

The Reimagined Workplace a Year Later

Human Capital Responses to the COVID-19 Pandemic



Executive Summary

The Conference Board conducted its first survey tracking human capital (HC) responses to COVID-19 in April 2020 during the early stages of the pandemic in the United States. We published “[From Immediate Responses to Planning for the Reimagined Workplace: Human Capital Responses to COVID-19](#)” in May. By the summer of 2020, we realized that the pandemic was not going to be a short-lived crisis and conducted a follow-up survey in September, “[Adapting to the Reimagined Workplace: Human Capital Responses to COVID-19](#),” that was published in October.

To continue our research on the long-term impacts of the pandemic on both the workforce and the workplace, we repeated the online survey in April 2021 with 231 HC executives who represent large companies, for the most part. The accompanying chart book shares the survey findings.

The results of the April 2021 survey suggest that human capital professionals are facing four main challenges in the months ahead:

- 1 Adjusting to a world where a large share of employees primarily work remotely;
- 2 Recruiting qualified workers and retaining existing workers, especially in organizations employing primarily industry and manual services workers;
- 3 Addressing deteriorating employee well-being; and
- 4 Managing the return to the workplace.

Insights for What’s Ahead

Remote work may be the most significant organizational legacy of COVID-19. Our April 2021 survey found that almost 40 percent of organizations expect that a significant portion of their employees, 40 percent or more, will work primarily remotely one year after COVID-19 subsides. In contrast, almost three-quarters of surveyed organizations had fewer than 10 percent primarily remote workers before the pandemic. The results from the April 2021 survey make the prediction of a large shift to remote work much more certain, as many companies see the postpandemic world more clearly than they did in our earlier surveys.

A perception of strong worker performance during the pandemic made many employers willing to shift to more remote work in the future. Sixty percent of surveyed HR leaders self-report that productivity has increased on average in their organization over the last year. The percentage of HR leaders who believe productivity has increased has more than doubled over the past year (59 percent in April 2021 compared to 23 percent in April 2020). A word of caution here: simply because employees who were often confined to their homes during the pandemic worked longer hours in crisis mode, which may have resulted in perceived higher productivity, does not mean that increased productivity should be viewed in solely a positive light. This level of performance is likely unsustainable, and the impact on worker well-being has yet to be fully realized. In addition, it is hard to gauge

which changes in perceived productivity are attributable to the impact of working from home and which are attributable to the impact of operating in an economic crisis, when the sense of urgency around completing tasks is elevated.

However, the perceived increase in productivity appears to have come at a significant cost to employee well-being, despite organizations' efforts to provide support.

Employee well-being has not fared well since the outbreak of the pandemic (e.g., increasing number of employees who are burned out or have sought mental health support, decreasing work-life balance). Deteriorated levels of employee well-being are likely related to increased anxiety and stress resulting from multiple factors (e.g., the global health crisis, the economic crisis, political and racial unrest, the lack of childcare, and/or longer working hours). As some of these situations are resolved or stabilized, organizations will need to continuously monitor their employee well-being because some of the new ways of working (e.g., longer hours, increased use of technology, remote working) may not be sustainable. Surveying employees may help to detect deterioration in the level of employee well-being. Our survey results suggest that organizations that survey their employees about these topics are more likely to report that work-life balance has deteriorated and that the number of employees who say they are burned out has increased since the outbreak of the pandemic than those organizations that do not practice continuous listening.

Both recruitment and retention of qualified workers are becoming very challenging, especially for organizations that hire primarily industry and manual services employees.

Despite a significantly higher willingness to hire remote workers than a year ago, 80 percent of organizations with mostly industry and manual services workers say it is very or somewhat difficult to find qualified industry and manual services workers versus 60 percent of organizations with mostly professional and office workers. Similarly, among employers of mostly industry and manual services workers, 49 percent of respondents say they find it very or somewhat difficult to retain workers versus 28 percent of employers of mostly professional and office workers. These findings are consistent with other labor market measures that indicate historic labor shortages in the US because of a rapid reopening of the economy and a huge increase in the demand for workers—especially for in-person services, where working was restricted due to the pandemic—coupled with pandemic-related labor supply constraints. One potential strategy to ease hiring difficulties in office-related jobs is to expand into new pools of labor by hiring full-time remote workers who live farther away from the office. Fifty-five percent of organizations say they are now willing to hire full-time remote workers if those workers can occasionally commute into the office; a quarter of survey participants are willing to hire full-time remote workers anywhere in the US, while 7 percent are even willing to do this globally.

More than 70 percent of surveyed organizations are planning to reopen the workplace in the next six months (May to October 2021).

Many US organizations are beginning to see a light at the end of the very long COVID-19 tunnel. As such, 72 percent of organizations are planning to reopen in the next six months for their employees who have been remote (22 percent between May and July 2021; 50 percent between August and October 2021), while 10 percent have already returned or never closed. Returning to the office will not happen at the same capacity as before the pandemic, our survey results on remote work suggest, and some employers are letting workers return on a voluntary basis.

Assessing COVID-19 a Year Later

Our first survey on this topic was conducted during the first phase of the pandemic in the US in April and published in May 2020. Our second survey was conducted in September and published in October 2020.¹ A third online survey of 231 HC leaders was conducted between April 5 and April 16, 2021.

In several parts of the report, we compare our April 2020, September 2020, and April 2021 survey results. Please note that the demographics of organizations in all three surveys are similar but not perfectly comparable, such that part of the difference between the outcomes of the three surveys could be a result of the different samples. Responses to some questions were analyzed separately for two types of organizations, defined as:

- **Professional and office workers**, including management, business, financial, and professional occupations that generally require at least a bachelor's degree, as well as jobs that require less education, such as sales, office, and administrative support occupations.
- **Industry and manual services workers**, including construction, extraction, farming, installation, maintenance, repair, production, transportation, and material moving occupations, as well as manual services such as health care support, protective service, food preparation and serving, building and grounds cleaning, and personal care and service occupations.

Survey Demographics

Organizations' workforce		Total US revenue in FY 2020	
Mostly professional and office workers	64%	Less than \$100 million	15%
Mostly industry and manual services workers	32%	\$100 million to less than \$1 billion	13%
Equal share industry and professional workers	3%	\$1 billion to less than \$5 billion	23%
Primary industry in the US		\$5 billion to less than \$10 billion	10%
Business, finance, and related professional services	24%	\$10 billion to less than \$20 billion	16%
Information, publishing, and telecommunications	17%	\$20 billion to less than \$40 billion	9%
Manufacturing	16%	More than \$40 billion	13%
Construction, energy, utilities, and transportation	14%	Not available	2%
Health care and pharmaceutical	14%	Respondents' level within the organization	
Government, education, and non-profit	8%	CEO	2%
Retail, wholesale, travel, and entertainment	6%	Corporate Executive or CxO	16%
US headcount (full-time equivalent employees)		Senior Vice President or GM	10%
Less than 1,000	18%	Vice President	37%
1,000 to less than 5,000	24%	Senior Manager	21%
5,000 to less than 25,000	28%	Manager	10%
25,000 to less than 50,000	12%	Individual Contributor	4%
More than 50,000	16%		
Not available	3%		

Note: Survey demographics may not add up to 100% due to rounding.

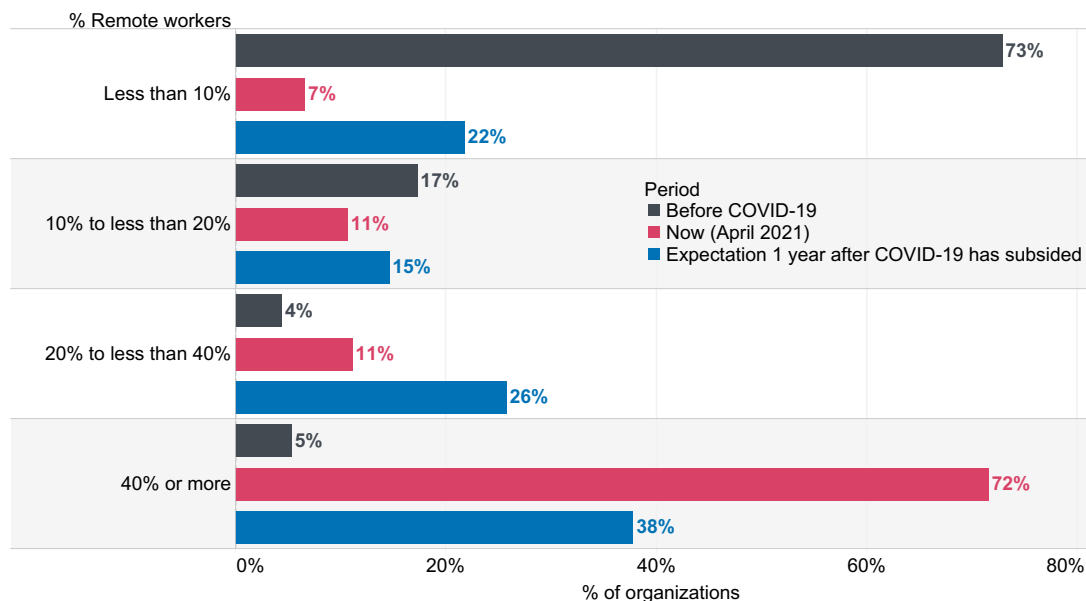
¹ Frank Steemers, Robin Erickson, Amanda Popiela, and Gad Levanon, "From Immediate Responses to Planning for the Reimagined Workplace: Human Capital Responses to COVID-19," The Conference Board, May 2020; Steemers et al., "Adapting to the Reimagined Workplace: Human Capital Responses to COVID-19," The Conference Board, October 2020.

Remote Work, Productivity, and Well-Being

Just over one-third of respondents expect that 40 percent or more of their employees will work primarily remotely 12 months postpandemic

Chart 1

What percent of your US full-time employees are working primarily virtually/remotely (at least three days a week)?



n=225

Source: The Conference Board

Thirty-eight percent of organizations expect that a significant portion of their employees, 40 percent or more, will work primarily remotely one year after COVID-19 subsides. This figure has doubled since our April 2020 survey, when only 19 percent of respondents expected the same. In addition, more than three-quarters of respondents expect 10 percent or more of their workforce to be primarily remote post-COVID-19.

The results from the April 2021 survey make the prediction of a large shift to remote work much more certain, as many companies see the postpandemic world more clearly than they did in our earlier surveys.² A large permanent shift to remote work will also come with new challenges for leaders such as managing virtual teams and virtual employee engagement.³

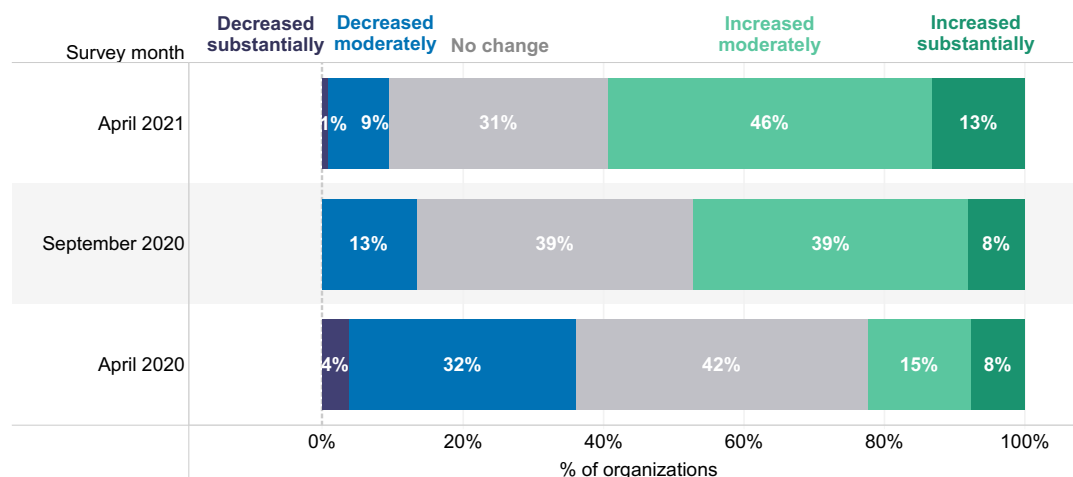
2 For more insights on remote work and labor markets, see: Gad Levanon, Elizabeth Crofoot, and Frank Steemers, "COVID-19's Biggest Legacy: Remote Work and Its Implications for the Postpandemic Labor Market in the US," The Conference Board, March 2021.

3 For more information on remote work and human resources, see: The Human Capital Research Team, "A Human Capital-Focused Guide to Remote Work," The Conference Board, January 2021.

Perceived productivity among surveyed organizations has been increasing since April 2020

Chart 2

Since the COVID-19 outbreak, how has the productivity of your US employees changed, on average? (April 2020, September 2020, and April 2021 results)



n=221 for the April 2021 survey, 299 for the September 2020 survey, 130 for the April 2020 survey

Note: Percentages may not add up to 100 due to rounding.

Source: The Conference Board

Self-reported estimates of organizational productivity have more than doubled in the last year. In April 2021, 59 percent of surveyed organizations believe their productivity has increased since the pandemic, compared to 47 percent in September 2021 and only 23 percent in April 2020 at the beginning of the pandemic.

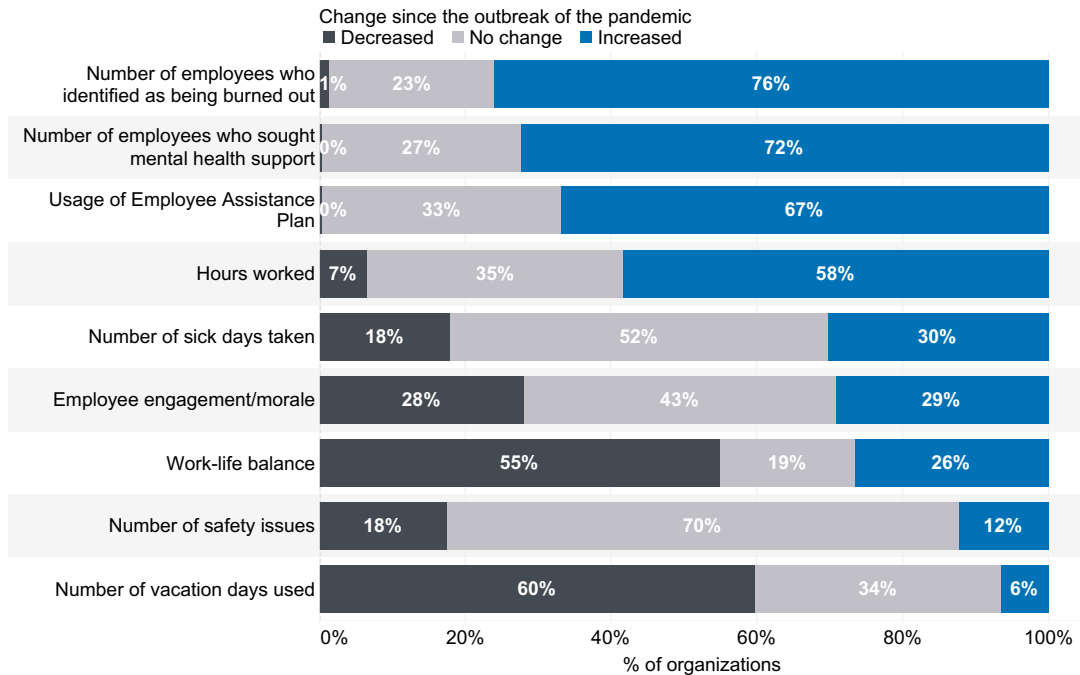
A word of caution here: simply because employees who were often confined to their homes during the pandemic worked longer hours in crisis mode, which may have resulted in perceived higher productivity, does not mean that increased productivity should be viewed in solely a positive light. This level of performance is likely unsustainable, and the impact on worker well-being has yet to be fully realized. In addition, it is hard to gauge which changes in perceived productivity in 2020 are attributable to the impact of working from home and which are attributable to the impact of operating in an economic crisis. Therefore, the debate about the impact of work from home on productivity is still largely unsettled and requires more research. For example, a different perspective comes from the March 5-7, 2021, Harris Poll, which shows that 55 percent of full-time US adult employees strongly or somewhat agree that they are more productive working remotely, a decline of 11 percent from their October 2020 survey.⁴

⁴ Harris Polls, [March 5-7, 2021](#) (n=1,212 full-time employed US adults), p. 26; [October 22-24, 2020](#) (n=965 full-time employed US adults), p. 56.

However, higher perceived productivity appears to have come at a significant cost to employee well-being

Chart 3

Since the outbreak of the pandemic, on average, how have the following areas shifted for your employees?



n=211-228

Note: Percentages may not add up to 100 due to rounding and the number of responses ranges slightly as some respondents did not always select a response option.

Source: The Conference Board

Employee well-being has not fared well since the outbreak of the pandemic, especially since the number of burned-out employees increased, the number of employees seeking support for mental health increased, usage of Employee Assistance Plan increased, the number of vacation days used decreased, work-life balance decreased, and the number of hours worked increased.

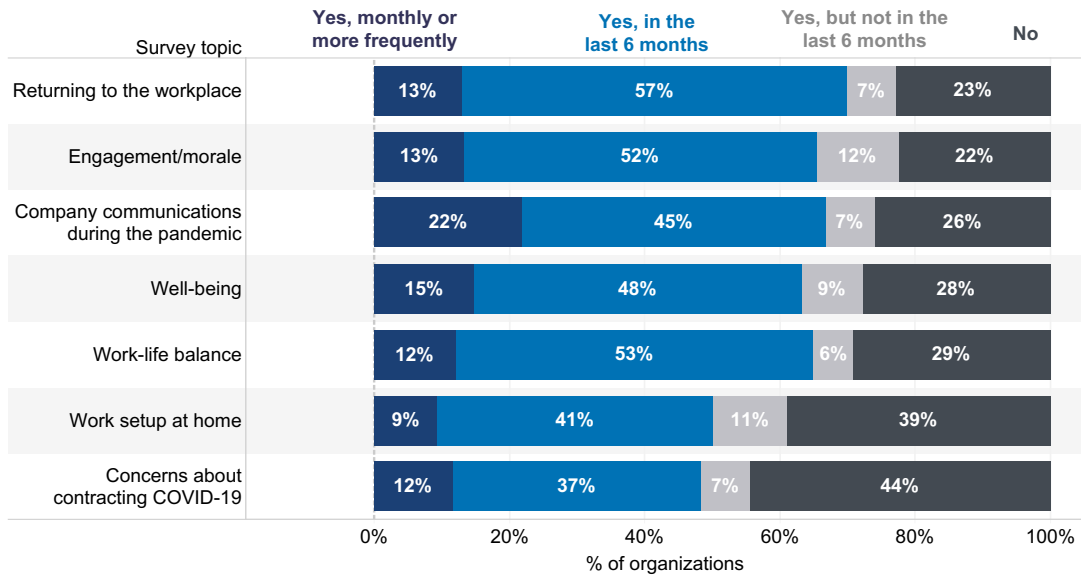
These negative results are most likely related to increased anxiety and stress resulting from many factors: the global health crisis, the economic crisis, political and racial unrest, the lack of childcare, and/or longer working hours. As organizations make long-term decisions about a future with more remote work, they should consider the effects on employee experience and holistic well-being, as some of the new ways of working may not be sustainable.⁵ The need to address employee experience is growing; a larger share of organizations report an increased number of employees who identified as being burned out (from 42 percent in September 2020 to 76 percent in April 2021) and that work-life balance has decreased (from 46 percent in September 2020 to 55 percent in April 2021).

5 For more information, see Robin Erickson, Barbara Lombardo, Amy Ye, and Vivian Jaworsky, "Reshaping Employee Experience and Organizational Culture: Lessons from the Tumultuous Events of 2020-21," The Conference Board, forthcoming June 2021; Laura Sabattini and Rebecca Ray, "Holistic Well-Being @Work," The Conference Board, forthcoming June 2021.

Most organizations have surveyed employees in the last six months or more frequently about multiple issues pertaining to their employee experience during the pandemic

Chart 4

Since the outbreak of the pandemic, have you surveyed your employees regarding the following issues?



n=223

Note: Percentages may not add up to 100 due to rounding.

Source: The Conference Board

Depending on the topic, 9 to 22 percent of companies demonstrated continuous listening by surveying employees monthly or more frequently.⁶

The recent COVID-19 global pandemic has made the alignment between survey topics and organizational strategy more important than ever because it has forced many organizations to rethink and repurpose their employee listening efforts. In another analysis, we found that 18 percent more organizations identified increased burnout when they surveyed employees about the topic than those that did not survey, 22 percent more identified increased hours worked, 23 percent more identified decreased work-life balance, and 22 percent fewer identified decreased employee engagement/morale.

⁶ For more information on continuous listening, see [the three-part series of 2019-2020 reports](#) by Robin Erickson, Laura Stevens, Lou Salome-Cohen, Marion Devine, Elien Leirman, and Amy Ye.

Recruitment and Retention

Finding qualified workers is a growing challenge for most surveyed organizations, especially those employing mostly industry and manual services workers

Chart 5

In general, how difficult is it for your organization to find qualified workers?



n=135 organizations with mostly professional and office workers; 69 organizations with mostly industry and manual services workers

Note: Organizations not hiring were excluded from the analysis.

Source: The Conference Board

Organizations report growing difficulty finding qualified talent, especially employers with mostly industry and manual services workers. Before and during the first year of the pandemic, respectively 74 and 72 percent reported hiring difficulties, while in April 2021, this increased to 80 percent. Most remarkable is the growing share of organizations that find it very difficult to find qualified industry and manual services workers.

While most of the surveyed organizations report difficulty finding talent, the difficulty retaining workers is also rising, as Chart 6 shows.

Retaining workers is also becoming more difficult, especially for organizations employing mostly industry and manual services workers

Chart 6

In general, how difficult is it for your organization to retain workers?



n=144 organizations with mostly professional and office workers; 73 organizations with mostly industry and manual services workers

Source: The Conference Board

These survey results are in line with other evidence of retention difficulties in the US labor market, despite the still high unemployment rate of 6.1 percent in April 2021. According to an April 2021 survey,⁷ 44 percent of firms say they have job openings they are unable to fill right now, the highest rate in the 47-year history of the survey. The voluntary quits rate, which is at a historic high, also suggests that employers are having trouble retaining workers.⁸ Why?

It is a story of both demand and supply. Usually, business formations and expansions grow gradually during periods of economic growth. But now, as much of the economy reopens at the same time, demand for workers is at a record high. Combine that demand surge with lingering labor supply problems, and historic recruiting difficulties ensue. On the supply side, many working-age adults may avoid entering the workforce because of factors that include the fear of getting infected, the need to take care of young children at home, and high federal unemployment benefits that may reduce the incentive to find work. The current labor shortages are leading to a significant acceleration in wages, especially for manual services workers and in the leisure and hospitality sector.

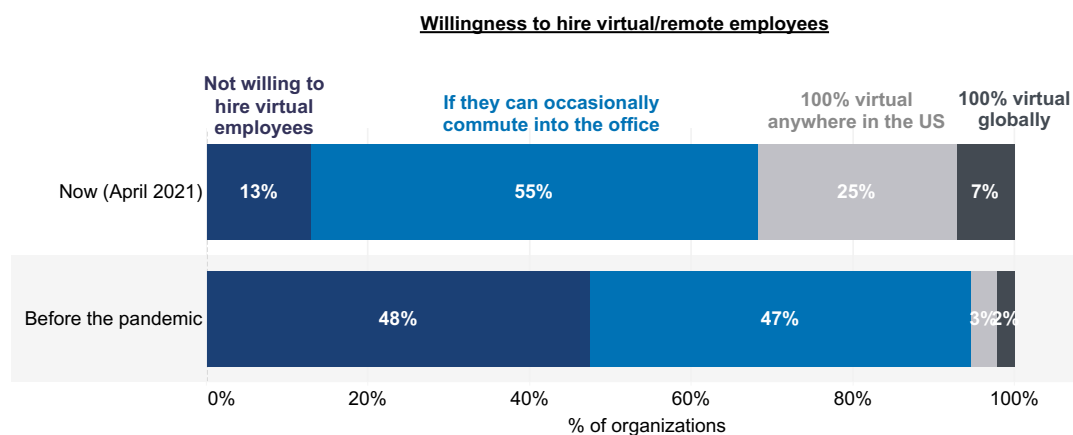
⁷ National Federation of Independent Business, "Small Business Job Openings Continue at a Record High Level in April," May 6, 2021 release.

⁸ US Bureau of Labor Statistics, "Job Openings and Labor Turnover Survey," May 11, 2021 release.

Before the pandemic, almost half of organizations were not willing to hire full-time employees who work predominantly remotely, but now 87 percent are willing to hire remote employees in some form

Chart 7

In general, how willing is your US operation to hire full-time employees who work predominantly virtually/remotely?



n=223

Source: The Conference Board

One potential solution to hiring difficulties is to expand recruitment efforts to workers who work predominantly remotely. While before the pandemic about half of the respondent employers were not willing to hire virtual employees, now 87 percent are willing. The majority (55 percent) still prefer remote employees who can occasionally commute into the office, and this result foreshadows the hybrid model of remote work that more companies are leaning toward.

A quarter of survey participants are willing to hire full-time remote workers anywhere in the US, while 7 percent are even willing to do this globally. This outcome shows that some employers may want to benefit from a larger hiring pool and possibly lower labor costs by hiring people in less expensive domestic or even offshore locations. In a separate survey question, just under half of surveyed organizations report that they differentiate pay based on local cost of living or prevailing salaries in the US. Similarly, in another survey question, 52 percent of organizations find that taxes are a consideration in their US remote work policy. Perhaps more US companies would consider a 100 percent virtual workforce if there were no tax considerations involved. The growing willingness to hire remote workers is likely to lead to many households moving farther away from city centers to larger and cheaper housing markets.⁹

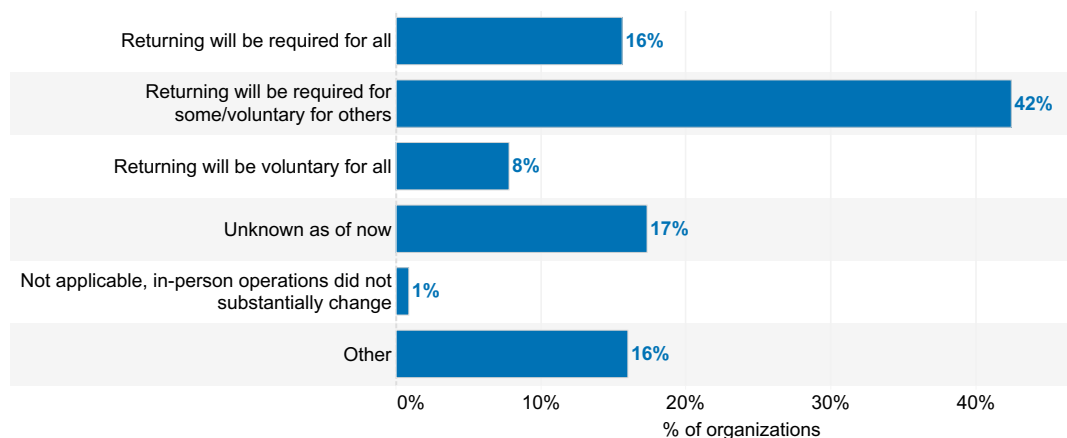
9 Gad Levanon, "The City Center Recession—And the Resilience of Suburban America," *Forbes*, October 2020.

Plans for Returning to the Workplace

Just over 40 percent of surveyed organizations expect that returning to the workplace will be required for some employees and voluntary for others

Chart 8

For employees who worked virtually/remotely during the pandemic, do you have a plan for how they can return to the office or work site?



n=231

Source: The Conference Board

Asked about their plans for returning to the workplace, 42 percent of April 2021 respondents expect their organization will sponsor a hybrid workforce where returning will be required for some and voluntary for others. Only 8 percent of surveyed organizations say that returning to the workplace will be voluntary for all, despite growing concern by employees who have been remote and do not want to return to the office.

In other survey questions, 72 percent of surveyed organizations report that their employees who have been remote will be able to return to the workplace within six months (22 percent between May and July 2021; 50 percent between August and October 2021), while 10 percent have already returned or never closed. Not all employees will be returning to the office for the same number of days as before the pandemic, as our survey results on remote work suggest. The majority of respondents are strongly encouraging their workers to be vaccinated (67 percent) or are offering incentives (12 percent). According to our survey, popular vaccine incentives include paid time off to get the vaccine both times, additional PTO, wellness program points, or a \$100-\$200 monetary gift.

If they have not already done so, organizations should invest the time and money in teaching their leaders how to successfully manage remote teams.

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Related Resources from The Conference Board

[Adapting to the Reimagined Workplace: Human Capital Responses to COVID-19](#)

[From Immediate Responses to Planning for the Reimagined Workplace: Human Capital Responses to COVID-19](#)

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