

STRATEGIC HR & COMMUNICATIONS





## Survey description

- Organizer: ERDA
- Survey title: Addressing HR challenges and opportunities in times of Covid-19 crisis
- Survey method: Anonymous online survey
- □ Fieldwork dates: April 1 April 14, 2020
- □ Sample size: 106 companies operating in the Baltics

# Survey structure

# PART I: Implemented activities in response to Covid-19 crisis

#### Goals:

- Find out how have Baltic companies
   responded to challenges and opportunities
   brought by Covid-19 crisis.
- 2. Provide companies with an opportunity to benchmark their activities against what others are doing and, potentially, reveal new solutions for problems they are facing.

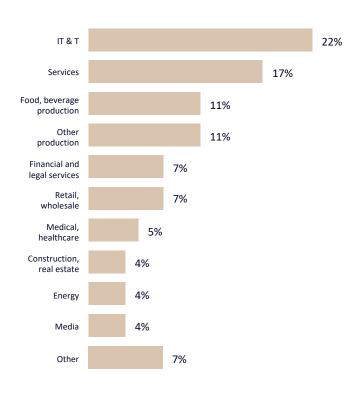
# PART II: Creating people advantage in times of crisis

#### Goals:

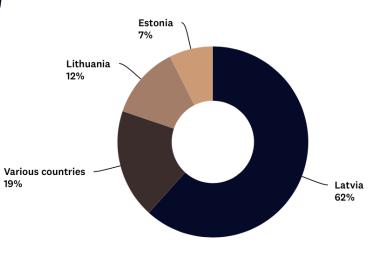
- Based on a 12-point action plan for overcoming strategic issues during crisis (developed by BCG, 2008), identify gaps between perceived importance of each of the actions in the light of Covid-19 and capability among companies to implement them.
- Highlight opportunities for far-sighted companies in the Baltics for building people advantage during crisis.

# Demographics

#### **INDUSTRIES**

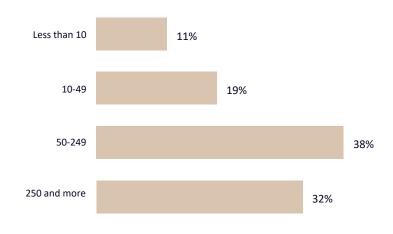


#### **COUNTRIES**

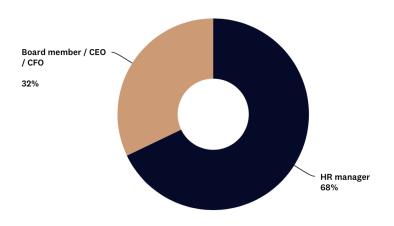


#### **COMPANY SIZE**

(# of employees)

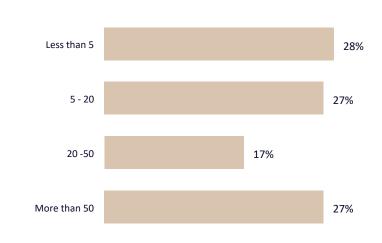


#### **ROLE IN THE COMPANY**



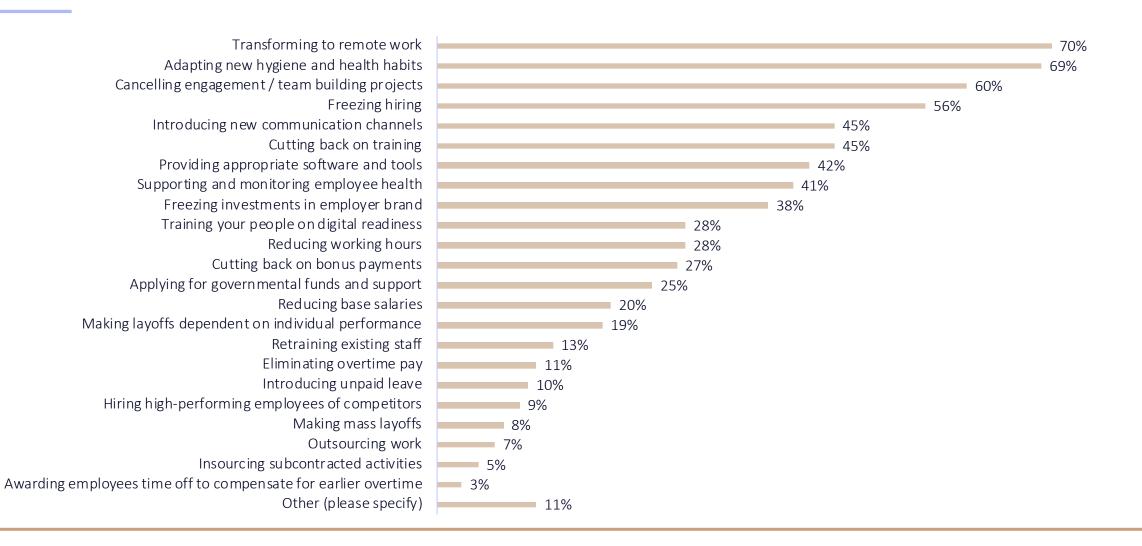
#### **TURNOVER**

(in million EUR)



# PART I: Implemented activities in response to Covid-19 crisis

# Implemented activities in response to Covid-19 crisis



# Insight #1: Main priority of companies - keeping their employees safe

During the first month after the state of emergency was announced, companies have mainly focused on keeping their employees safe by transforming to remote work (70%\*) and adapting new hygiene and health habits (69%).

# Transformation to remote work



## Introducing new communication channels

- For video conferences: Zoom, Microsoft Team
- For daily communication:
   Whatsapp, Slack, Skype, intranet
- Management communication:
   Facebook live with CEO telling about the situation and addressing employee questions



## Providing appropriate software and tools

#### Most popular activities:

- Providing all the necessary equipment for remote work
- Setting up IT systems to enable remote access to work-related information
- Introducing communication tools for remote collaboration



## Training people on digital readiness

#### Training topics:

- New tools implemented to facilitate remote work
- Support for managing transformation to remote work, tips & tricks
- Virtual collaboration
- How to lead teams virtually and keep employees engaged

# Employee health protection measures



Adapting new hygiene and health practices



Supporting and monitoring employee health

#### **MOST POPULAR ACTIVITES:**

- Ensuring regular flow of information about hygiene and health related questions and educating employees
- Providing employees with hand sanitizers and other relevant equipment (glasses, gloves, etc.)
- Performing regular disinfection of premises

#### **ADDITIONAL ACTIVITIES:**

- Having weekly well-being surveys
- Covering costs for Covid-19 tests if employee has symptoms
- Offering reduced working hours for families with kids
- Setting 14-day quarantine for employees returning from abroad
- Measuring and monitoring employee temperature
- Designing restricted zone for goods and documents drop-off

# Insight #2: Few companies have managed to avoid HR cost-cutting



of all companies have implemented or plan to implement some type of cost-cutting initiatives as a response to challenges brought Covid-19

# Insight #3: Companies forced to implement multiple cost-cutting measures at once

To meet demands, most often companies have implemented a combination of three cost-cutting measures.

The largest amount of implemented cost-cutting measures by one company is 10.

# TOP 5 cost-cutting measures



56%

**45**%

38%

27%

Cancelling engagement / team building projects

Freezing hiring

Cutting back on training

Freezing investments in employer brand

Cutting back on bonus payments



MAJORITY OF COMPANIES WHO MARKED COST CUTS IN THESE AREAS, REPORT A **100% REDUCTION** 

# TOP 5 cost-cutting measures

#### Comments

## CANCELLING ENGAGEMENT / TEAM BUILDING PROJECTS

Companies report replacing face-to-face activities by introducing low budget online engagement activities (e.g. kitchen in Zoom platform, online channel where employees can meet)

#### FREEZING HIRING

Some companies (~10%) still continue hiring for key positions

## CUTTING BACK ON TRAINING

Some companies look for alternative training options:

- explore opportunities to hold planned trainings through Microsoft Teams
- promote free or low-budget online courses

# Reduction in working hours & base salaries



#### Reducing working hours

- Reported reductions in working hours vary from 10% to 60%.
- However, majority of companies report reductions closer to the upper end of the range – 30% to 60%.



#### Reducing base salaries

- Reported salary cuts vary from 5% to 30%.
- However, majority of companies report reductions closer to the upper end of the range – 20% to 30%.

## Government support



Applying for governmental funds & support

# Types of support mentioned by companies:

- Downtime allowance for employees
- Tax holidays & guarantees
- Co-financing for some projects

# PART II: Creating people advantage in times of crisis

	POINTS IN HR ACTION PLAN	DESCRIPTION	ASSESSMENT
			<ul><li>Importance</li><li>Capability</li></ul>
Strategic planning	Strategic work force planning	Link work force planning with business strategy by introducing demand and supply scenarios by job category	17
	Productivity controlling	Introduce a new productivity metric such as value added per person to manage productivity programs	<b>∀</b>
Work force adaption	Workforce flexibility	Utilize working-time tools like lifetime work accounts, sabbatical programs, and engagement with unions	
	Work force reduction	Adjust work force size to the new economic environment while respecting job category forecasts	
	Personnel cost management	Optimize personnel cost programs by transforming cash incentives to non-cash ones	
	Focused recruiting of key personnel	Hire top candidates for mission- critical jobs	
HR and performance improvements	Restructuring the HR organization	Assess all HR activities to ensure excellence through bundling, process optimization, and governance measures	
	Performance management	Align performance measures to the new environment by abandoning short-term views and enforcing long-term thinking	
Sustainable implementation	Employee engagement	Focus on such values as honesty and trust and start an initiative to bring discipline and motivation into balance	
	Leadership capabilities	Coach leaders to transition from growth to crisis with workshops, communication measures, and support from top management	
	Change management	Establish best-in-class support by clarifying accountabilities, enforcing transparency, and soliciting employee feedback	
	Internal and external communication	Deploy a clear communication strategy and processes that target critical stakeholders in our action plan and the capability of their company	

Low High

## Insight #4: Companies report significant gap between the importance of & capability for actions that help to create strategic and sustainable HR practices

For 5 of the 12 action-points, a significant gap exists between the perceived importance of the activities and the capability of companies to implement them. These four points reflect set of areas that provide opportunities for companies to develop people advantage during crisis:

- 1 | LEADERSHIP CAPABILITIES 2 | CHANGE MANAGEMENT
- 3 | EMPLOYEE ENGAGEMENT 4 | INTERNAL AND EXTERNAL COMMUNICATION
  - 5 | STRATEGIC WORKFORCE PLANNING

# Insight #5: Companies miss the opportunity to attract high-performing individuals and build talent advantage

Focused recruiting of key personnel is rated to be the second least important activity by survey respondents.

It is also reflected in actions of companies - only 9% of companies exploit the opportunity and hire high-performing employees of competitors during times of Covid-19 crisis.

# Insight #6: Companies look for other cost-cutting alternatives instead of workforce reduction

Among all other action points, workforce reduction was rated as relatively unimportant (3<sup>rd</sup> from the bottom).

That is also reflected in actions of companies: only ~¼ of companies have already laid off or plan to lay of employees, with mass layoffs executed by only 8%, but the remaining companies focusing on individual layoffs based on performance.



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