources for health and wellbeing to help employees adjust to the new way of working. Efforts have focused on providing employees with sufficient material, but the next step for organisations will be to ensure

> **We believe that many teams will emerge from the pandemic more unified**

that they have a joined-up learning and development function, where resources are updated and checked against business needs.

Finally, we have seen a blurring of the line between the personal and professional. Companies are encouraging employees to share more about their personal lives than ever before, and managers are taking a genuine interest in their employees that perhaps wasn't there pre-pandemic. One positive outcome of COVID-19 has been the connectedness and the interest co-workers have taken in each other's lives. Although it is too early to tell with certainty, we believe that many teams will emerge from the pandemic more unified and connected than ever.

Ultimately, workforces have rapidly adapted and found new ways to engage and motivate employees virtually. It is unlikely that after this global pandemic ends we will revert to working the way we did previously. However, the challenge now is finding a balance between adapting to an increase in remote working and adequate and meaningful in-person interactions.

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A further concern is the imminent closure of government support schemes, designed to avoid redundancies

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Restructuring and retention

With most sectors facing falling revenues, companies have had to make sweeping cost savings to survive. With staffing typically the largest single cost on an organisation's balance sheet, we have seen businesses grow creative in how they save money while preserving jobs, with furlough schemes, unpaid leave and bonus freezes all options.

However, cost-cutting can only get you so far and we have seen a widespread impact on jobs across EMEA. Figures from the International Monetary Fund (IMF) show that unemployment rates have risen around the globe in 2020. The UK has seen unemployment rise from 3.8% in 2019 to 4% in June 2020, Italy has gone from 10% to 12.7% and South Africa's rate has risen from 28.7% to 35.3%. With a global recession looming, businesses are going to face yet more restructuring in the future.

Governmental support

Governments in Europe have deployed a mixture of tax breaks, payment extensions on social charges, loan guarantees and wage subsidies for employees who cannot currently work or are forced into part-time roles.

Below is a summary of measures introduced by government's in response to COVID-19.

The UK government's Job Retention Scheme was made available to any UK organisation with a live PAYE payroll system on or before 19 March 2020, which was enrolled for PAYE online and had a UK bank account. Companies received up to 80% of employees' monthly wage costs, including employer National Insurance contributions (NIC) and pension contributions, capped at £2,500 per month.

This government payment fell to 60% of wage costs and included a

> **8.7** **million people in the UK received some form of financial support**

requirement to pay at least 20% of wages costs plus NICs and other contributions from 1st October. In a further attempt to encourage employers to retain their staff, the UK government will pay companies £1,000 for each employee that returns from furlough and is still employed as of 31st January 2021. According to government statistics, 8.7 million people in the UK received some form of financial support through the Job Retention Scheme by 31 May 2020.

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

In Spain, companies had to show a reduction in workload due to *force majeure* or economical, technical, organisational or productive reasons. The government pays 70% of the employees' regulatory base for the first six months and 50% from the seventh month, capped at €1,412.

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> **"90**% of companies we spoke to across EMEA have implemented a freeze on pay increases **"**

In The Netherlands, employers suffering a drop in revenue of at least 20% in any four consecutive months between 1 June and 30 November 2020 are eligible for financial assistance. Up to 90% of salary costs, multiplied by the actual percentage drop in revenues, is being paid, capped at €9,538.

Elsewhere in Europe, Italy made its employee assistance scheme available to all businesses, offering 80% of salary capped at €1,300; Germany insisted on all employees reducing their hours in return for financial assistance until December 2020, and France required employers to prove that it was impossible to retain all full-time employees in order to qualify for government subsidies.

Governments outside of Europe were also pushed to act. South African employers who were forced to close operations for up to three months were eligible for a COVID-19 benefit to pay employees, capped at R17,712 per month.

With the Gulf Cooperation Council (GCC) countries, Saudi Arabia provided private-sector employees with 60% of their monthly salary for three months. The UAE introduced 'emergency measures' allowing employers to reduce workers' hours, impose holidays and request unpaid leave be taken. During this period, the UAE government introduced redundancy as a concept for the first time in UAE labour law.

As worldwide government support winds down, businesses will have

to find new ways to adapt to financial restrictions in the post-pandemic landscape.

Recruitment and pay freezes

The early stages of the pandemic saw organisations implement recruitment freezes and rescind offers, as leadership teams grappled with the financial and societal impact of COVID-19 on their people, clients and operations.

Our research shows that these recruitment freezes have been progressively relaxed since May in all but the hardest hit of industries.

Although recruitment is not at normal levels, indicators (including job advertising rates) in countries across EMEA are trending upwards.

In addition, 90% of companies we spoke to across EMEA have implemented a freeze on pay increases, whether through reviews or promotions. Bonuses are under scrutiny too, with many organisations saying they will offer small-to-zero bonuses, and others freezing bonus-qualifying periods. Even the banking industry has faced bonus cutbacks, with the European Central Bank asking institutions to avoid dividend payouts throughout 2020 – and even threatening to step in if they did not.

Reducing staff costs

Despite these savings, many organisations are still looking to make cuts. How have they achieved this?

Encouraging staff to use up accrued holiday entitlement was one option used by employers across the UK and Europe. Although this provided limited cost savings, many organisations initially hoped

for a swift recovery in the second half of 2020 and wanted to avoid reduced productivity caused by staff absences. Employees receiving government assistance had an additional incentive to take leave, with all leave paid at a full rate of pay.

The next step for many organisations was asking employees to take unpaid leave. Nearly two-thirds (60%) of companies we spoke to took up this option, which effectively meant employees worked reduced hours for an agreed period.

Countries including Sweden and Germany made this mandatory to be eligible for government subsidies. Although less common, some organisations made pay cuts without reducing hours and instead offered other incentives to staff. A number of companies offered employees the opportunity to set up a fully

> **The monumental shift towards home working and away from offices has left business districts deserted**

functioning home office in return for an adjustment in salary based on having no commuting costs.

Despite this, the global economic situation meant widespread redundancies were inevitable, particularly in hard hit industries such as hospitality, high-street retail and travel. Countries reliant on summer tourism have been impacted by

quarantine regulations on travellers, with many losing an entire season of revenue. Data from the United Nations World Tourism Organization shows the industry faces a loss of $1trn in 2020 alone, with more than 120m jobs at risk.

Other industries and organisations have had to make redundancies due to a lack of demand for products or becoming commercially unsustainable. For example, the monumental shift towards home working has left business districts deserted and hospitality communities without customers.

A further concern is the imminent closure of government support schemes, designed to avoid redundancies. There is real concern that layoffs will dramatically increase as furlough and job-retention schemes wind down.

FUTURE TRENDS

Redundancies will grow as government assistance winds down

Offices are unlikely to return to full capacity any time soon

It's the end for business travel as we know it

Leaner organisations means more outsourced workforce

Salaries are going to reflect the reduced cost of home working

> ❝ **COVID-19 has taught even the most conservative of businesses that flexible working arrangements can be highly effective** ❞

Home-working to stay

The impact of the pandemic has seen organisations implement immediate and extreme cost-saving measures, with employees facing salary reductions, reduced hours and redundancies. The concern is that we might not have got through the worst of it.

However, there are several lessons organisations have learned when it comes to reducing costs and saving jobs – and we believe they are here to stay.

Our research shows that remote working is part of working life now and that businesses will not revert – at least in part – to office-only work environments. The example

of organisations such as Google, which plans on keeping 200,000 employees working remotely until at least July 2021, is one we expect others to follow.

COVID-19 has taught even the most conservative of businesses that flexible working arrangements can be highly effective, can help to improve employee engagement and productivity, and should become part of the new normal.

At the same time, organisations must remain mindful that home working does not work for everyone. Employers must consider flexible working practices and support for the wellbeing and development of employees who would rather be in

the office. Flexibility is key, but it is clear that many organisations will not reach 100% on-site office capacity any time soon.

For example, a number of banks are reducing their office space across London in the UK, with one looking to disperse its employees across their regional network. While these plans pre-date the pandemic, the impact of home working means many institutions are speeding up moves.

We believe offices across all EMEA central business districts will decrease in size over the next few years, reducing overhead costs associated with desks, office equipment, cleaning, security services and, of course, utilities. One trend to look for is companies starting to reflect the reduced cost of working from home in the salaries they offer.

Our research also suggests that work-related travel expenses will decrease substantially. While there is no substitute for face-to-face, physical interaction, we have successfully adapted and proven that business can continue regardless of geographical location.

Organisations spend millions on domestic and international travel each year. Having now experienced work without any travel at all, we do not expect companies to revert to pre-COVID-19 levels of travel, especially with associated health and wellbeing risks.

Finally, with many companies having to make difficult staffing decisions, we believe that organisational agility and flexibility is going to be vital when looking at future staff cost bases.

Restructuring is going to be high on the agenda and companies will be analysing their existing talent before looking externally. This means we'll see greater investment in contingent and outsourced workforce solutions, allowing executives to scale resources more easily and manage risk.

Many recruitment and talent functions have found themselves experimenting endlessly, simply to survive

Looking ahead to the future of work

While this paper has touched on the unprecedented measures many organisations have taken to survive the global pandemic, it is important to acknowledge that the full impact of COVID-19 on workforces is still to come.

What we do know is that our businesses have faced rapid change and have evolved fast. For many of us, this has been the biggest corporate behavioural experiment of our lifetimes – and possibly all time.

While this is just the beginning, now is the time for many organisations to take a step back and reflect on what worked and what did not. Many recruitment and talent

> **What efficiencies have you discovered in your organisation? What inefficiencies have been painfully exposed?**

functions have found themselves experimenting endlessly, simply to survive, trying to recruit, engage and retain employees as best as possible given the circumstances.

So the questions are now about reflection for the future. What efficiencies have you discovered in your organisation? What inefficiencies have been painfully exposed? And what permanent change will you make when it comes to recruiting, onboarding, engaging and managing talent?

If your business is currently navigating any of the issues discussed in this paper, or you would simply like to know more, please get in touch with one of our talent experts.

To discuss any of the themes raised in this report or to find out more about how Hudson RPO can help your business, please contact:

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