Hiring Source

eNEWSLETTER | MAY 2021

U.S. WAGES & BENEFITS JUMP AS ECONOMY REOPENS

U.S. wages and benefits grew quickly for U.S. workers in the first three months of the year, a sign that businesses are starting to offer higher pay to fill newly opened jobs. U.S. workers' total compensation rose 0.9% in the January-March quarter, the largest gain in more than 13 years, the Labor Department said. That's up from 0.7% in the final three months of last year. Still, the increase is just barely above 0.8% gains in two quarters in 2018.

The solid rise comes after weaker increases during the pandemic, when the unemployment rate initially shot to nearly 15% before declining steadily to 6% in March. As a result, workers' pay and benefits rose just 2.6% in the year ending in March, down from 2.8% a year earlier.

The figures suggest that as the economy is reopening and more Americans are willing to venture out to restaurants, bars, and shops, businesses are having to provide higher pay and benefits to pull workers back into the job market. Many businesses have struggled to find people to take jobs, despite still high unemployment.

Overall incomes grew by a record amount in March, bolstered by $1,400 government stimulus checks and unemployment aid to roughly 18 million Americans. Incomes soared 21.1%, while spending rose 4.2%, a sign that much of the income was saved and may be spent in the coming months.

Wages and sales rose 1% in the first three months of the year, the Employment Cost Index showed, while benefits such as health insurance increased 0.6% in value. Hotels and restaurants boosted pay and benefits by 1.5% in the first quarter, as many businesses in those industries have had a hard time finding workers. Total compensation jumped 3.6% in the financial services industry.

JOB CUTS FALL TO LOWEST MONTHLY TOTAL SINCE JUNE 2000

Job cuts announced by U.S.-based employers fell 25% in April to 22,913 from the 30,603 announced in March. Last month's total is down 96.6% from last April, when employers announced 671,129 cuts, the highest monthly total on record, according to a report released from global outplacement and business and executive coaching firm Challenger, Gray & Christmas, Inc.

So far this year, employers have announced plans to cut 167,599 jobs from their payrolls, down 84% from the 1,017,812 jobs eliminated through the same period last year. April's total is the lowest monthly total since June 2000, when 17,241 cuts were recorded.

"The good news is that employers are no longer undergoing massive cuts, consumers are beginning to feel safe traveling and spending, and the number of job openings is edging higher. The bad news is we're experiencing a labor shortage despite the millions of Americans still out of work," said Andrew Challenger, Senior Vice President of Challenger, Gray & Christmas, Inc.

According to the latest data from the Bureau of Labor Statistics, 4 million more Americans are counted among the unemployed than pre-pandemic and another 3.1 million more Americans are numbered among the long-term unemployed, those out of work for 27 weeks or longer.

According to Challenger tracking, not only are job cut plans lower, but hiring announcements have also fallen from pandemic highs. Through April 2021, employers have announced plans to add 392,578 jobs, a 68% decrease from the 1,221,680 announced through April last year.

Those hiring plans were primarily from grocers, delivery apps, big-box retailers, food chains, and warehouses. Despite the decrease from 2020, the January-April hiring total is higher than every preceding year except 2019.

Aerospace/Defense leads all industries in job cuts this year with 32,003, a 28% increase over the 25,050 cuts announced through April 2020.

Telecommunications follows with 24,639 cuts, down 12% from the 27,961 cuts announced last year.

Entertainment/Leisure and Retail led all industries in cuts during the pandemic last year. They are still in the top five industries for job cuts, but the numbers are much lower. Retailers have announced 12,541 job cuts, down 89% from the 114,327 cuts announced through April 2020.

Entertainment/Leisure companies, which announced 415,206 job cuts through April 2020, plan to cut 11,149 jobs so far this year, a 97% decrease.

Newsrooms have cut 883 jobs. That is down 68% from the 2,772 cuts through April 2020. These cuts include digital, print, and broadcast news. Newsrooms cut 16,160 jobs in 2020, the highest total on record and up 13% from the previous high of 14,265 in 2008.

COMPANIES BRINGING WORKERS BACK TO OFFICES

Goldman Sachs, headquartered in New York, became one of the first big banks to put an end to remote work when it asked a majority of its workers in the United States and Britain to return to the office in June. In a memo to employees, Goldman executives asked that workers "make plans to be in a position to return to the office" by June 14 in the United States and June 21 in Britain. "We are focused on progressing on our journey to gradually bring our people back together again, where it is safe to do so," said the memo. The executives said the bank was "now in a position to activate the next steps in our return to office strategy." Exceptions would be made where warranted, noting that in India and Latin America, the health challenges remained substantial. But in New York, where the bank has its headquarters, pandemic restrictions are being lifted on May 19 as coronavirus cases fall and vaccination rates increase. The city is expecting fuller offices, restaurants and subways over the summer. Banks, which are among the largest employers in New York, have been eager to bring workers back into the office, concerned that an extended period of working from home would hurt the training, camaraderie and work culture that develop when people are together. In recent months, Goldman Sachs has been operating with 20 percent or more of its usual staff in the office in the United States and 25 percent or more in Britain. But as more and more people are vaccinated in New York and in London, and as the firm adds thousands of hires who will report to work this summer, it was time to move forward.

Citigroup has said that while it will invite additional workers back to the office in July, it expects to have only about 30 percent of its North America-based employees back by the end of the summer.

Bank of America plans to issue 30-day notices to employees it wants to invite back, a spokeswoman said. The firm has not announced a schedule for doing so, although Brian Moynihan, its chief executive, said recently that the transition would not occur until after Labor Day.

Rich Lesser, the chief executive officer of Boston Consulting Group, gathered with his executives in the wake of the CDC's new guidance that says vaccinated Americans no longer need to wear masks and observe social distancing in most instances.

The CDC's updated guidance threw a new wrinkle into reopening plans, raising questions about whether to speed up office-return dates. Whether companies change course quickly depends, in part, on local laws governing office capacity and masks, as well as the comfort level of employees being asked to return, executives said.

In California, Salesforce.com Inc. said the CDC's announcement didn't change its plans for masking or distancing. Salesforce hasn't mandated vaccinations for its 56,000 employees around the world, and it is initially inviting vaccinated workers in the U.S. to come back to offices in places such as San Francisco and Irvine, Calif., in groups of about 100 people at a time, said Brent Hyder, the company's Chief People Officer.

In Indiana, drugmaker Eli Lilly & Co. said it would stick to plans announced last week before the CDC's new guidance. It aims to bring back 25% of its office workers—roughly 1,750 people—to its downtown Indianapolis headquarters on June 1. Only vaccinated employees can come into the office that month, CEO David Ricks said. Social-distancing and mask requirements will stay in place until July 12, when Eli Lilly opens its offices to more workers, though the company will keep monitoring health data.

Mandating that workers get vaccinated is generally legal in most instances, employment attorneys said, as long as exemptions are made for medical or religious reasons. That hasn't stopped lawsuits from being filed over the issue in places such as New Mexico and California. Most employers have shied away from making the shots a requirement, but more may be considering mandates.

Delta Air Lines Inc. said that it would require all new hires to be vaccinated, unless they qualify for an accommodation. The airline doesn't plan to require current employees to be vaccinated, though the company said 60% of the airline's workers have already received shots. In a broadcast interview with CNN, Delta CEO Ed Bastian said existing employees who chose not to get vaccinated might be restricted from flying international flights.

Many employers are sticking with plans to bring workers back around Labor Day, because the tight job market for workers has made some CEOs concerned about upsetting their workers or pre-empting plans they made based on prior corporate guidance, executives said.

In California, Alphabet Inc.'s Google announced a series of moves to offer employees more workplace flexibility, allowing a fifth of its staff to work from home permanently and another fifth of workers to shift to a different geographic location. Google is also moving to a hybrid workweek, where employees work from offices about three days a week, and two days "wherever they work best," Mr. Pichai said. The company also will offer four weeks per year where staff can work from anywhere with manager approval, a move that aims to give employees more flexibility around summer and holiday travel. Mr. Pichai said compensation would be adjusted for employees who change locations.

Microsoft Corp. and others have adopted hybrid-work policies where staff will be able to work remotely during part of the week. Facebook Inc. Chief Executive Mark Zuckerberg has said he expects as much as half of the company's workforce—currently numbering more than 45,000—to work from home within 10 years.

The closure of offices during the pandemic has forced major employers to reevaluate the value of having people in the same physical space. With tools such as Zoom allowing people to continue to meet remotely, many companies are adopting a hybrid approach, noting that offices remain important to collaborating and preserving a workplace culture.

At Salesforce.com Inc. offices that have reopened, Thursdays are proving to be the most popular in-office day, creating high demand for meeting rooms and collaboration spaces, and prompting the company to rethink its office design.

Executives at PricewaterhouseCoopers LLP have voiced worries that workers who stay remote could wind up as second-class corporate citizens, falling behind in promotions and pay, so the company plans to track rates of advancement for office-based and remote staff in an effort to make sure nobody lags behind.

After months of discussions, big employers from Humana Inc. in Louisville, Ky., to Nike Inc. near Portland, Ore., say they are cementing plans to return to corporate complexes after Labor Day—in some cases relaxing capacity restrictions—while also promising employees some measure of flexibility in where they work.

Sabre Corp., the travel-technology company that powers major hotel and airline booking systems, has slimmed down to one building from a four-building campus in a suburb of Dallas. Sabre says it plans to bring about 25% of office workers back on site at least three days a week. "The workforce of the future isn't going to come in to go crank a spreadsheet. You'll crank a spreadsheet at home just fine," Mr. Shawn Williams, Sabre's Chief People Officer says. "You're coming in to be able to collaborate with your team, work on projects, do brainstorming, be a part of our R&D engine."

JPMorgan Chase, whose CEO Jamie Dimon is notably bullish on offices, has recalled all U.S. employees by early July, but each business unit is designing different approaches. One rule emerging for some New York teams: They can pick one permanent day to work remotely each week, so long as it isn't Monday or Friday. Employees can request a second remote day, which could be a Monday or Friday.

At a Salesforce office open in Australia, less than a quarter of its individual desks are used by employees, while meeting areas are widely booked, particularly at the end of the week. As the company reopens in the U.S., it is developing more collaboration spaces, says Brent Hyder, Chief People Officer.

In addition to tracking career outcomes for in-person and remote staff, consulting and accounting giant PwC will frequently poll its staff to learn what is working and what isn't, says Tim Ryan, its U.S. chairman.

U.S. WEEKLY JOBLESS CLAIMS DROP FURTHER

The number of Americans filing new claims for unemployment benefits dropped further below 500,000 the week ending May 15, but jobless rolls swelled in early May, which could temper expectations for an acceleration in employment growth this month. Other data showed factory activity in the mid-Atlantic region growing at a significantly slower pace this month, likely because of shortages of labor and raw materials. A measure of employment dropped for factories in the region that covers eastern Pennsylvania, southern New Jersey and Delaware. But businesses boosted hours for workers.

The economy is reopening after being severely disrupted by COVID-19 for more than a year. But pent-up demand unleashed by the broadening economic re-engagement is pushing against supply constraints, threatening to slow the recovery from the pandemic recession, which started in February 2020.

Initial claims for state unemployment benefits totaled a seasonally adjusted 444,000 for the week ended May 15, compared to 478,000 in the prior week, the Labor Department said. That was the lowest since mid-March 2020 and held claims below 500,000 for two straight weeks. Claims remain well above the 200,000 to 250,000 range that is viewed as consistent with healthy labor market conditions.

Applications are likely to decrease further in the weeks ahead after Republican governors in at least 21 states announced they would withdraw next month from unemployment programs funded by the federal government. These included a weekly $300 subsidy, which businesses say are encouraging the jobless to stay at home instead of seeking work. From manufacturing to restaurants and bars, employers are scrambling to find workers, even as nearly 10 million Americans are officially unemployed. The enhanced unemployment benefits give more than most jobs paying minimum wages, which range from as low as $7.25 per hour to as high as $15.

With more than a third of the population vaccinated, restrictions on services industry businesses are being lifted, allowing for broader economic re-engagement. The economy is also being underpinned by nearly $6 trillion in pandemic relief provided by the government over the past year. U.S. stocks opened higher. The dollar was trading lower against a basket of currencies. U.S. Treasury prices rose.

Lack of child care facilities, with most schools offering partial in-person learning, as well as lingering fears of COVID-19 and pandemic-related retirements are also believed to be contributing to the worker shortage, which curbed hiring in April. The government-funded benefits expire in early September and school districts are expected to resume in-person classes in the fall, which economists hope will boost the labor pool.

APRIL'S JOB GROWTH SLOWS TO CRAWL IN TEXAS

Job growth slowed considerably in Texas in April as the strong rebound that followed burgeoning federal stimulus money and increasing vaccinations against COVID-19 appeared to pause. The state's employers added just 13,000 net jobs last month, down from more than 100,000 in March, the TWC reported. The state unemployment rate fell to 6.7 percent from 6.9 percent in March, but remains above the national average of 6.1 percent.

In Houston, job growth fell by more than half in April, to about 11,000 jobs after gaining more than 25,000 in March. The local unemployment rate was 7.1 percent, down from 14 percent in April 2020, when the businesses were ordered to shut down to slow the spread of the coronavirus. "Jobs growth moderated in April after March's very strong pace," said Christopher Slijk, associate economist at the Federal Reserve Bank of Dallas. "Job gains were mixed across industries this month, with jobs in goods-producing industries pulling back from recent highs, while leisure and hospitality and professional services led overall growth in the service sector."

Politicians, particularly Republicans, have blamed supplemental federal unemployment benefits for discouraging workers from taking jobs. Governor Greg Abbott said the state would end $300 per week of extra federal benefits at the end of June, more than two months before the program expires in September. At least 20 are ending the federal benefits early.

Economists say extra benefits may give some workers a cushion to be more discerning in accepting jobs, but add that the reasons for the reported labor shortage are myriad and complex. Those reasons include a surge in baby boomer retirements, lack of access to childcare, and health concerns as the pandemic eases, but continues.

In Texas, April's job gains were led by leisure and hospitality, which includes bars, restaurants and hotels. The sector, among the hardest hit by the pandemic, gained more than 14,000 jobs in

April, and recovered more than 400,000 over year, the workforce commission reported. Government added more than 11,000 jobs in April and the professional and business services sector, which includes law, accounting, consulting and technical firms, gained more than 8,000 last month.

Much of those gains were offset by losses in the critical energy sector, as well as manufacturing and construction. The sector dominated by the state's oil and gas industry shed 2,800 jobs in April, after gaining 6,700 in March. Manufacturing, which is closely tied to the energy industry in Texas, lost 1,100 jobs over the month. Construction lost more than 13,000.

In Greater Houston, employment followed similar trends. Leisure and hospitality rebounded over the past year from pandemic lows, adding nearly 98,000 jobs — a jump of nearly 50 percent. Local retailers added 34,000 jobs over the year — a 13 percent increase — and professional and business services added 19,000 job, up 4 percent from April 2020.

The oil and gas sector, however, lost 2,700 jobs over the past year. Manufacturing employment is down nearly 16,000 jobs, or 7 percent from year ago, and construction is down 5,300 jobs, or about 2 percent over the year.

WHAT THE NEW CDC GUIDELINES MEAN FOR EMPLOYERS

As employers consider whether to require vaccinations for employees and how to handle employees who refuse to be vaccinated, the CDC has given employers some clarity ... and new issues to navigate. On March 9, according to the CDC, fully vaccinated people can now safely gather indoors with other fully vaccinated people without wearing a mask, as well as refrain from quarantining and testing for COVID-19 following a known exposure so long as they remain asymptomatic. (The CDC considers someone to be "fully vaccinated" at two or more weeks after receiving the second dose of the Pfizer or Moderna vaccines, or the single dose of the Johnson & Johnson vaccine.)

The CDC guidelines explicitly state that fully vaccinated people still need to follow guidance issued by their employers, as well as the travel requirements and recommendations of the CDC and local health departments. This means that employers that wish to continue maintaining robust safety protocols may do so, and employers may require all employees to abide by those protocols, regardless of vaccination status. This is especially true for employers that do not mandate vaccinations, or that have vaccinated and unvaccinated employees interacting in the workplace. Most workplaces are not the "small gatherings" contemplated by the new guidelines, so the COVID-19 precautions we are all used to, such as mask-wearing, social distancing, and disinfection of high-touch surfaces, should continue.

The most helpful aspect of the CDC's guidelines may be the ability of vaccinated employees to avoid quarantining and testing even after a known exposure to COVID-19 so long as they remain asymptomatic. As many employers have learned over the past year, the main operational challenges posed by COVID-19 were not just the absence from the workplace of employees seeking testing or testing positive, but also the quarantine imposed on employees who may have been exposed to the virus.

Of course, the pace at which employers can ease workplace restrictions will depend on the percentage of employees vaccinated. Employers, especially those with employees with vaccine hesitancy, should educate their workforces about the benefits of vaccination. The CDC has created a toolkit with helpful resources to assist employers with communicating to employees about the vaccine.

Employers should also consider the potential impact of creating different sets of rules for vaccinated and unvaccinated employees. In addition to possibly inviting claims of unfair treatment on the basis of disability, pregnancy, or religion, separate policies may create tension or resentment among employees who are accustomed to a work setting where everyone is typically required to follow the same rules.
When considering easing certain restrictions – for example, permitting small groups of vaccinated employees to gather unmasked in a conference room – employers should remain mindful that the CDC's guidance is only part of a broader patchwork of recommendations, guidelines, and requirements. State and local rules, in addition to standards adopted by OSHA, should be considered before modifying policies or easing enforcement for fully vaccinated employees. And we anticipate that the CDC, as well as state and local health authorities, will continue to issue updated guidance as more and more individuals are vaccinated, and as new information comes to light regarding variants of the virus, how well COVID-19 vaccines keep people from transmitting the disease to others, and how long the vaccines' protective effects will last.

RETIREMENTS INCREASED DURING THE PANDEMIC

After decades in which it decreased, the retirement rate rose during the pandemic, according to the latest government data. This makes retirement one exception to the many ways that the pandemic accelerated preexisting trends, such as toward suburbanization and online shopping. In the year since the pandemic started — the 12 months ending in March 2021 — 17.0% of Americans ages 55-64 were retired, up from 16.8% in the two previous years. But this is still a lower percentage than in earlier decades. The retirement rate rose more for people 65-74: It was 65.6% in the year up to March 2021, versus 64.0% in the year before the pandemic. That brought the rate back up almost to its level in 2011, though still below its 2001 level.

What can explain this trend during the pandemic? Job losses and business closings could have prompted some older workers to retire earlier than they had expected, a pattern seen in previous recessions. Another factor: Older workers were more at risk than younger ones from the coronavirus. At the same time, home prices and stock market values rose, putting some owners of such assets in a better position financially to retire.

People with college degrees were both less likely to lose their jobs in the recession and more likely to own assets whose value appreciated. The retirement rate rose during the pandemic for those 65-74, regardless of education level. But for those 55-64, the rate rose only for those without a college degree. In contrast, the retirement rate fell for 55-64-year-olds with a college degree — exactly the group whose retirement rate would have increased if rising asset values had been a key factor in prompting early retirements.

The timing of retirement during the pandemic further suggests that job losses, rather than rising asset values, explain more of the increase in retirement. Retirement rates were higher during the pandemic than before it, but they did not rise *during* the pandemic year. The rate for the first six months of the pandemic — April 2020 to September 2020 — was about the same as from October 2020 to March 2021. The seasonally adjusted retirement rate averaged 17.0% for 55-64-year-olds and 65.6% for 65-74-year-olds in both halves of the year.

This time pattern of the rise in retirement coincides with the economic shutdown, business closures and job losses starting in March 2020. But one measure of asset prices — the S&P 500 — fell as the pandemic began, remained below its pre-pandemic peak until August, and was consistently above its pre-pandemic peak starting only in November. If higher asset prices, not job losses and business closings, were the main driver of pandemic retirement, the retirement rate should have increased as the pandemic wore on and as stock values rose. The rise in retirement during the pandemic is small relative to the longer-term decline in retirement rates. Increasing life expectancy, less physically demanding jobs, and a rise in the minimum age to collect full Social Security benefits have all contributed to longer work lives and later retirements over the past 20 years. Of course, the overall aging of the population has meant that a growing share of adults is retired, especially since the early 2010s, when the oldest baby boomers turned 65.

OILFIELD SERVICES SECTOR CONTINUES TO SEE JOB GROWTH

Employment in the U.S. oilfield services and equipment sector rose by an estimated 1,352 jobs in April as oil and gas companies brought more rigs online to meet growing demand for crude. The monthly jobs report published by the Energy Workforce & Technology Council estimates that 102,000 jobs were lost during the pandemic last year, representing annual wages of about $15 billion. The sector has added more than 19,000 jobs this year, but employment in the sector is still 10.5 percent below pre-pandemic levels, the council says.

The oilfield services sector has been among the industry's hardest hit during the pandemic, which slashed demand for oil and products such as gasoline and jet fuel. Many exploration and production companies, which hire oil-field services firms, stopped drilling new wells and halted production from existing wells for several months last year.

During the worst period of pandemic-related cuts, oilfield services companies slashed almost 27,300 jobs in April 2020, when crude prices fell into negative territory for the first time. It was the largest number of monthly job losses since at least 2013.

So far this year, oilfield sector employment has grown 2.9 percent as the rollout of coronavirus vaccines has lifted local economies, boosting demand for gasoline and jet fuel. U.S. drillers have added more than 200 rigs since the number fell to a low of 244 in August, according to oilfield services firm Baker Hughes.

The council cautioned that its April jobs report is based on preliminary data from the Bureau of Labor Statistics, which is subject to routine revisions. Revised figures for March reduced the number of new jobs to 18,000 from 23,000 jobs. In total, oilfield services companies have restored about 28,000 positions, reducing the pandemic-related job cuts to 74,000 jobs and more than $8.4 billion in annual wages. There are more than 600,000 employees in the oilfield services and equipment sector nationally, including more than 314,000 in Texas.

LITTLER ANNUAL EMPLOYER SURVEY REPORT

Employers planning for a transition to a post-pandemic workplace are faced with a host of novel issues – and addressing a disconnect with employees about what the future of work and the return to physical workspaces looks like is at the top of the list. That's according to The Littler Annual Employer Survey 2021, which draws on insights gathered from 1,160 in-house lawyers, C-suite executives and HR professionals.

On the pressing matter of how to reopen offices and worksites, there is a tension between employers' plans and employee preferences. While 71 percent of employers surveyed believe that most of their employees who can work remotely prefer a hybrid model and that only 4 percent prefer full-time in-person work, 28 percent of those employers plan to have most employees return full time and in person, and 55 percent will offer a hybrid model (i.e., a mix of remote and in-person work). Only 7 percent say their employees who are able to work remotely full time can continue to do so if they wish, despite 16 percent saying they believe most would prefer this option.

Employers are still largely encouraging COVID-19 vaccinations: 84 percent are providing information on the subject to employees, while nearly half (48 percent) are offering paid time off so employees can receive and/or recover from the vaccine. As for whether their organizations will ask individuals to voluntarily disclose whether they've gotten the vaccine, the picture is less clear: 41 percent say they will ask this of their employees, while 32 percent say they will not; 27 percent are unsure.

On the regulatory front, most employers (81 percent) are concerned about how changes to paid sick and family leave requirements – a promised initiative of the Biden administration – will impact their business in the next year. Other top areas where respondents expect an impact from employment law-related changes include income equality measures (64 percent); inclusion, equity and diversity considerations (55 percent); and healthcare (51 percent). With expectations of more gridlock in Washington, evolving state and local agency regulations are high on executives' radars, with 83 percent expressing moderate or significant concern over associated enforcement and compliance expectations.

As far as employee well-being and feelings of "crisis fatigue," more than half of respondents are either moderately or extremely concerned about maintaining company culture, collaboration and employee loyalty in a remote work environment (57 percent) and about the impact of the pandemic on employee mental health and well-being (52 percent). Employers are making strides to address these issues – 84 percent, for instance, are offering mental health services and/or Employee Assistance Programs – but some may still have room for improvement, in areas such as implementing new ways to reward employees for their hard work and training managers to help respond to employees in need.

Is remote work here to stay? Our survey indicates that employees overwhelmingly hope it persists in some form, while employers are a bit less sure. Only 4 percent of respondents say most of their employees would like to return to in-person work full time once it is safe to do so, another 71 percent believe that most prefer a hybrid model, while 16 percent say most prefer full-time remote work. More than a quarter (28 percent) say they plan to have employees return to full-time in-person work, 55 percent will offer a hybrid model and only 7 percent will allow employees to work remotely full time. For companies with over 10,000 employees, a higher percentage believe that most of their employees prefer a hybrid model (77 percent) – and more (68 percent) plan to offer it.

Hybrid working models – where the workforce is split between in-person and remote work – pose a unique set of challenges. Of the organizations that have employees working remotely, 40 percent are moderately or very concerned about such a split, 33 percent are somewhat concerned and only 28 percent are not at all concerned. In reflecting on the challenges of a hybrid model, respondents cited everything from scheduling obstacles and where employees should sit, to measuring remote work performance and tracking time worked, to ensuring employees working from home don't feel left out or passed over for opportunities. Some organizations, for instance, want to make sure employees don't just work from home on Mondays and Fridays, while others are allowing staffers to choose the two or three days they come in and reserve desks ahead of time (i.e., office hoteling). Anecdotally, numerous respondents worried about potential liability issues. One in-house lawyer said, "If the decision to work remotely full time or under a hybrid model is left to the manager's discretion, there is the potential for unequal application of standards and/or potential bias claims." 67 percent of respondents say they have (or plan to have) fewer employees work on-site at a time, while 55 percent say as much about redesigning the office layout. A fair number of employers are also focused on supporting remote workers, whether it's through additional technology and/or reimbursement for home office-related expenses (41 percent) or formal support for those with remote and flexible work arrangements (35 percent). Office hoteling – which helps companies save space and facilitate flexible work schedules – is a focus for 31 percent of respondents (and 45 percent of organizations with over 10,000 employees). A slightly lower percentage (27 percent) are focused on reducing the size of their office space (and that figure rises to 42 percent for those with more than 10,000 employees).

As more and more individuals receive COVID-19 vaccines, employers face a new – and potentially thorny – issue: whether to ask various members of their workforce to voluntarily disclose if they've been vaccinated. Given the potential privacy and discrimination liabilities in play, employers are moving forward with caution. Forty-one percent say they will ask employees to voluntarily disclose, with 32 percent saying they will not and 27 percent still unsure. For independent contractors and job applicants, those planning to ask for voluntary disclosures are even lower: 14 percent for the former and 9 percent for the latter. Understandably, a higher percentage of respondents in the healthcare industry expressed plans to ask employees (66 percent), independent contractors (25 percent) and job applicants (21 percent) about their vaccination status. While trepidation about such disclosure abounds, employers are continuing to encourage their employees to get the vaccine, with 84 percent focused on providing information to employees (e.g., about the benefits of vaccination and how to get vaccinated). Nearly half (48 percent) are offering paid time off to employees to receive the vaccine and/or recover from its side effects – a 15 percentage point increase from two months earlier, when we asked the question in our COVID-19 Vaccine Survey. The percentage of employers planning to offer vaccine administration on-site, however, declined since our last survey, from 37 percent to 29 percent.

Even as the vaccine rollout continues, the majority of respondents (61 percent) believe that testing will still play an important role in organizations' COVID-19 strategies. Again, the level of agreement was even stronger among healthcare industry respondents (74 percent). Seventy-nine percent of respondents expect a moderate or significant impact stemming from enforcement by the U.S. Department of Labor (DOL) and compliance with its regulations. A similarly high percentage of employers (76 percent) expect a moderate or significant impact from the Occupational Safety and Health Administration (OSHA), which is taking myriad actions to protect worker safety and health as outlined in President Biden's January 2021 executive order. Respondents with larger companies (those with over 10,000 employees) expressed more concern about OSHA enforcement and compliance, with 34 percent expecting a significant impact on their businesses compared to 26 percent of all respondents. Meanwhile, 70 percent of respondents expect the Equal Employment Opportunity Commission (EEOC) to have at least a moderate impact on their businesses, while 52 and 50 percent said the same of the National Labor Relations Board (NLRB) and the Office of Federal Contract Compliance Programs (OFCCP), respectively.

Income inequality measures (e.g., minimum wage, pay equity and transparency) and the classification of gig workers, independent contractors and contingent workers – both of which are largely in the DOL's domain – are expected to have an impact on 64 and 37 percent of businesses, respectively. Additionally, workplace discrimination and harassment (chosen by 45 percent of respondents) is a prevalent issue for employers, particularly with the changes in leadership at the EEOC – which impacts the Commission's investigatory and enforcement activities – and the expectation of policy changes upon the EEOC attaining a Democratic majority. Changes related to inclusion, equity and diversity will have an impact on 55 percent of employers – not surprising following a year that rightly accelerated recognition of the importance of these issues in the workplace.

Healthcare changes were chosen by 51 percent of respondents – another issue that is top of mind as employers navigate continuous changes to laws governing their health plans, such as the Consolidated Omnibus Budget Reconciliation Act (COBRA) subsidies in the American Rescue Plan Act, which was signed into law on March 11, 2021.

Though union protections and NLRB rule changes was only selected by 30 percent of respondents, such issues as the possibility of the Protecting the Right to Organize Act of 2021 (PRO Act) – or parts of it – becoming law should be on employers' radars, even if they're not currently unionized.

83 percent say state or local agencies will have a moderate or significant impact on their businesses. For instance, California – for which respondents headquartered there perceived a greater impact from state or local agencies (37 percent expect a significant impact compared to 25 percent of all respondents) – already passed a state supplemental paid sick leave law this year.

TELUS International recently found that 80 percent of workers would consider leaving their current employer for one that focuses more on mental health. More than half of the professionals we surveyed are moderately to extremely concerned about the impact of the pandemic on employee mental health and well-being, and only 3 percent aren't concerned at all. Meanwhile, nearly 60 percent are moderately to extremely concerned about maintaining company culture, collaboration and employee loyalty in a remote-work environment.

The most significant change over this time period was a drop in the level of concern about implementing workforce reductions or restructurings. Nearly twice as many respondents now say they are not concerned at all (43 percent compared to 21 percent). Though restructuring concerns may have subsided, employers are still working to address employee well-being amid ongoing "crisis fatigue." In large part, they seem to be making strides: 84 percent are already offering mental health services and/or Employee Assistance Programs, and over half said as much about internal well-being programming (52 percent) and training and professional development to facilitate career advancement (51 percent). Nearly 40 percent, meanwhile, are offering fitness benefits or reimbursement programs to encourage physical activity (39 percent) and guided well-being activities (36 percent). A smaller percentage are implementing new ways to recognize and reward employees (34 percent) and training managers to help respond to employees in need (28 percent). However, these are two areas executives seem most interested in offering (or are already planning to offer) down the line: 43 percent are interested in offering or planning to offer new ways to reward employees, while 52 percent said as much about training managers. Survey respondents named a number of useful resources and benefits aimed at improving employee wellbeing, including providing gift cards and credits for food delivery services, instituting "No Meeting Mondays," sponsoring family dinner nights and offering schedule accommodations for parents with children on a virtual school schedule.

As the workplace becomes more dependent on technological platforms and initiatives, we are seeing a rise in the technology-induced displacement of employees and a corresponding need to provide workers with the skills, training and resources to adapt. The pandemic has only accelerated this transformation. In fact, in October 2020 the World Economic Forum reported that 43 percent of the businesses it surveyed planned to reduce their workforce because of technology and that, on average, companies believe around 40 percent of workers will require reskilling. Many employers are responding in kind, taking steps to equip employees with the technological skills they need to succeed in the workplace of the future. Nearly half of respondents (49 percent) are developing internal training programs for current employees; 22 percent are conducting an analysis to identify needed skill sets in order to guide talent planning and job training; and 10 percent are working with industry groups, universities or other institutions to create training programs. Nearly a quarter (24 percent) are hiring more employees with strong technology skills. Respondents in the manufacturing industry are especially active in this area – including when it comes to developing internal training programs (56 percent) and working with outside groups to create training programs (19 percent).

Corporations are increasingly global in nature, often with employees working from multiple jurisdictions. Large employers managing an international workforce face a number of issues in operating or doing business outside of the U.S., particularly amid an ongoing global pandemic. In fact, several pandemic-related challenges rose to the top of respondents' list of concerns in operating globally, including pandemic-related travel restrictions (56 percent), COVID-19-related workplace safety rules (40 percent) and managing remote workers who telecommute from abroad (31 percent). The latter issue of international "wandering workers" – those who perform their job functions remotely from a different country or frequently move locations while employed – presents a host of unique employment law considerations. However, even with the pandemic's unprecedented disruption to global workforce management, the long-standing challenge of complying with varying and increasingly stringent data protection standards, as well as managing lawful transfers of applicants' and employees' personal data across borders in the face of complex restrictions, emerged as the primary concern for 60 percent of respondents. Additional areas of concern include immigration and visa issues (41 percent); varying legal standards for hiring, firing and leaves of absence-related issues (40 percent); and developing global HR policies and codes of ethics (37 percent).

SOURCES

Wall Street Journal; Houston Chronicle; Associated Press; The National Law Review; Forbes; Littler; New York Times; Challenger, Gray, & Christmas; Reuters