business responses to the COVID-19 outbreak

survey findings
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Introduction

With headlines repeating the warnings about the spread of the novel coronavirus (COVID-19) and its potential effects, companies need guidance on how best to address the situation with regards to their employees — whether expatriates or local employees in an affected location or business travelers who visit such places.

COVID-19 was first reported on December 31, 2019 in Wuhan, the capital city of China’s Hubei province. With person-to-person transmission, reported cases grew exponentially — as of February 26, 2020, the World Health Organization (WHO) reported more than 80,000 confirmed cases, of which approximately 2,500 are outside of China. Exposure to the disease onset ranges from 2 to 14 days. Symptoms are similar to a cold or flu — fever, cough, and shortness of breath. Complications include pneumonia, respiratory distress, and kidney failure. At time of publication, no vaccine or anti-viral exist.

To combat and contain the spread of the disease, on January 22, 2020 Chinese authorities asked the public to avoid all nonessential travel to and from Wuhan. On January 30, the WHO issued a Public Health Emergency of International Concern (PHEIC) creating a ripple effect across governments. In early February 2020, the United States, Australia, New Zealand, Russia, Japan, Pakistan, and Italy all closed their borders to foreign nationals having traveled to mainland China.

Mercer conducted a global spot survey to capture and share business responses taken as a result of the COVID-19 outbreak. Data were collected between February 6 and February 18; over 300 companies from 37 countries provided their perspective. Report sections include the status of COVID-19 planning, expatriate-specific and business-traveler concerns and issues, as well as details on post-travel quarantine or self-imposed isolation procedures.

Participants in Mercer’s recent survey on the business responses to the COVID-19 outbreak indicate that, despite the media reports and concern, companies, in general, are not panicking. Although they are taking a wait and see attitude, many approach the situation with practical action of providing face masks and hand sanitizer in the workplace and providing greater flexibility to work remotely in affected locations. The overall message appears to be: stay informed, protect and minimize exposure, and take precautions.

Specifically, what are companies doing?

Despite the media reports and concern, companies, in general, are not panicking. Although they are taking a wait and see attitude.

- Monitoring the situation to determine the global need to work remotely (33%).
- Closing offices and plants in China (58%), some with a specific date (42%) most notably until February 10, 2020. February 17, 19, 28, and March 2, 4 also noted.
- Curtailing or postponing nonessential travel to countries where there are confirmed cases of COVID-19 (72%). Further, some of banning all travel to China (38%) and a few (18%) have recalled travelers from China with little difficulty (91%).
- Arranging for greater flexibility to work from home (58%).
- Requesting self-quarantine of 14 days for staff that recently traveled to mainland China (58%). Others (43%) have instituted a mandatory self-quarantine. Half of companies requiring a screening — medical exam (37%) or questionnaire completion (10%).
- Providing hand sanitizer (68%) and masks (48%) in the workplace.
- Monitoring the situation relating to the evacuation of expatriates (48%).
- Are not ending expatriate assignments (96%).
- Are not making changes to setting long-term compensation goals (77%), or to in-progress long-term incentive compensation awards (84%).
Where should we start?

Your workforce comes first. When outbreaks such as COVID-19 occur — think fast — but don’t always react fast.

Protect. Evaluate. Prevent.

#Gather information from World Health Organization, government entities. Speak to local offices, security, human resources. Seek situation reports from the ground. Fact check the news.

#Treat your workforce equally. While expatriates could be evacuated to their home-country; local employees need to remain. Consider the impact.

#Communicate frequently.

#Listen. What are your employees asking for? Why are they concerned?

#Review your Business Continuity Plan (BCP). Is it up-to-date?

#Provide protection or prevention supplies.

#Follow government guidelines.
What to know before you evacuate your expatriates...

Company decision to evacuate

- Evacuated expatriates and their families are typically sent to the home-country — which may or may not count as home leave.
- Allowances are continued, but may vary in length of evacuation.
- Airfare, accommodations, and local transportation for both the expatriate and family are typically covered.
- Length of evacuation is handled on a case-by-case basis, ensuring it is deemed safe to return.

Expatriate decision to evacuate

- Expatriates are allowed to leave; expenses are typically paid but are also handled on a case-by-case basis.
- Expatriate allowances are more often suspended in this situation.
- Time away from assignment counted as home leave, emergency leave or vacation — often determined on a case-by-case basis.

Staying put

- Expatriates expected to work from home in affected locations; business as usual in unaffected areas.
- Instructed to stay in close contact with local human resources and security officers and business continuity teams.
- Advised to follow the World Health Organization (WHO) and Centers for Diseases Control and Prevention (CDC) on a daily basis as well as home-country consulates for expatriate-specific updates.
- Follow the same instructions as local employees, wearing masks, and washing hands often.
Spotlight on China

In early February, Mercer China conducted a quick survey on the impact of the novel coronavirus outbreak on HR; 516 responses were received.

- The majority of companies allow remote working for all employees, most often at normal pay.
- For those employees that are unable to work for longer than one month due to the outbreak, the majority will reduce salary but not to less than 80% of full pay.
- Emergency, security, and executive units may return to work earlier than other units.
- Typical arrangements companies have made in response to the COVID-19 outbreak focus on health and safety in the workplace.
- Travel subsidies continue to be normal during the delayed work resumption.
- In Beijing, companies are allowing for one parent to work from home at full pay to care for their child.
- Most companies are experiencing at least an elevated impact on HR teams and duties, most notably to recruitment activities.

- Specific recruitment activities impacted include recruitment time and method to be more remote-based.
- Three-quarters of companies have evidenced an elevated impact to compensation and benefits, most notably to workers and sales job categories. Units most affected include HR and admin, marketing and sales, manufacturing, and supply chain.
- Employees are most often requesting clean office and safe dining environments and a stable salary payment.
- The majority of companies are not providing a subsidy to infected employees.
- Companies have not repatriated assignees and for the most part are watching the situation.
**Spotlight on Hong Kong**

From February 4 to 13, 2020, Mercer Hong Kong conducted a spot poll regarding the arrangements and resources for colleagues potentially impacted by the coronavirus outbreak. A total of 302 responses were received, 128 of which have frontline employees.

- Typical arrangements companies have made in response to the COVID-19 outbreak focus on health and safety in the workplace.
- Work from home arrangements have been implemented widely, and are usually applied on a discretionary basis.
- Work from home decisions typically proposed and formed by regular management committee member special meetings; frequently following a government press release. Many may also monitor the situation closely and implement prior to a government press release.
- The majority of companies have yet to determine how they will adjust frontline employee compensation while one-quarter will keep targets the same and less than 20% will reduce. The retail and wholesale industry is the most likely to reduce targets.
- Companies have not provided additional monetary support to frontline employees. Download the report.

**Spotlight on Singapore**

From February 12 to 18, 2020, Mercer Singapore conducted a pulse survey on the business responses to the coronavirus outbreak in Singapore; 260 responses were received.

- Over half of the respondents have a business continuity/pandemic readiness plan, and have started to implement it.
- Only a few offices or plants in Singapore have been closed as a result of the COVID-19 outbreak.
- In the event of an office closure, the majority of companies allow employees to work from home, if available.
- Typical arrangements companies have made in response to the COVID-19 outbreak focus on health and safety in the workplace.
- Work from home arrangements have been implemented widely, and are usually applied on a discretionary basis.
- There is little impact on reward budgets, with the exception of frontline staff — where employers plan to protect employees’ pay.
- Companies are restricting travel to minimize exposure to COVID-19.
- Quarantine or self-imposed isolation following travel to locations with confirmed cases of the COVID-19 is common, even if no sign of symptoms.
- Employers closely follow the government quarantine standards. Medical screening upon return to work is not required by half of the respondents.
- During quarantine and self-imposed isolation, employees tend to continue to work remotely at full pay.
- Medical and travel insurance policies are being reviewed widely; very few companies evacuated expatriate employees. Download the report.
Globally, businesses are concerned

Not only are companies concerned because they employ a large numbers of Chinese employees, half of the respondents are anticipating an economic impact due to disruptions in the normal course of business. Further, many fear a serious impact if a large proportion of their workforce is ill.

"We have a general concern about the health and welfare of our employees."

While few of the participants classified themselves as pioneers in their reaction during the COVID-19 outbreak; more than half believe they are early followers — actively collecting external information and reacting promptly with little or no ambiguity for the employees.

Almost half of respondents have a Business Continuity Plan (BCP), of which just over one-third have begun implementing the plan in China.

How concerned are companies about the COVID-19 epidemic?
We employ a large number of employees globally. We employ a large number of local employees in China. We have a significant expatriate population in China. We will be seriously impacted if a large proportion of the workforce is ill, regardless of location. We are anticipating an economic impact due to disruptions in the normal course of business. Other.

Why are companies concerned?

- 38.0% We employ a large number of employees globally
- 36.8% We employ a large number of local employees in China
- 10.9% We have a significant expatriate population in China
- 50.8% We will be seriously impacted if a large proportion of the workforce is ill, regardless of location
- 49.6% We are anticipating an economic impact due to disruptions in the normal course of business
- 20.3% Other

N=266

How do companies describe their reaction during this COVID-19 outbreak?

- 11.2% Pioneer — acts proactively and makes timely decisions to address the situation ahead of time
- 55.8% Early follower — actively collects external information and reacts promptly with little to no ambiguity for the employees
- 25.1% Late follower — relies heavily on external information which may result in a time-lag in decision making and some uncertainties for the employees
- 7.9% Lone ranger — imposes very little change

N=303
Have companies closed any offices or plants in China or Hong Kong as a result of the COVID-19 epidemic?

- Yes, until a specific date: 41.7%
- Yes, with no specific end date: 16.7%
- No, but are monitoring closely: 34.4%
- No, we do not have plans to close: 7.3%

In the event of an office closure, how do companies handle local employee working time?

- Work from home, if available to employee: 92.2%
- Work is halted, compensation continues for select employees: 11.0%
- Work is halted, compensation continues for all employees: 20.8%
- Work and compensation are both halted: 2.9%
- Other: 6.2%
### Status of COVID-19 planning

**Have companies encouraged employees to work remotely to minimize exposure to the COVID-19?**

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, globally</td>
<td>7.1%</td>
</tr>
<tr>
<td>Yes, across the Asian region</td>
<td>7.5%</td>
</tr>
<tr>
<td>Yes, only in China</td>
<td>18.5%</td>
</tr>
<tr>
<td>Yes, in China and directly neighboring countries of China</td>
<td>9.1%</td>
</tr>
<tr>
<td>Not yet, but monitoring the situation</td>
<td>32.8%</td>
</tr>
<tr>
<td>No</td>
<td>14.0%</td>
</tr>
<tr>
<td>Other</td>
<td>11.0%</td>
</tr>
</tbody>
</table>

**Do companies have a business continuity plan or pandemic preparedness plan in place to handle global outbreaks of pandemics?**

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, and have begun implementing the plan in China</td>
<td>17.9%</td>
</tr>
<tr>
<td>Yes, but have not yet implemented the plan</td>
<td>31.1%</td>
</tr>
<tr>
<td>No, but we are in the process of developing a plan</td>
<td>23.8%</td>
</tr>
<tr>
<td>No</td>
<td>27.2%</td>
</tr>
</tbody>
</table>

**What is a Business Continuity Plan (BCP)?**
- Ensures continuity in the event of a disaster
- Enables ongoing operations
- Outlines procedures and instructions to follow in the face of a disaster; whether it is a natural disaster such as an earthquake or hurricane; a fire; a cyber-attack or a medical epidemic.
What arrangements have companies made in response to the COVID-19 outbreak?

- Provided masks in the workplace: 48.0%
- Provided hand sanitizer in workplace: 68.0%
- Arranged for temperatures to be checked: 29.5%
- Arranged for greater flexibility to work from home: 58.0%
- Arranged special flexible working hours (i.e., reduced operating hours): 17.4%
- Requested self-quarantine for the staff who have traveled to mainland China recently: 57.7%
- Postponed nonessential travel to countries where there are confirmed cases of the COVID-19: 71.9%
- Implemented a shift schedule to rotate staff for working hours: 8.5%
- Offered unpaid leave application for employees to suspend working: 3.9%
- Addressed employee psychological stress: 16.4%
- Conducted internal survey to understand employees' conditions and to collect feedback: 10.7%
- Other: 17.4%

N=281
Status of COVID-19 planning

Related to setting goals for your 2020 incentive compensation plans, what if anything is your company considering doing in reaction to the impact of the COVID-19 on business results? Select all that apply.

- Lowering threshold or target goals: 2.0%
- Changing or adding performance metrics: 3.4%
- Isolating China business and providing for automatic adjustment for the impact of the virus: 4.4%
- Allowing for discretionary adjustments at the end of the performance period: 10.5%
- None of the above: 76.9%
- Other: 8.5%

N=294

Related to in-progress long-term incentive compensation awards, what if anything is your company considering doing in reaction to the impact of the COVID-19? Select all that apply.

- Lowering threshold or target goals: 2.0%
- Making discretionary adjustments at the end of the performance period: 9.9%
- None of the above: 83.6%
- Other: 5.8%

N=293
The impact to expats

Less than 20% of participants have evacuated expatriates from affected locations in China, with the majority continuously monitoring the situation. In a few rare cases, expatriate assignments have been ended specifically as a result of the COVID-19 outbreak. For the most part, companies continue to monitor the situation, allowing their expatriates to leave if requested. In such cases time away from the assignment is most often handled as emergency or home leave.

Does your company have expatriate employees?

- Yes, but none in China: 43.7%
- Yes, including some in China: 34.7%
- No: 21.5%

N=311
Expatriate-specific concerns and issues

How do companies determine when to evacuate an assignee and their family?

- World Health Organization (WHO) travel advisory: 77.4%
- Centers for Disease Control (CDC) travel notices: 43.4%
- EU Health Commissioner travel recommendations: 31.1%
- Federal Government travel notices or advisories: 50.9%
- Other government travel notices or advisories: 42.5%
- International evacuation companies (e.g., International SOS): 53.8%
- Reports of human-to-human transmission in a location: 11.3%
- Reports of deaths associated with human-to-human transmission in a location: 6.6%
- Other: 22.6%

N=106
Expatriate-specific concerns and issues

Have companies evacuated expatriates and their families from any of the affected locations?

Yes, expatriates and families have been or are in the process of being evacuated from all locations in China and Hong Kong - 48.0%
Yes, expatriates and families have been or are in the process of being evacuated from all globally affected locations - 11.0%
Yes, but only families have been evacuated - 0.6%
No plans to evacuate - 17.3%
Other - 15.0%
No, monitoring the situation - 4.6%

N=173

Most companies that have evacuated expats and their families have not encountered issues in securing transportation away from the affected locations.
Expatriate-specific concerns and issues

In the event of an evacuation...

- Evacuated expatriates and their families are typically sent to the home-country — which may or may not count as home leave.
- Allowances are continued, but may vary in length of evacuation.
- Airfare, accommodations, and local transportation for both the expatriate and family are typically covered.
- Length of evacuation is handled on a case-by-case basis, ensuring it is deemed safe to return.

If an evacuation is implemented, where will companies move expatriates and their families?

- Neighboring countries: 3.4%
- Home-country, counted as home leave: 22.1%
- Home-country, not counted as home leave: 58.4%
- Other: 16.1%

If an evacuation is implemented, will expatriate-related allowances continue?

- Yes, all allowances are continued without interruption: 43.2%
- Yes, some allowances are continued, while others are suspended: 4.7%
- Yes, but varies based on length of evacuation: 15.5%
- No, all allowances are suspended for the period of evacuation: 15.5%
- Other: 20.9%
If an evacuation is implemented, what expenses are typically covered?

- **Airfare**: 76.8% for assignee, 74.3% for family
- **Accommodations**: 54.3% for assignee, 51.4% for family
- **Local transportation (e.g., car rental, public transportation)**: 47.0% for assignee, 39.9% for family
- **Meals**: 25.2% for assignee, 18.9% for family
- **Miscellaneous**: 9.3% for assignee, 8.1% for family
- **All expenses covered in a per diem**: 17.9% for assignee, 14.2% for family
- **Other**: 17.9% for assignee, 21.6% for family

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Expatriate-specific concerns and issues

If an evacuation is implemented, when will the assignee return to their host location?

- Once the epidemic/pandemic alerts have ended: 6.1%
- Once it is deemed safe to return: 48.6%
- Handled on a case-by-case basis: 45.3%

Have companies ended any China-based expatriate assignments specifically as a result of the COVID-19?

- Yes: 4.5%
- No, not yet but monitoring the situation: 39.7%
- No, our company would not end an assignment as a result of a pandemic or epidemic: 20.5%
- Handled on a case-by-case basis: 16.7%
- Other: 18.6%
Expatriate-specific concerns and issues

When employees choose to leave

- Expatriates are allowed to leave; expenses are typically paid but are also handled on a case-by-case basis.
- Expatriate allowances are more often suspended in this situation.
- Time away from assignment counted as home leave, emergency leave or vacation — often determined on a case-by-case basis.

If an evacuation is not implemented but the expatriate requests to leave, how do companies handle the situation?

- 24.1% Allows expatriate to leave, and company pays all expenses
- 10.8% Allows expatriate to leave, and company pays some expenses
- 12.0% Allows expatriate to leave, and company does not pay expenses
- 5.7% Assignment ends, expatriate is repatriated to home-country
- 40.5% Handled on a case-by-case basis
- 7.0% Other

N=158

If an evacuation is not implemented, but the expatriate decides to leave on their own, are expatriate-related allowances continued?

- Yes, all allowances are continued without interruption: 19.2%
- Yes, some allowances are continued, while others are suspended: 4.6%
- Yes, but varies based on length of evacuation: 13.2%
- No, all allowances are suspended until the expatriate returns to their assignment: 39.7%
- Other: 23.2%

N=151
Expatriate-specific concerns and issues

If an evacuation is not implemented, but the expatriate decides to leave on their own, how is the leave handled?

- Counted as home leave: 22.7%
- Counted as emergency leave: 24.7%
- Counted as vacation: 16.7%
- Other: 36.0%

N=150
Expatriate-specific concerns and issues

Staying put...

- Expatriates expected to work from home in affected locations; business as usual in unaffected areas.
- Instructed to stay in close contact with local human resources and security officers and business continuity teams.
- Advised to follow the World Health Organization (WHO) and Centers for Diseases Control and Prevention (CDC) on a daily basis as well as home-country consulates for expatriate-specific updates.
- Follow the same instructions as local employees, wearing masks, and washing hands often.

If an evacuation is not implemented or not possible due to limited transportation, how do companies handle the situation?

- Work from home in affected areas: 82.1%
- Business as usual in nonaffected areas: 35.9%
- Increased or added danger/hardship allowances: 4.5%
- Other: 13.5%

If an evacuation is not implemented or not possible due to limited transportation, which of the following recommendations do companies provide?

- Wear masks/have an air purifier in the home: 48.0%
- Follow the WHO and CDC recommendations on a daily basis: 75.7%
- Follow the company’s portal/dedicated website/intranet for updates and news: 42.8%
- Follow the home-country consulate for updates specific to expatriates: 45.4%
- Stay in close contact with local HR/security officers/business continuity teams: 71.1%
- Other: 13.8%

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Reducing exposure outside of China

A clear and quick way to minimize exposure to COVID-19 is to curtail business travel. Just a handful of companies have gone to the extreme route of banning all travel globally, while the majority is concentrating mostly on all or nonessential travel to China.

Most have not yet recalled any travelers from China.

To minimize exposure to COVID-19, has your company taken action to curtail business travel?

- Yes, banned all travel globally: 38.1%
- Yes, banned all travel to China: 2.6%
- Yes, banned all travel to affected cities in China: 2.6%
- Yes, banned only nonessential travel globally: 10.7%
- Yes, banned only nonessential travel to China: 1.3%
- Yes, banned only nonessential travel to affected cities in China: 6.2%
- Yes, banned all nonessential travel to all affected locations: 18.9%
- Not yet, but monitoring the situation: 8.1%
- No: 6.5%
- Other: 0.8%

N=307
Have companies recalled any travelers from China?

- Yes, recalled all travelers from China: 12.0%
- Yes, recalled all nonessential travelers from China: 6.3%
- Not yet, but monitoring the situation: 18.0%
- No: 51.7%
- Other: 12.0%

Most companies that have recalled business travelers have not encountered difficulties.

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Most companies have not encountered issues with governmental restrictions when business travelers returning home.

Under what circumstances would companies ban all business travel to a certain location?

- World Health Organization (WHO) travel advisory: 80.3%
- Centers for Disease Control (CDC) travel notices: 53.8%
- EU Health Commissioner travel recommendations: 35.9%
- Other government entity travel notices or advisories: 33.8%
- International evacuation companies (e.g., International SOS): 20.3%
- Reports of human-to-human transmission in a location: 16.9%
- Reports of deaths associated with human-to-human transmission in a location: 10.0%
- Other: 10.0%

N=290
Quarantines and self-imposed isolation periods

While the majority have yet to implement a mandatory quarantine or self-imposed isolation, companies are encouraging employees that have recently been to affected areas to stay home.

Quarantine periods vary depending on the disease and corresponding incubation length. In the case of COVID-19, the incubation period is anywhere from 2 to 14 days.

Employees are typically paid for the duration of quarantine or self-isolation, often requiring to continue work remotely. Otherwise vacation or sick days are used.

Has your company instituted any mandatory quarantine period following travel to locations with confirmed cases of the COVID-19, even if no sign of symptoms?

Yes, for business and personal travel: 38.6%
Yes, for business travel only: 34.4%
Not yet, but monitoring the situation: 22.8%
No: 4.2%
Are employees returning from an affected location paid for the duration of the quarantine or self-imposed isolation period?

For those companies mandating a quarantine or self-imposed isolation after travel to affected locations, 90%+ are requiring a 14 day period.
How is work handled when an employee is quarantined or in self-imposed isolation?

- 92.4% Employee works remotely
- 15.3% Employee uses vacation days
- 19.8% Employee uses sick days
- 6.9% Employee uses personal days
- 10.7% Other

Do employees undergo a screening before returning to work after a quarantine or self-imposed isolation period?

- Yes, a medical examination: 37.2%
- Yes, a questionnaire: 10.1%
- No screening required: 46.5%
- Other: 17.1%
What is the size of your company’s workforce worldwide?

- Under 5,000 employees: 57.0%
- 5,000–9,999 employees: 11.3%
- 10,000–49,999 employees: 19.4%
- 50,000–99,999 employees: 6.5%
- 100,000 or more employees: 5.8%

N=309

Where is your company headquartered?

- North America: 53.3%
- Western Europe: 20.8%
- Asia: 12.7%
- Australia or Oceania: 5.8%
- Eastern Europe: 2.6%
- Latin America and Caribbean: 4.2%
- Africa: 0.3%
- Middle East: 0.3%

N=308
At Mercer, we believe in building brighter futures.

Together, we’re redefining the world of work, reshaping retirement and investment outcomes, and unlocking real health and well-being. We do this by meeting the needs of today and tomorrow. By understanding the data and applying it with a human touch. And by turning ideas into action to spark positive change.

For more than 70 years, we’ve been providing trusted advice and solutions to build healthier and more sustainable futures for our clients, colleagues and communities.

Welcome to a world where economics and empathy make a difference in people’s lives.