

HR Pulse Survey 2020

Impact of COVID-19 on the workforce and HR functions

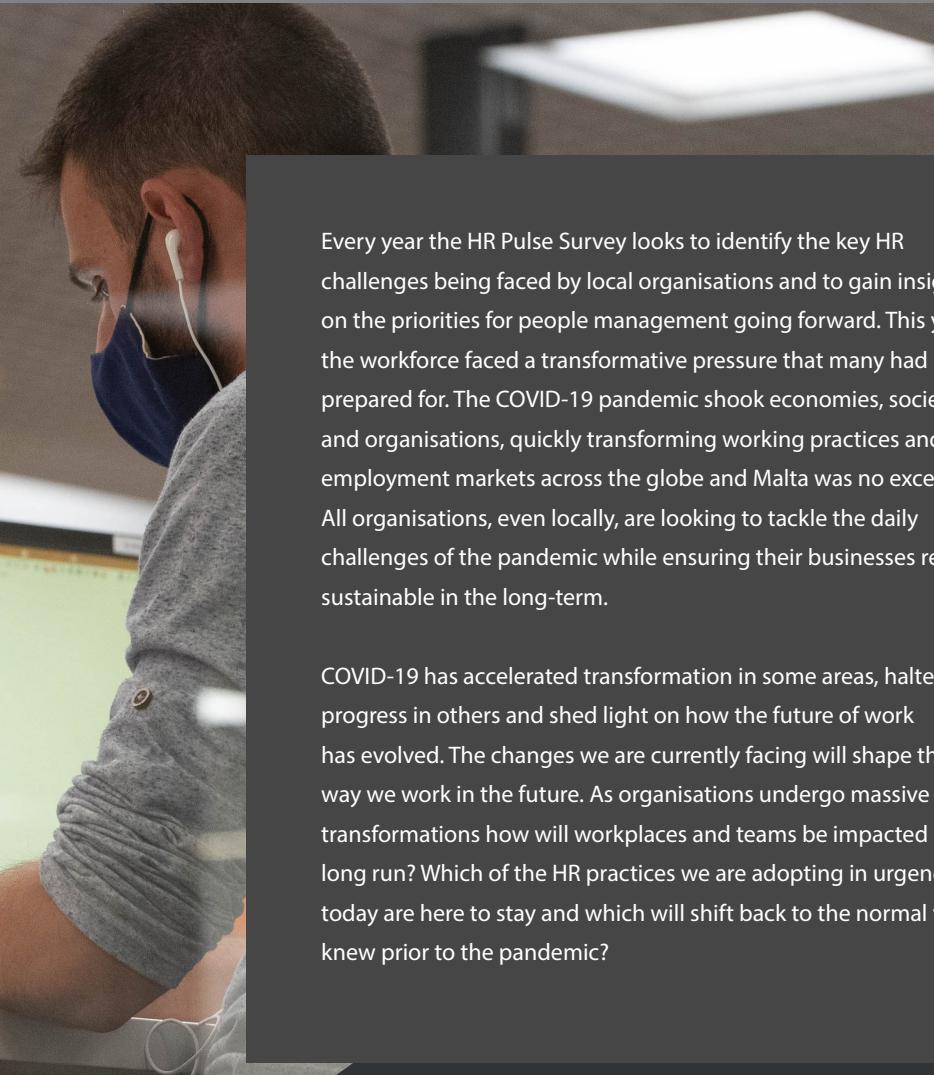
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Introduction



Every year the HR Pulse Survey looks to identify the key HR challenges being faced by local organisations and to gain insight on the priorities for people management going forward. This year the workforce faced a transformative pressure that many had not prepared for. The COVID-19 pandemic shook economies, societies and organisations, quickly transforming working practices and employment markets across the globe and Malta was no exception. All organisations, even locally, are looking to tackle the daily challenges of the pandemic while ensuring their businesses remain sustainable in the long-term.

COVID-19 has accelerated transformation in some areas, halted progress in others and shed light on how the future of work has evolved. The changes we are currently facing will shape the way we work in the future. As organisations undergo massive transformations how will workplaces and teams be impacted in the long run? Which of the HR practices we are adopting in urgency today are here to stay and which will shift back to the normal we knew prior to the pandemic?

Data for this survey was collected during the first opening-up phase of the pandemic, the summer months of 2020. At the time Malta was easing into slight normality, recovering from its initial surge of COVID-19 cases and new cases were at a minimum. Although the situation has since changed, with a second surge of new cases, findings from the survey continue to offer valuable insight on the evolution of the world of work.

This year's survey explores how organisations locally are dealing with the pandemic, highlighting the most popular measures implemented and the common challenges organisations have had to face. Survey results delve into remote working as we discover the implications of this new way of working. Findings also shed light on how HR functions locally are managing the pandemic and how the HR life cycle has evolved as a result. As we discover insights gained through the survey we begin to understand what the new normal in the world of work will look like moving forward. Have our work routines, work practices and workspaces changed for good?

Impact of COVID-19 on the Workforce

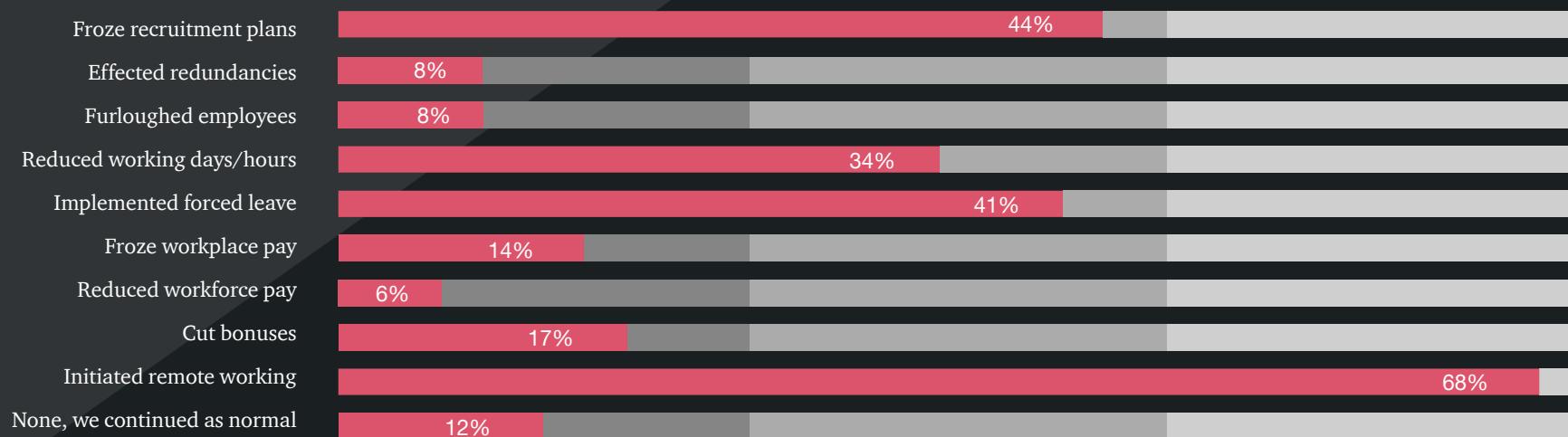
COVID-19 is having a considerable impact on the workforce in many aspects and different organisations have employed varying ways to manage this. From results obtained in this recent survey, the most popular measure taken by organisations locally in light of the pandemic was initiating remote working (68%).

Other measures related to cost reduction included freezing recruitment plans (44%), implementing forced leave (41%) and reducing working days/hours (34%). Results also show a low percentage of local organisations affected redundancies and furloughed employees (8%) during the survey period. This may be linked to the wage supplements issued by the Government of Malta in response to COVID-19.

The study finds that organisations also implemented initiatives to ensure business continuity through these turbulent times. These initiatives included changes in workplace safety measures (81%), which was the most common priority for respondents. Following this effort, organisations also implemented working split shifts to reduce exposure between teams (44%) and working from different locations (39%).

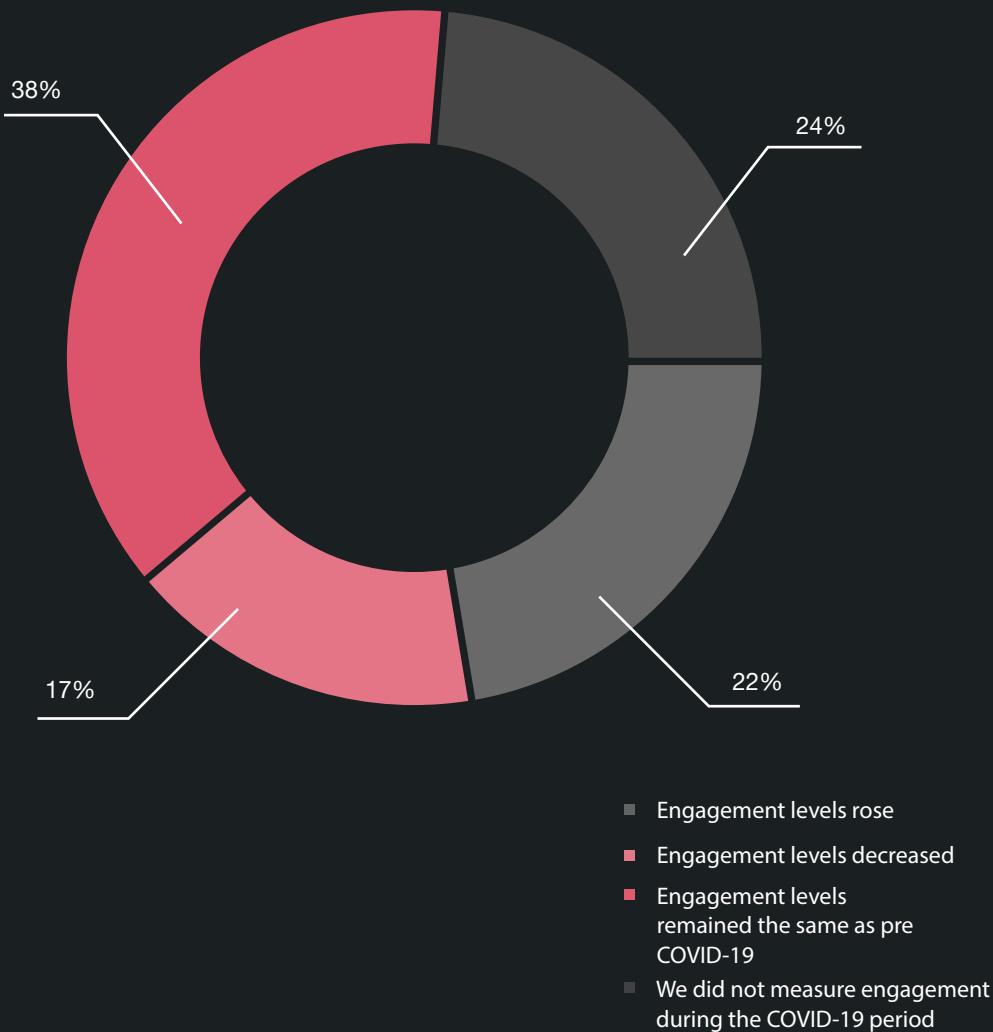
Analysing the relation between COVID-19 and workforce engagement, we see that the largest percentage of respondents said that engagement levels remained the same as pre-COVID-19 (38%). This was followed by 24% who stated they did not measure engagement during the initial period of the pandemic. Having said this, amongst the most popular people challenges faced by local organisations, 57% said keeping employees motivated was one of their greatest challenges. Other challenges identified included keeping up communication in teams (57%), maintaining workforce wellbeing (54%), managing employee anxieties (46%) and implementing protocols to ensure safety of employees (44%).

What organisation measures did you take or are planning to take in light of COVID-19?





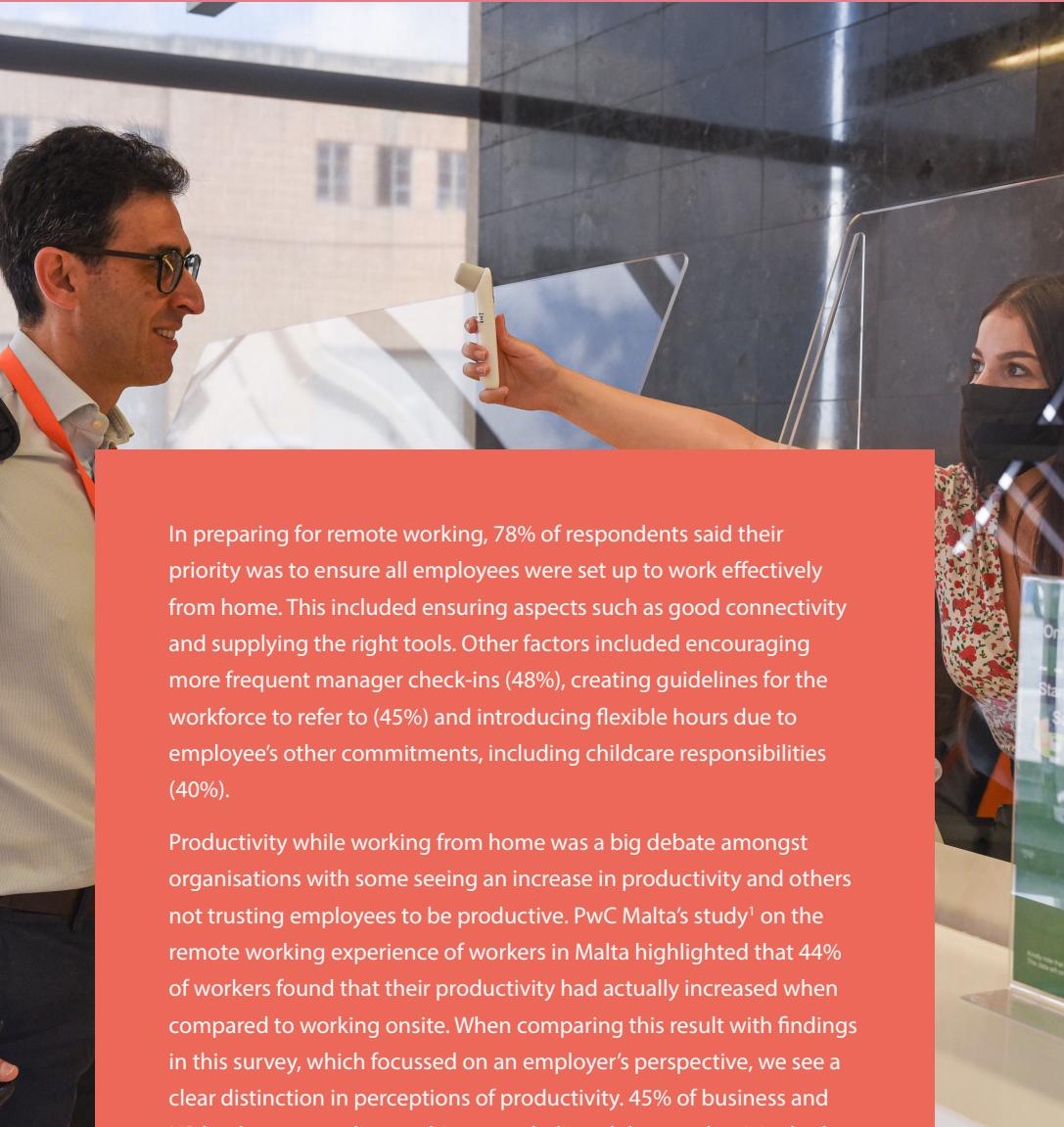
How was the engagement of your workforce impacted during COVID-19?



Remote working - a new normal?

Remote working was the largest change in the labour market as a result of COVID-19. Although remote working has been around a long time before the COVID-19 pandemic, such an event has accelerated the mass-adoption of this working arrangement. Some organisations had to make a shift to remote working urgently to keep their businesses in operation. Results obtained through this survey indicate that 48% of respondents said that the majority of their workforce was working remotely every day during the period from March to June. Others adopted a hybrid working arrangement (20%) or were unable to work remotely as their line of work does not enable them to work remotely (25%). From the 7% of respondents which had the majority of their workforce working on-site even though they were able to work remotely, 50% stated that this was the case because the majority of employees preferred to work from the office. Interestingly, when comparing this result with findings from a recent study¹, conducted by PwC Malta on the remote working experience of over 850 workers in Malta, there is a discrepancy as one of the main reasons workers stated for not working remotely was that senior management did not allow employees to work from home due to fears of reducing productivity.

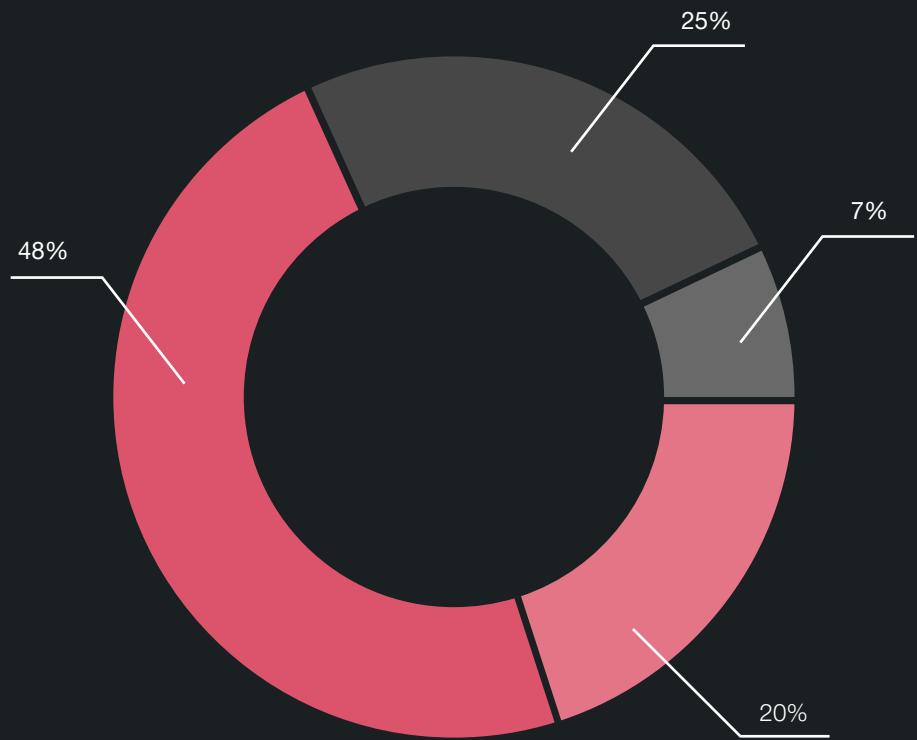




In preparing for remote working, 78% of respondents said their priority was to ensure all employees were set up to work effectively from home. This included ensuring aspects such as good connectivity and supplying the right tools. Other factors included encouraging more frequent manager check-ins (48%), creating guidelines for the workforce to refer to (45%) and introducing flexible hours due to employee's other commitments, including childcare responsibilities (40%).

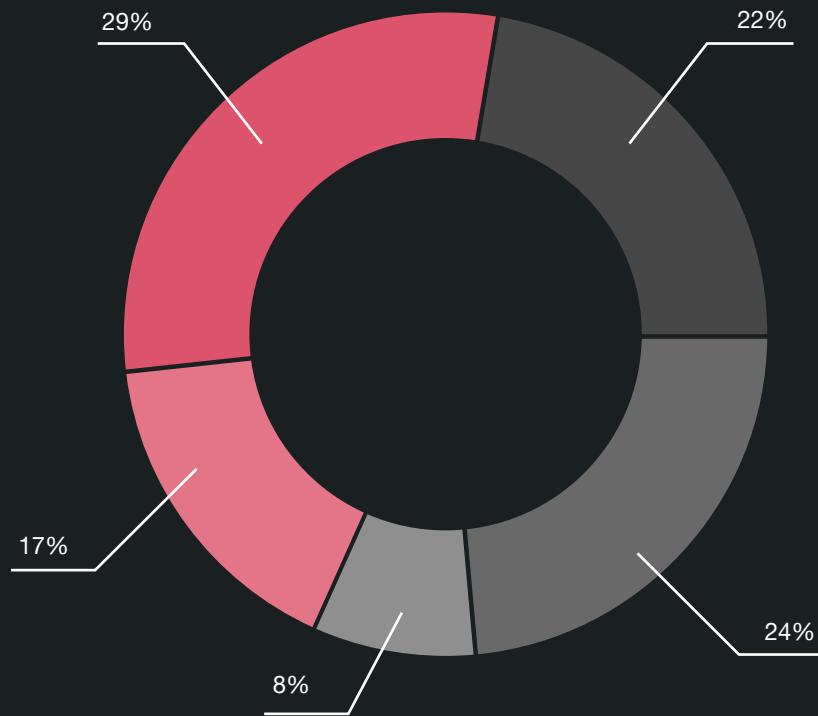
Productivity while working from home was a big debate amongst organisations with some seeing an increase in productivity and others not trusting employees to be productive. PwC Malta's study¹ on the remote working experience of workers in Malta highlighted that 44% of workers found that their productivity had actually increased when compared to working onsite. When comparing this result with findings in this survey, which focussed on an employer's perspective, we see a clear distinction in perceptions of productivity. 45% of business and HR leaders responding to this survey believed that productivity had actually remained the same when working remotely. 31% stated that productivity had increased while 14% felt that productivity had decreased.

Where has the majority of your workforce been working from between March and June?



- The majority of our workforce balanced their time between working remotely and occasionally going on-site.
- The majority of our workforce was working remotely every day.
- The majority of our workforce was working on-site as our line of work does not enable most of us to work remotely.
- The majority of our workforce was working on-site even though we were able to work remotely.

Will remote working become more permanent in your organisation going forward?



When asked if remote working will become more permanent in respondents' organisations, results were fairly split amongst different working arrangements. The most popular working arrangement believed to be adopted moving forward was a hybrid work arrangement in which the workforce balance their time between on-site and off-site. From those that saw remote working as a more permanent arrangement, 49% believed the majority of their workforce will be working remotely 1-2 days per week in the future. This was followed by 29% who foresaw the majority of their workforce working remotely 3-4 days a week and 13% who believed the majority of their workforce will work remotely less than 1 day per week. Only 9% of respondents thought that the majority of their workforce will be working remotely 5 days a week moving forward. In fact, a PwC global survey², that collected data from over 300 companies across the globe and focused on the future of remote work, found that only 19% of respondents did not anticipate adopting remote work as the new norm.

When comparing these findings with results obtained from employees in PwC Malta's recent study¹ with employees of local organisations we see a clear alignment in perception on future working arrangements. Most workers also saw themselves working remotely up to 1-2 days a week post crisis. In fact, 51% stated that their ideal way of working would be to split time between working from the office and working remotely.

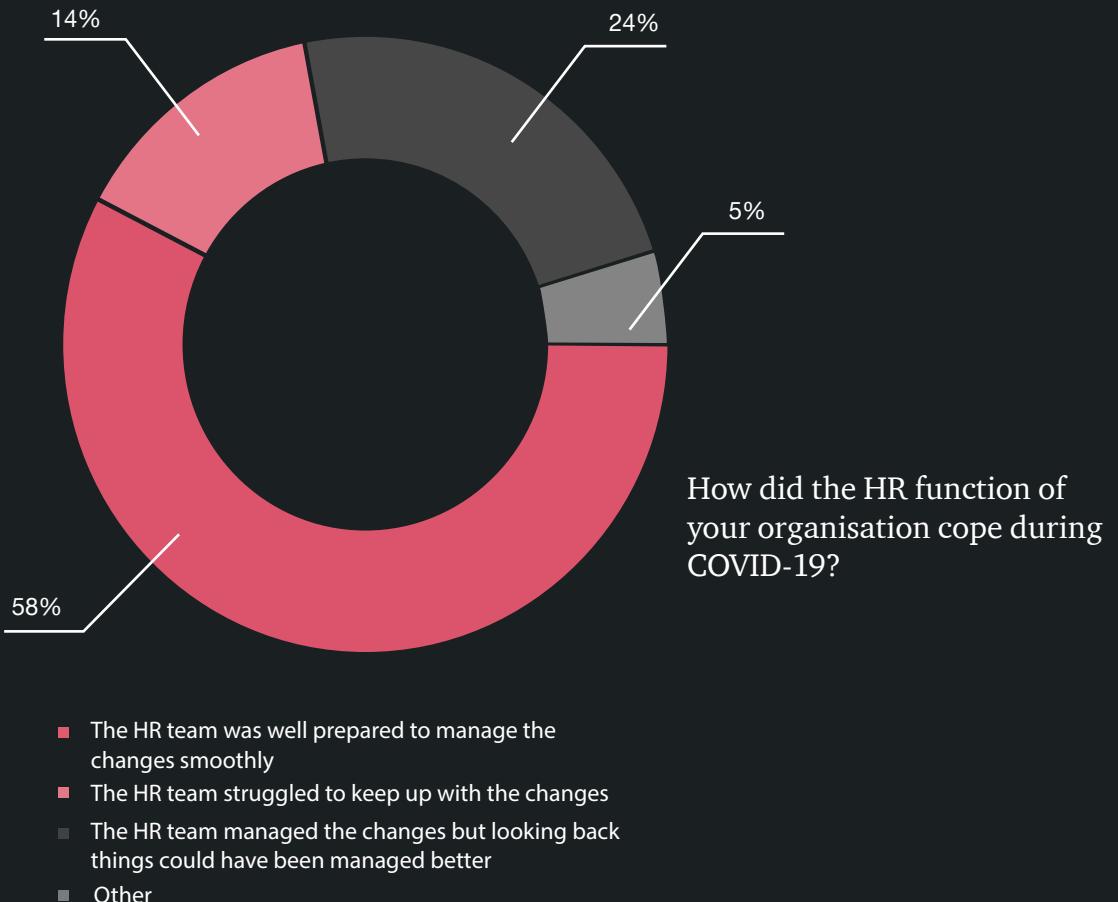
- We were already open to flexible working arrangements including remote working.
- We plan on introducing remote working more permanently.
- Management were previously hesitant about remote working but more convinced of its effectiveness since the crisis began.
- We plan on adopting a hybrid work arrangement in which the workforce balance their time between on-site and off-site.
- No, we prefer to have everyone working on-site.

Impact of COVID-19 on the HR Function

Survey results shed light on the impact of COVID-19 specifically on the HR Function within organisations. 58% of respondents stated that their HR team was well prepared to manage the changes that occurred. This was followed by 24% who believed the HR team managed the changes but upon reviewing their actions felt things could have been managed better and 14% who felt the HR team struggled to keep up with the changes.

Delving further into how equipped HR functions have been in managing the impact of COVID-19 on their workforce we get interesting results. On the whole respondents felt that their HR functions were very equipped when it came to the following elements:

- Data on employees to make contact;
- Digital tools to remain connected;
- Ability to adapt;
- Managing the HR team remotely; and
- Delivering HR services remotely.



Although the most popular responses still indicated that HR functions felt fully equipped in the following areas, the difference between 'very equipped' and 'somewhat equipped' is somewhat narrowed when it came to capabilities of the HR team, adequate HR resources and digitalised HR processes. These could be key areas within HR functions locally to focus efforts on moving forward.

How equipped was your HR function to manage the impact of COVID-19 on your workforce when it comes to the following elements?

- Very equipped
- Somewhat equipped
- Not equipped
- N/A



An Evolving HR Life-cycle

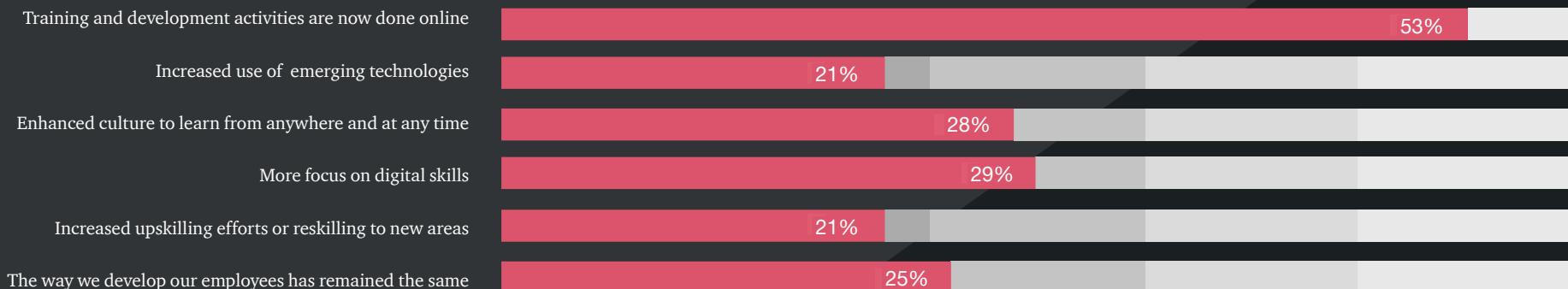
Many functions within HR were altered or frozen during the start of the pandemic. When discussing the way organisations measure performance, 60% of respondents stated that the way performance is measured has changed in some way in light of the pandemic. Findings indicate that performance management changed in the following areas:

- Performance is now more focussed on output;
- Digital skills and readiness to embrace change are given more importance;
- More importance has been given to participation in upskilling initiatives and being proactive in employees' own upskilling;
- Performance is no longer based on visibility at the office.

Such factors all tie in with the change in working practices adopted as a result of the pandemic, particularly the increase in uptake of remote working.

With a focus on the development of employees, 53% said training and development activities are now done online. The areas within development that were least popular amongst respondents were increased upskilling efforts or reskilling to new areas (21%) and increased use of emerging technologies (21%). This is a surprising result given that reskilling employees to work in areas or functions within the business that had higher demand could have been an effective strategy in keeping all employees productive when the workload in other areas of the business decreased.

How has the way you develop employees changed?



Respondents also gave their views on how engagement efforts will change post COVID-19. While some stated that their organisation's engagement efforts will not change, others have noted some needed changes given this new normal. There was a clear trend that engagement efforts need to become more flexible and personalised to the needs of each employee. This movement is in line with the plans of CEOs globally as a recent article³ based on a PwC survey, asking nearly 700 CEOs how their company's business model will change after the pandemic, highlighted plans for organisations to become more digital, flexible and employee focused. There is a clear shift away from one-size-fits-most programmes used by companies, especially when it comes to employee well-being initiatives. This is an area that needs to become more personalised given the unique experiences of the workforce during the pandemic.

Other factors mentioned when asked about how engagement efforts will change amongst local organisations moving forward included emphasis on the importance of constant communication between teams to keep up human interactions. Giving priority to employee wellbeing to keep the workforce engaged even when working remotely was also a common response amongst business and HR leaders. In light of this, some also pointed out that the role of a physical office will also change to become a place of social interaction. This is a global trend as a recent PwC global survey² focused on the future of remote work found that 46% of respondents anticipated that moving forward remote workers will still have access to an office however, will not be required to go in.



“Offices will become more of a social hub to increase teamwork and sense of belonging.”

“Engagement strategies need to be more personalised and organisations need to be even more caring and sensitive to the needs of the people they employ through meaningful recognition, honest communications and inclusive wellbeing.”

“Organisations must have an “agile” engagement strategy in order to fulfill the changing needs of the organisation’s people.”

- HR Pulse Survey Respondents

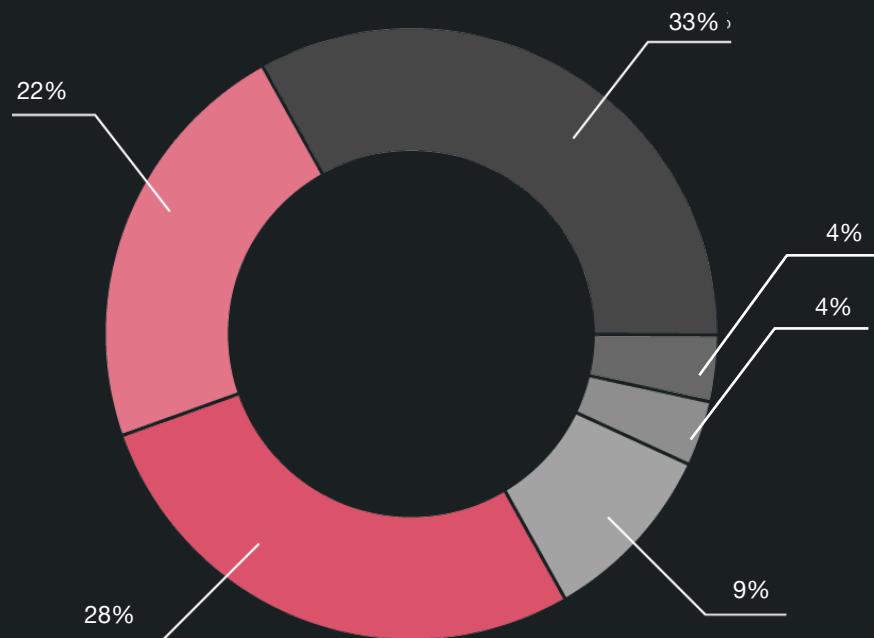


A spotlight on recruitment

Recruitment is an area in the HR life-cycle that has been severely impacted by COVID-19. Not only have recruitment practices had to be adapted to meet health and safety regulations but some organisations even froze recruitment plans all together in light of the uncertainty in the market and cost management initiatives. 53% of respondents stated that at the start of the pandemic all recruitment plans had been stalled. Others had opted to digitalise the recruitment process (32%) given the circumstances. Only 22% of respondents said that recruitment had stayed the same.

When asked how long organisations planned to stall recruitment, 28% had already started to hire again when the survey was taken in the summer months while 22% stated that they were still uncertain as to when they will begin recruiting again. At the time the survey was taken, a further 9% of respondents believed they would start hiring again next year.

If you stalled recruitment plans, how long do you plan to stall recruitment for?



- We will begin hiring in the coming weeks
- We will begin hiring in the coming months
- We will begin hiring next year
- We have already started hiring again
- We are still uncertain on when we will begin hiring again
- N/A - We did not stall recruitment plans

Have organisational priorities shifted?

Many would think that a pandemic impacting economies worldwide would cause a shift in organisational priorities. However, from results obtained locally it appears that the pandemic has not significantly impacted organisational priorities, with many respondents prioritising the same aspects they did prior to COVID-19.

Areas that were priorities before COVID-19 and continue to remain priorities for local organisations included engagement initiatives, organisational growth, upskilling efforts and digital transformation. Other priorities which were brought into the spotlight during the pandemic, such as health and safety, agile workforce and roles as well as cost reduction strategies, seemed to have been a priority for local organisations even before the pandemic.

Factors that were not seen as a priority locally both before and after the pandemic hit included plans to expand offices and efforts to decrease the workforce. Having said this, a result worth noting is that 28% of respondents stated that expanding offices was a priority before the pandemic but now no longer is. Interestingly, when it comes to areas such as increasing the workforce and the creation of new roles, organisations seem to be nearly equally split between those that give such areas priority and those that don't. From results we also see that 26% of respondents said it was a priority to increase the workforce before the pandemic but is currently no longer a priority.

How would you classify the below activities?

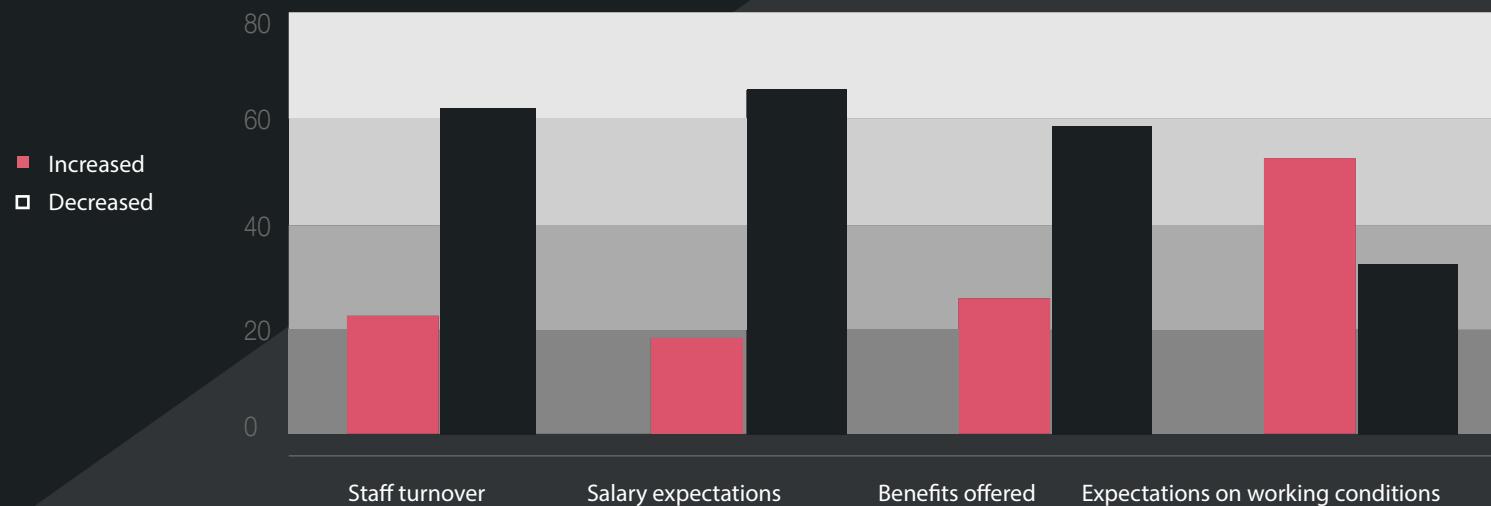


Changes in the Labour Market

The changing dynamics of the local employment market has resulted in a shift worth noting. 61% of respondents believed that the employment market has shifted from an employee's market to an employer's market due to recent events. The remaining 39% believed that the market remains an employee's market. From those that stated that a shift to an employer's market had occurred, 52% thought that this shift was short term and will revert back to an employee's market. Respondents seemed to be split on this matter as the remaining 48% thought it will remain an employers' market in the long term.

Respondents also identify other aspects that have changed in the employment market. The majority believe that salary expectations and benefits offered have decreased as a result of the pandemic. It is also noted that staff turnover has also decreased with many staying put in their current positions in light of the current uncertainty in the market. We do see a shift in the opposite direction with expectations on working conditions believed to have increased. This could be tied to expectations on flexible working, health and safety in the workplace and remote working.

What aspects of the employment market have changed?



Looking Ahead

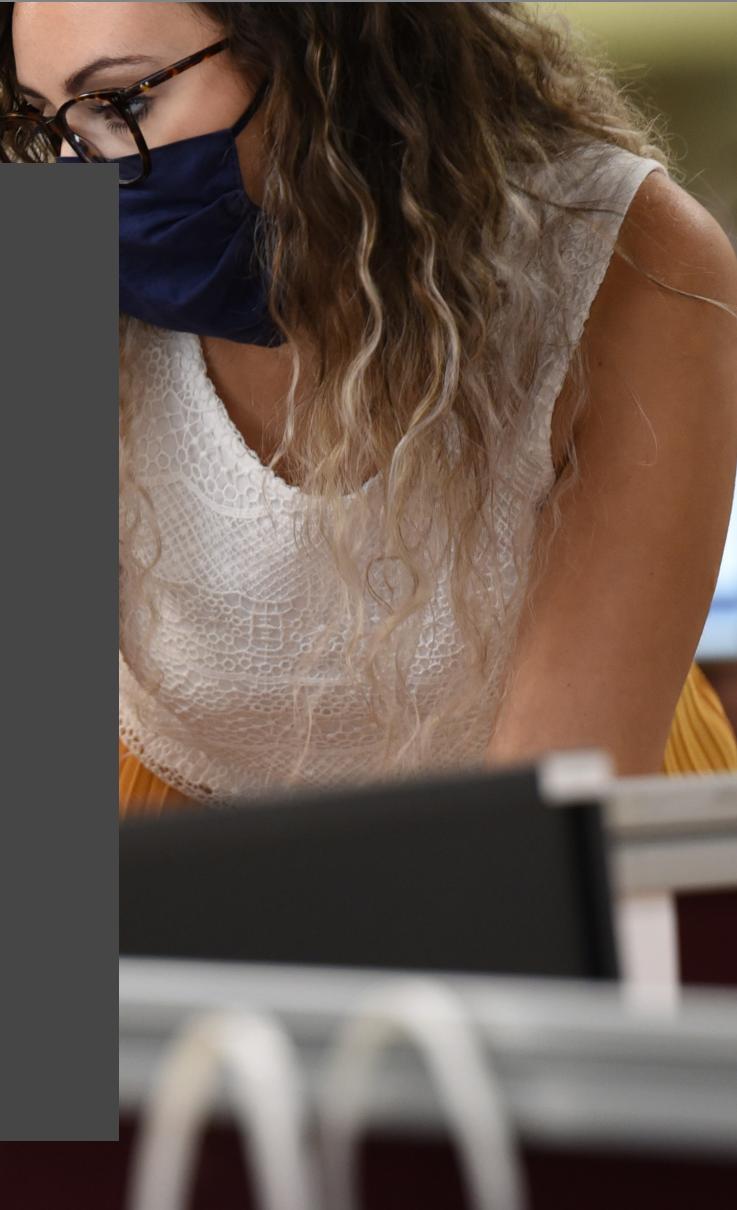
As mentioned earlier, this survey was taken when Malta was opening up again after the first wave of COVID-19 cases. Although the situation has since changed, with a second wave of new cases occurring, responses collected remain relevant as they shed light on priorities organisations are focussing on moving forward.

In fact, we see that amongst the top three concerns of organisations at the time, 81% feared a new wave of COVID-19 infections. The two concerns that followed were negative financial impacts (78%), such as a global recession and decreased consumption, and negative effects on the workforce (62%), such as reduced productivity and increased uncertainty. On the other hand, there were some recognised benefits of the pandemic.

When asked how COVID-19 has improved organisations the top five most popular answers included:

- Introduction of / improved work flexibility (71%)
- More resilient and agile workforce (64%)
- Better communication (55%)
- Increased efforts to manage employee well-being (49%)
- Increased investment in technology and digital transformation (44%)

Upon discussing what organisations were planning to implement going forward, top responses included **greater flexibility in work hours, in that they would move away from a traditional eight-hour work block (47%)** and improve their remote working experience (47%). Other plans included accelerating automation and new ways of working (40%) and making remote working a permanent option for those jobs that allow it (40%).



When looking specifically at changes planned within the HR function we see that top priorities going forward are:

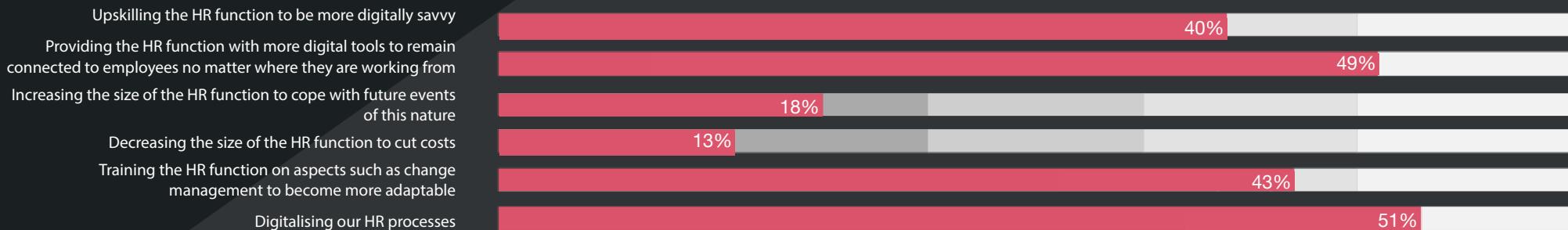
- Digitalising HR processes;
- Providing the HR function with more digital tools to remain connected to employees no matter where they are working from;
- Training the HR function on aspects such as change management to become more adaptable; and
- Upskilling the HR function to be more digitally savvy.

Such changes were already required from HR functions in preparation for the future world of work however, the pandemic has emphasised the urgency of these factors and accelerated progress in these areas.

Local organisations are also planning increased efforts in people areas related to employee well-being going forward. This is also seen globally as a recent PwC Pulse Survey⁴ conducted by PwC US found that 51% of chief human resources officers identified employee anxiety and burnout as a top challenge for their business when delivering on their company's workforce priorities. Popular initiatives local organisations plan to implement in this area include:

- More guidance on managing mental health, stress, well-being and workloads (68%);
- Increased methods to connect with others for emotional support (44%); and
- Increased investment in tools for better and more frequent communication as well as collaboration with management and colleagues (52%).

What changes are you planning to implement in the HR function going forward?



47% of respondents stated that changes are also planned to ensure senior management give more consideration to work-life balance, working hours and other commitments outside work (e.g. childcare, eldercare or other). A common trend is increased efforts to develop a culture in which management trust employees to be productive while working remotely (44%). This could be tied to findings of PwC Malta's remote working study¹ on workers in Malta as employees felt increased efforts in the following elements would enhance their remote working experience:

- More trust from management to be productive while working remotely;
- More consideration by senior management for work-life balance, working hours and other commitments outside work (such as childcare, eldercare or other); and
- The need for a culture that does not overlook remote workers for promotions or professional development opportunities.



Conclusion

The COVID-19 pandemic has put organisations to the test. In many cases, the pandemic has forced organisations to experiment with new ways of working and challenged traditional HR and working practices. This transformative force has accelerated change in some areas of organisations while also highlighting gaps to be addressed if organisations are looking to prosper in the future.

Findings have shed light on how working practices will look in the future, with organisations found to be keen to implement greater flexibility in working hours and to keep an element of remote working in workers' schedules. We also identify increased efforts by local organisations on well-being initiatives and enhancing trust for employees to be productive while working remotely amongst management. The survey has also shown that some HR practices, such as recruitment, performance management and development, have had to be adapted to the current situation. A shift in the employment market was also discussed as the majority of respondents have witnessed a shift from an employee's market to an employer's market due to recent events. Having said this, there is doubt on whether this is a long or short-term shift.

Results depict further upcoming challenges in local organisations. Although some have already started implementing cost reduction measures, such as freezing recruitment and reducing working days for staff, there is a significant concern amongst local organisations of the negative financial impacts of the pandemic. This could indicate further cost reduction initiatives in the future unless support measures are retained or the economy recovers soon. Many organisations may look to reduce people related costs however, organisations must consider the long-term impacts this will have on the organisation's talent management, brand and employee value proposition.

Working practices are undergoing a significant transformation. Organisations will shape the future world of work as they begin to react to the lessons learnt during the pandemic and prepare for an uncertain future.

About the survey

The Malta HR Pulse Survey is a joint annual exercise carried out by PwC Malta and the Foundation for Human Resources Development (FHRD) during the summer months. The initiative aims to gather the thoughts and views of Malta's HR and business leaders on the key HR challenges organisations are facing, as well as priorities for people management in the year ahead.

This year's Survey shed light on how the COVID-19 pandemic has impacted HR functions and the workforce in Malta. The survey also highlights how the HR life cycle is evolving in light of recent events and how organisations are addressing their challenges and preparing for the future. The 2020 HR Pulse Survey had a significant number of participants, with 86 respondents offering valuable insights from a wide-range of organisations of various sizes and industries. The majority of respondents held HR related posts within organisations or filled the roles of CEO or senior management. The key results were presented at the FHRD Virtual Seminar, 'HR 2020 Realigned'.

Endnotes

¹PwC Malta. (2020). The COVID-19 Remote Working Experiment. Available at: <https://www.pwc.com/mt/en/publications/the-COVID19-remote-working-experiment-final4.pdf>

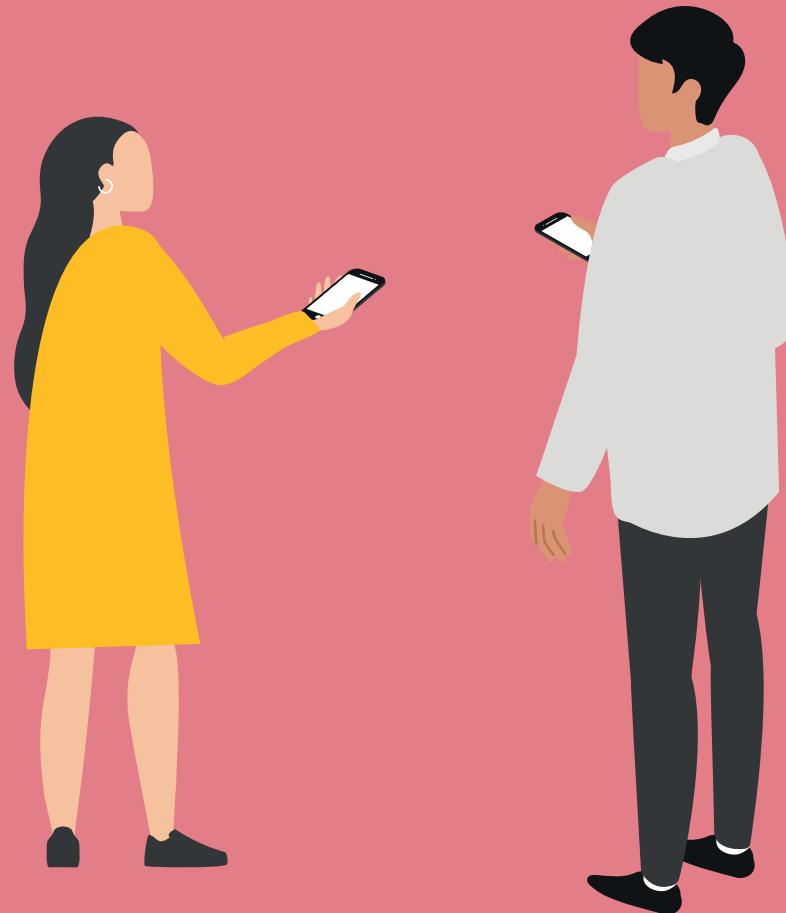
²PwC Global. (2020). The Future of Remote Work 2020. Available at: http://explore.pwc.com/remote?lb_email=

³Sethi, B. and Brown, P. (2020). Why corporate well-being initiatives need to get personal. *Strategy + business*. Available at: https://www.strategy-business.com/article/Why-corporate-well-being-initiatives-need-to-get-personal?gko=b757e&utm_source=itw&utm_medium=itw20200923&utm_campaign=resp

⁴PwC US. (2020). PwC Pulse Survey. Available at: <https://www.pwc.com/us/en/library/chro.html>

Contacts

Please contact us should you wish to discuss any of the areas addressed by the survey or any other HR concerns you may have.



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