



Accelerating human capital strategies: 2021 Q1 update

Maintaining stability amid the COVID-19 spike

A perspective on human capital actions

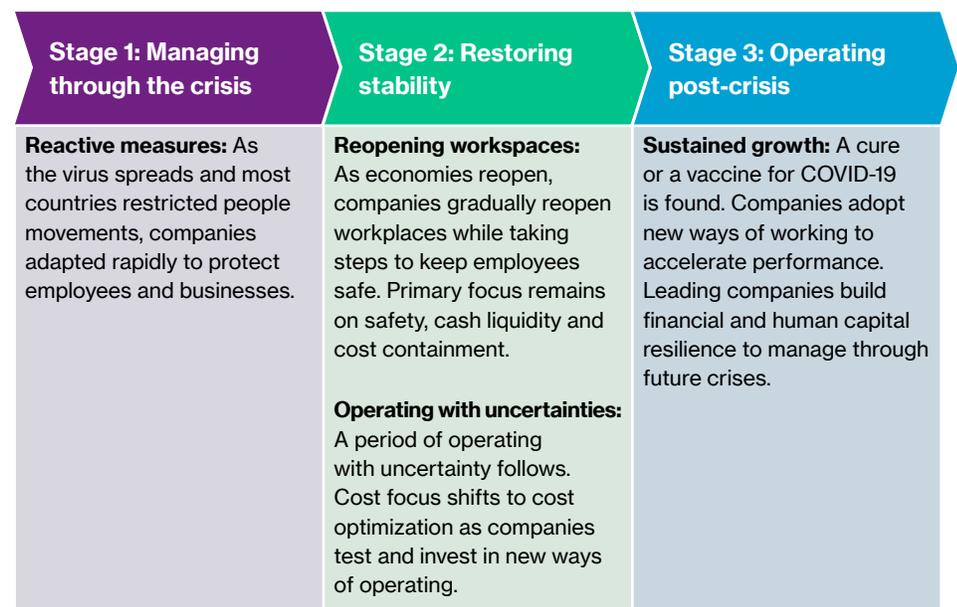
By Amol Mhatre and John Bremen

The COVID-19 pandemic has brought into sharp focus the impact of human capital on business performance and the global economy. As economies and workplaces around the world gradually reopen, leaders continue to identify, prioritize and reimagine work and Total Rewards; address the health, safety and wellbeing of employees; and balance cost containment with investments in human capital strategies.

Current state: Winter 2020/2021

In response to the long-anticipated winter spike in COVID-19 cases, governments around the world have reinstated measures that restrict people movement and commerce. While society has become more adept at managing life amid the virus and there is positive news around vaccine development, challenges around global distribution and acceptance remain. It is therefore fair to assume that companies will continue to operate with uncertainties related to employee health and wellbeing, the time frame to achieving herd immunity through vaccination and economic recovery for at least the next several months.

We wrote previously that the crisis precipitated by the pandemic can be divided into three stages, and that stage 2 (restoring stability) would last until a cure or a vaccine is widely available:



We wrote in June that reopening economies and workplaces alone will not restore stability. While certain coping actions companies take to protect their employees and businesses will likely be discontinued over time, accelerating actions could continue in some form as new ways of operating.

We suggest actions companies should take in light of the current spike in virus cases and government restrictions as leaders work to continue to restore stability while operating under ongoing uncertainty.

Actions (coping strategies) Work and Total Rewards

- Continuing and supporting onsite and remote work policies, such as flexible work arrangements (location/timing), and extending hazard pay policies for at-risk/frontline employees
- Modeling business performance for 2021 pay budget and aligning sales incentive plans for 2021 business outlook
- Developing a strategy for salary increases and bonus/long-term incentive funding, allocation and distribution, including a focus on essential workers and critical talent
- Conducting longitudinal pulse surveys to monitor evolving employee attitudes toward flexibility and remote work versus returning to workplaces

Employee safety and resilience

- Continuing established health and safety policies, including onsite safety measures, remote/flexible work and leave policies
- Extending pandemic coverage and access to telehealth as well as promoting existing benefit and wellbeing programs (health and wealth)
- Maintaining a targeted focus on mental health, including manager enablement, employee listening, peer-to-peer engagement and emotional wellbeing programs
- Employee sensing to understand attitudes toward vaccination and vaccination policies
- Promoting diversity, equity and inclusion culture, programs and policies

Cost management

- Modeling labor costs with new ways of working
- Planning for the long-term impact of COVID-19-related cost of care on medical claims and cost increases
- Projecting benefit costs (medical and pensions) under multiple business and economic scenarios for budgeting cash
- Optimizing Total Rewards costs by eliminating underutilized programs and aligning spend with employee values and preferences

Vaccine strategy

Monitor developments by country and plan/implement a vaccine strategy covering:

- Vaccine developments and approvals
- Government/public distribution programs by geography and/or country and state/province
- Coverage, access and vaccination programs by health care providers, including for family and dependents (and alternative providers where available/necessary)
- Negotiations with health care providers
- Budgeting for costs of vaccination
- Requirements for returning to workplaces
- Protocols for prioritization (e.g., onsite employees)
- Time frame for achieving vaccination and related impact on business and work strategies

What's next: Operating post-crisis and beyond

One key difference between the current spike in cases and previous waves is that, today, there are reasonable (if still uncertain) expectations around timing for vaccine distribution. This opens the door to a practical discussion on post-crisis preparation and actions – the subject of our next overview – which also likely will be marked by nonlinear adoption.

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