

MERCER TALENT ALL ACCESS®

business responses to the COVID-19 outbreak

survey findings

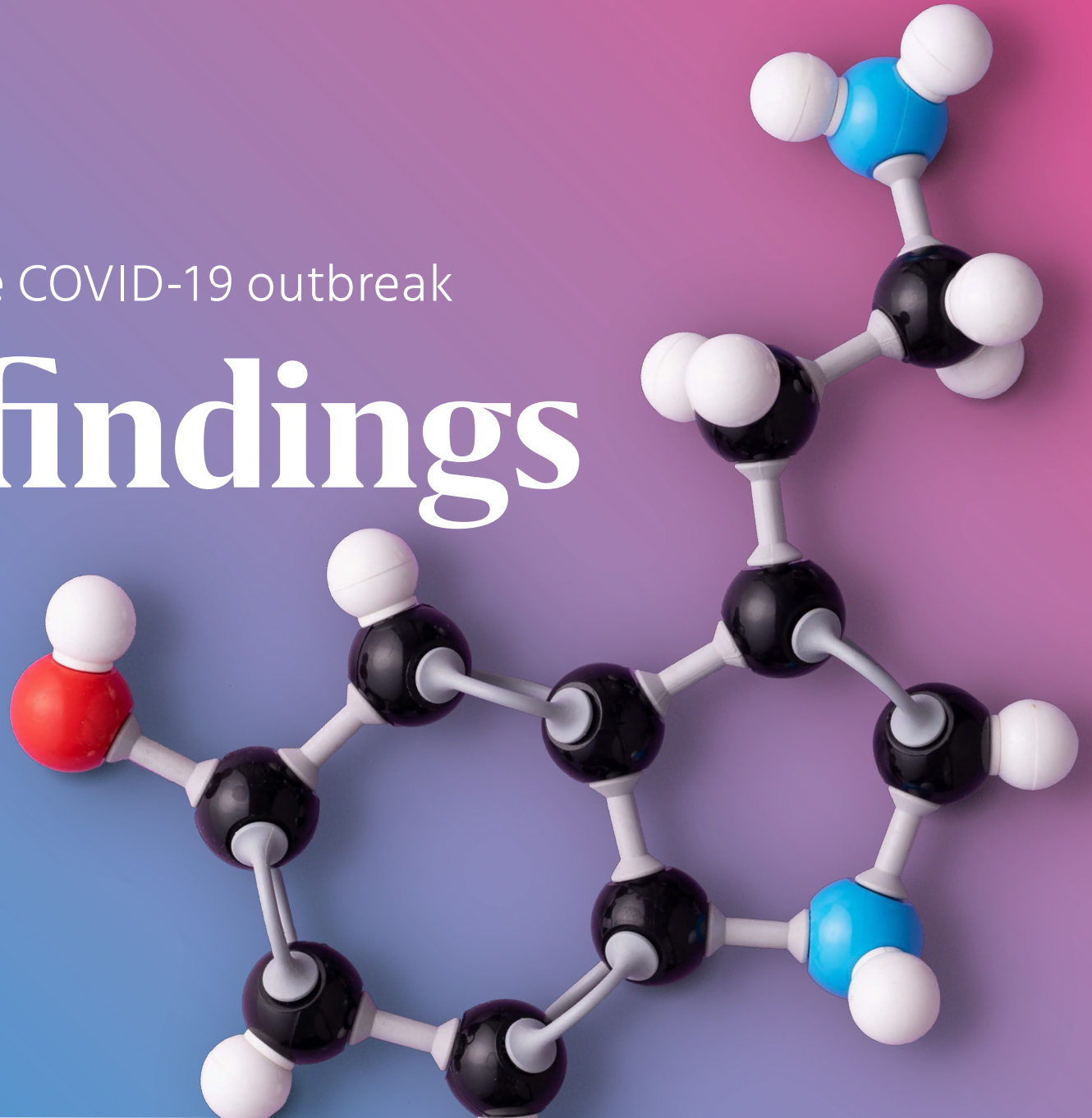




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Introduction

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. While most are not evacuating expatriates, many are postponing and curtailing business travel to the 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 local activities relating to COVID-19

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.](#)



Status of COVID-19 planning

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.



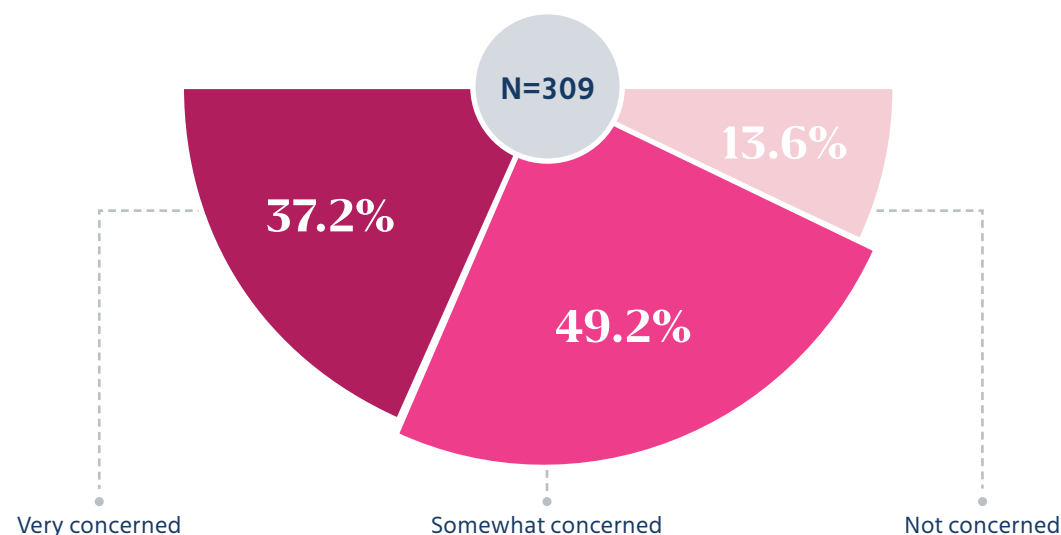
We have a general concern about the health and welfare of our employees.



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.

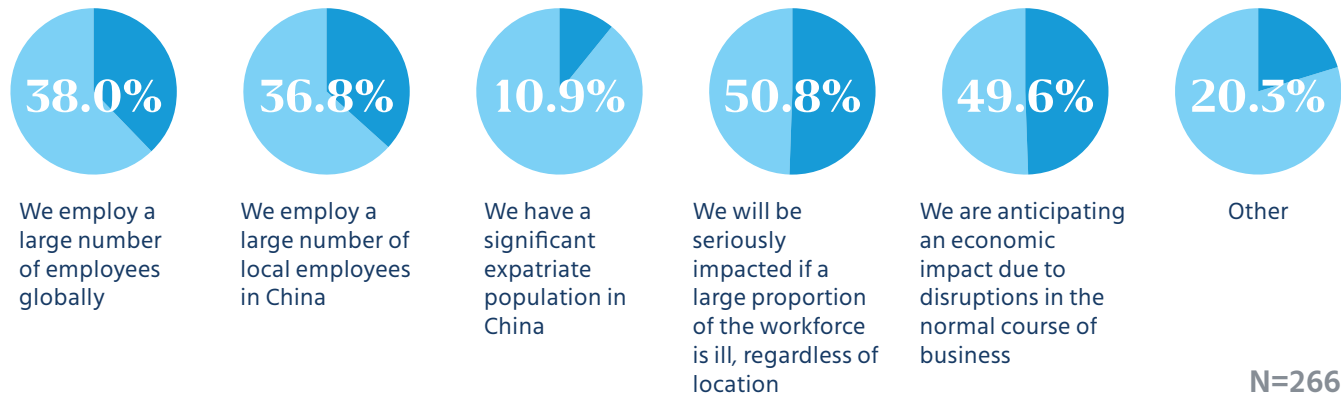
Almost half of respondents have a Business Continuity Plan (BCP), of which just over one-third have begun implementing the plan in China.

How concerned are companies about the COVID-19 epidemic?

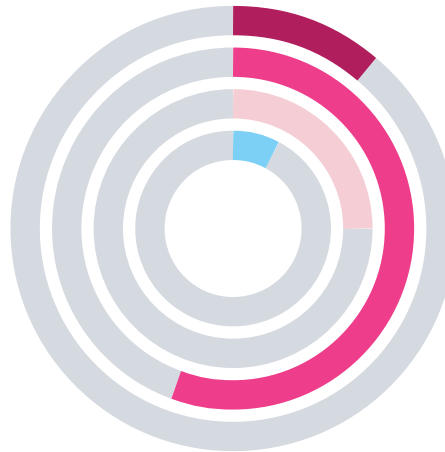
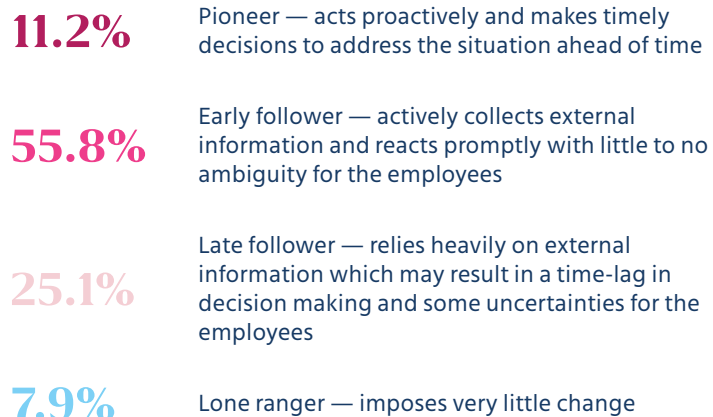


Status of COVID-19 planning

Why are companies concerned?

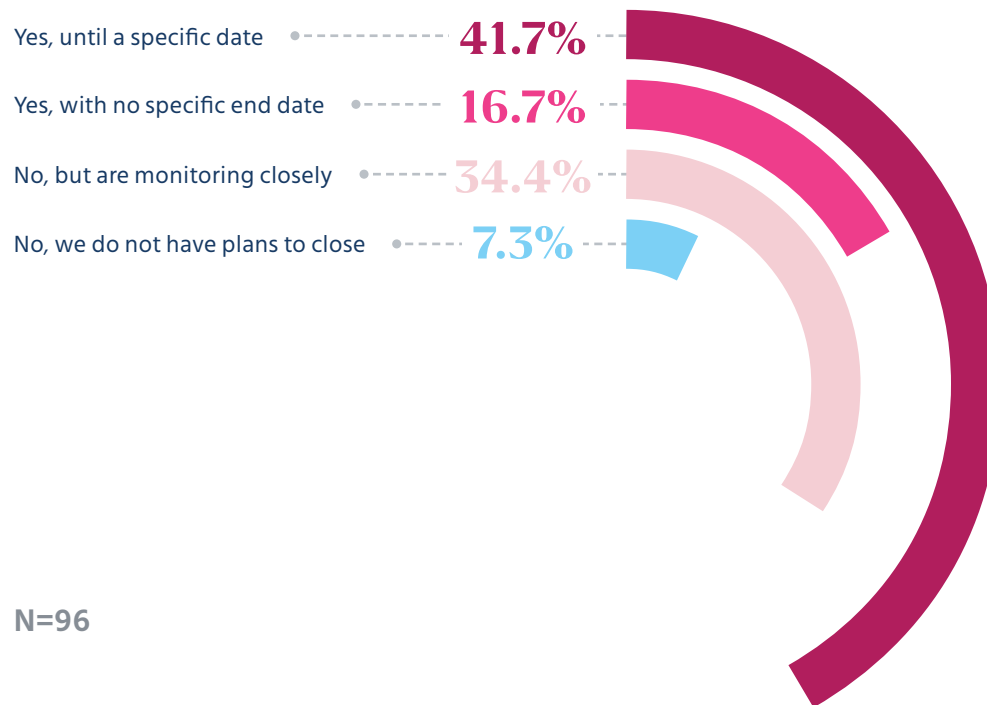


How do companies describe their reaction during this COVID-19 outbreak?

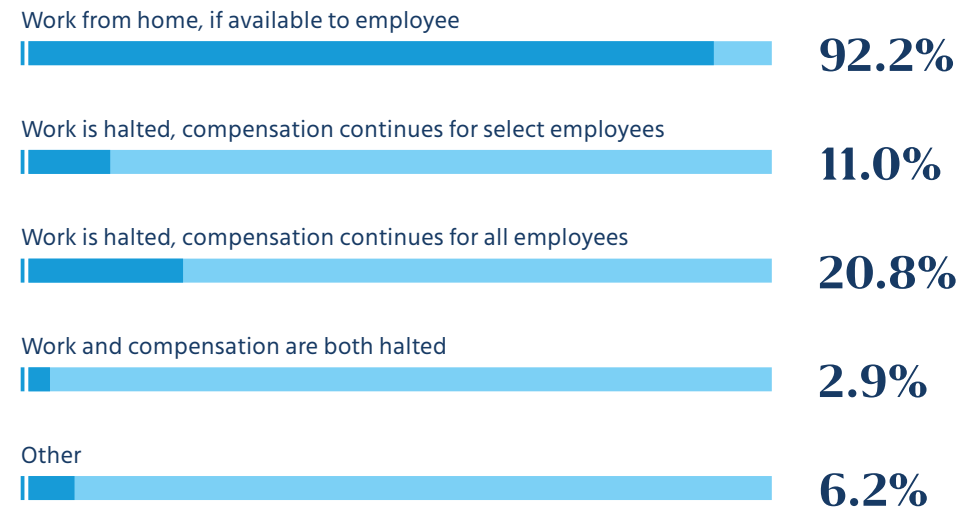


Status of COVID-19 planning

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

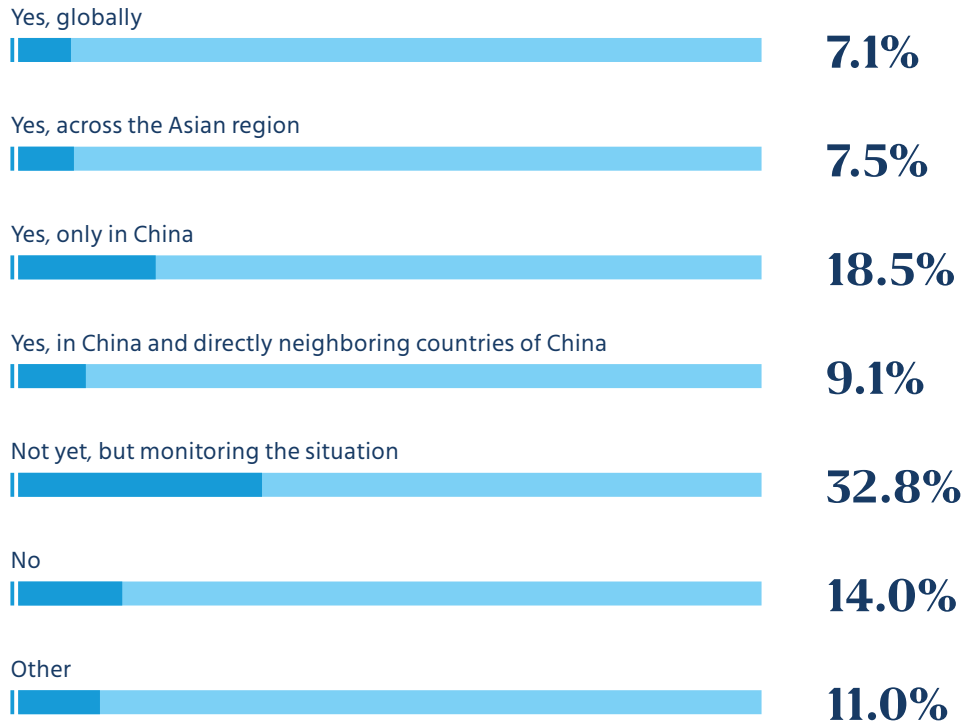


In the event of an office closure, how do companies handle local employee working time?



Status of COVID-19 planning

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

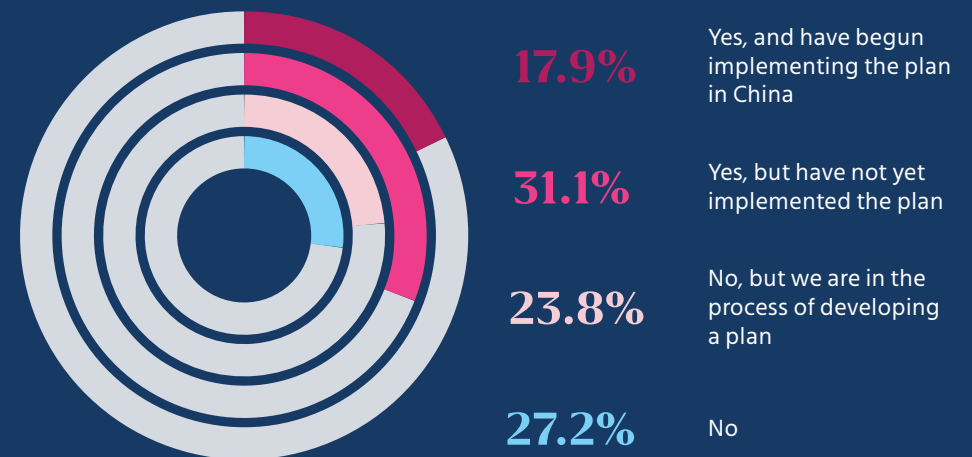


N=308

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.

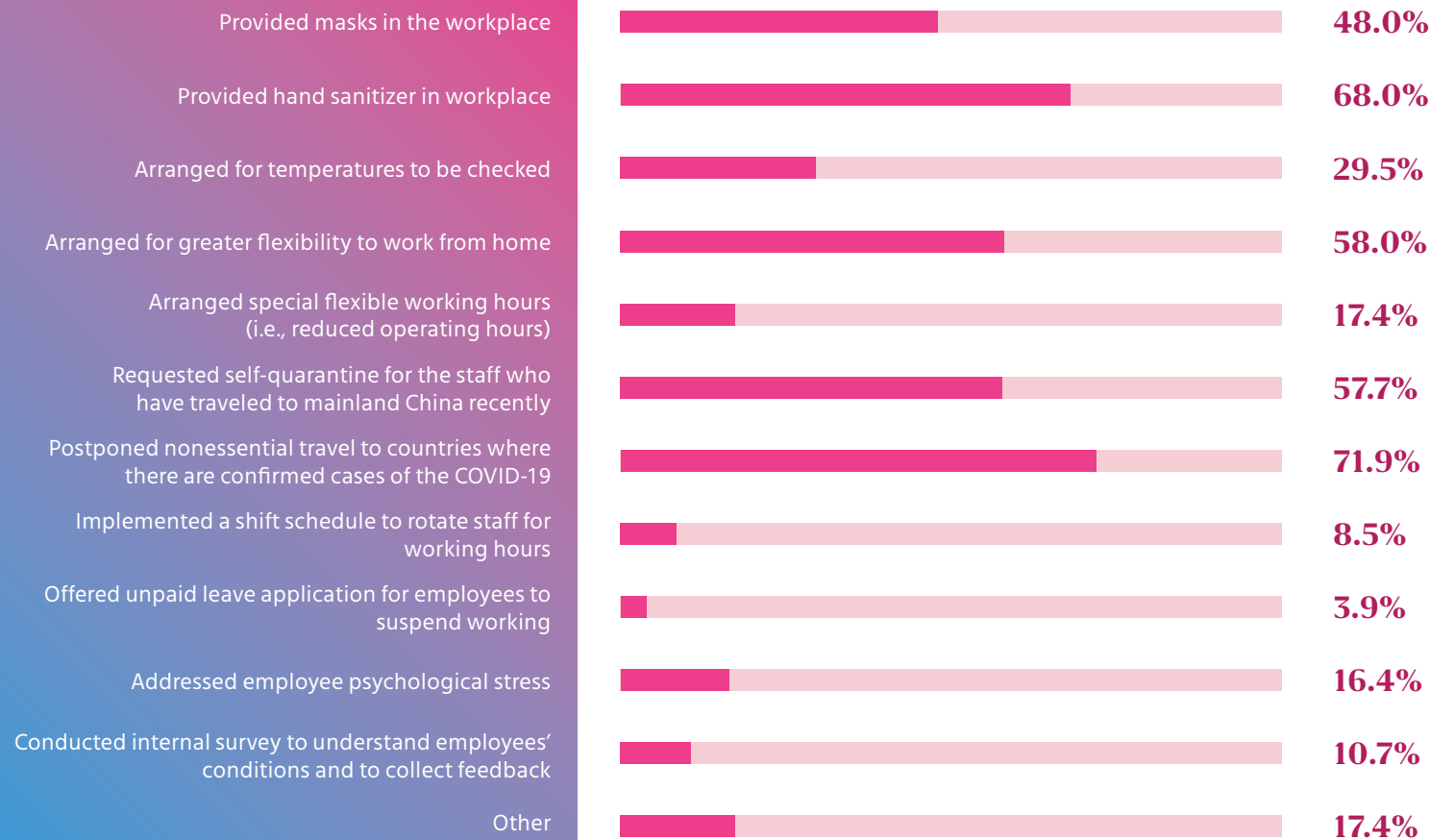
Do companies have a business continuity plan or pandemic preparedness plan in place to handle global outbreaks of pandemics?



N=302

Status of COVID-19 planning

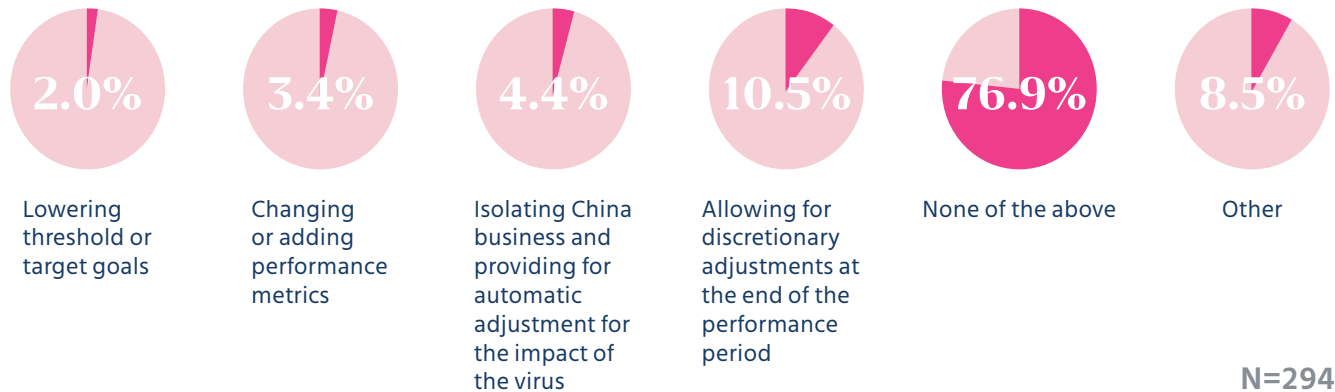
What arrangements have companies made in response to the COVID-19 outbreak?



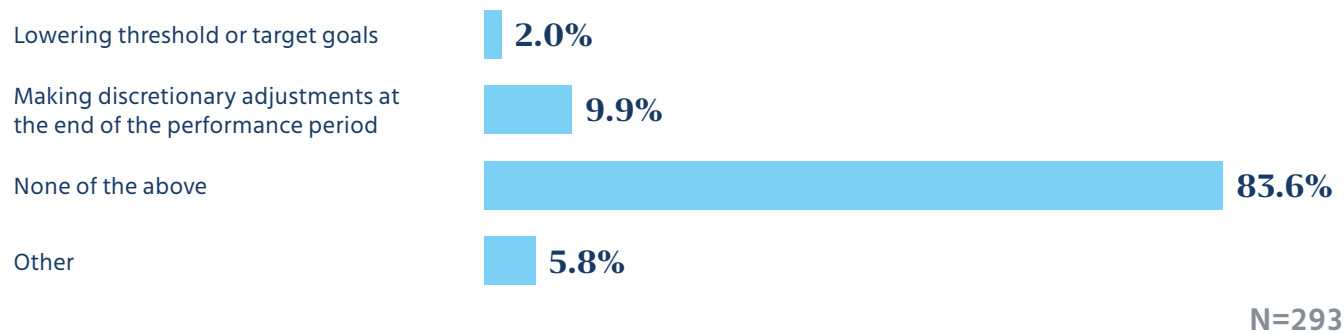
N=281

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.



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.



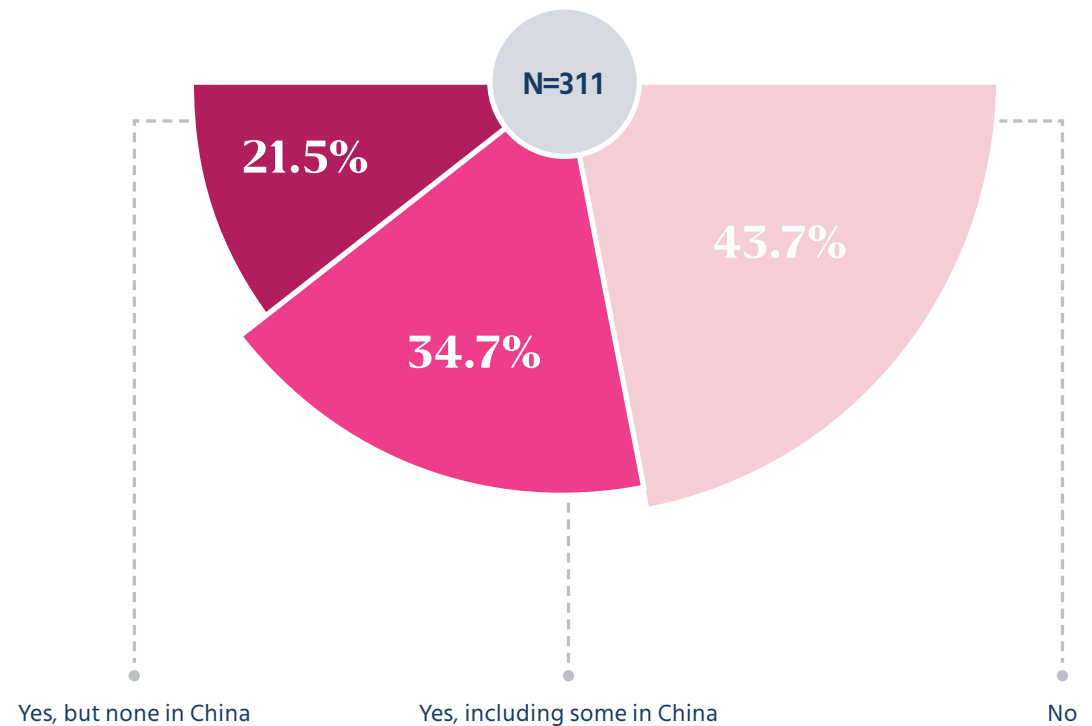


Expatriate-specific concerns and issues

The impact to expats

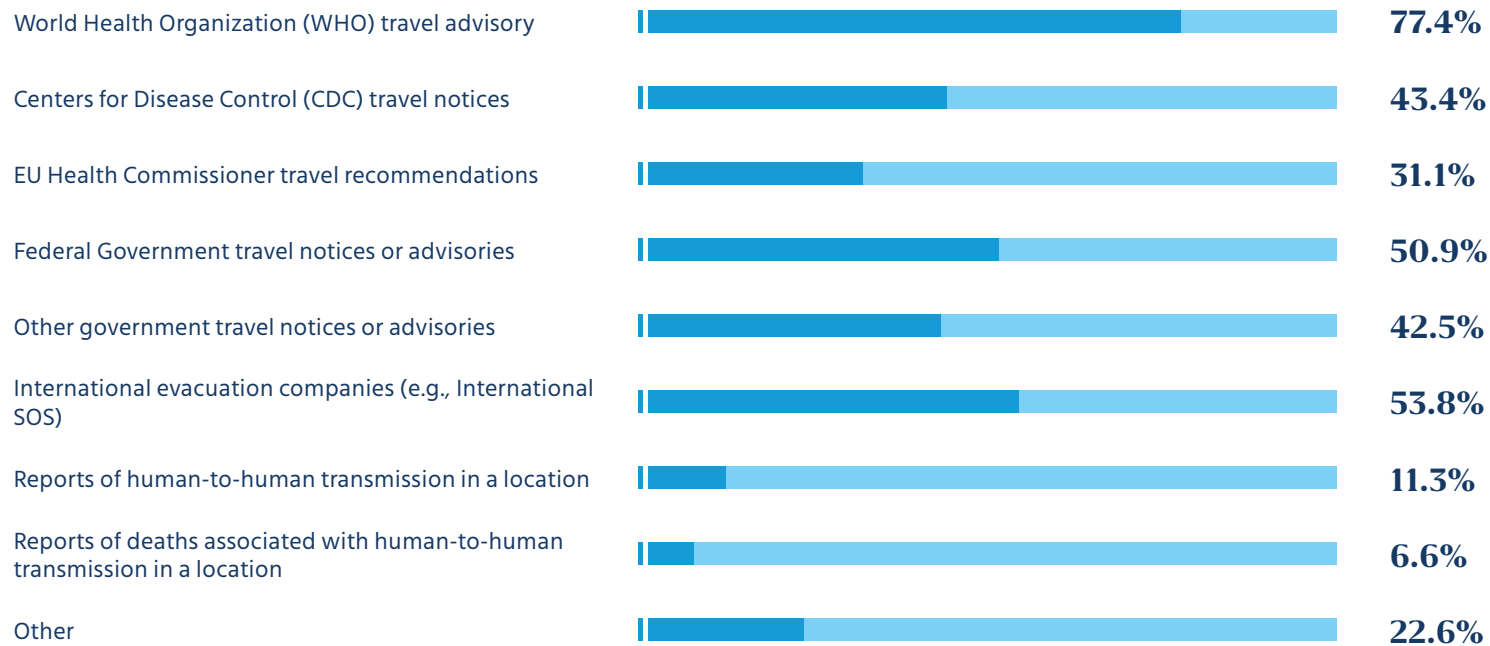
Less than 20% of participants have evacuated expatriates from affected locations in China, with the majority continuously monitoring the situation. In a few rare cases, expatriate assignments have been ended specifically as a result of the COVID-19 outbreak. For the most part, companies continue to monitor 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?



Expatriate-specific concerns and issues

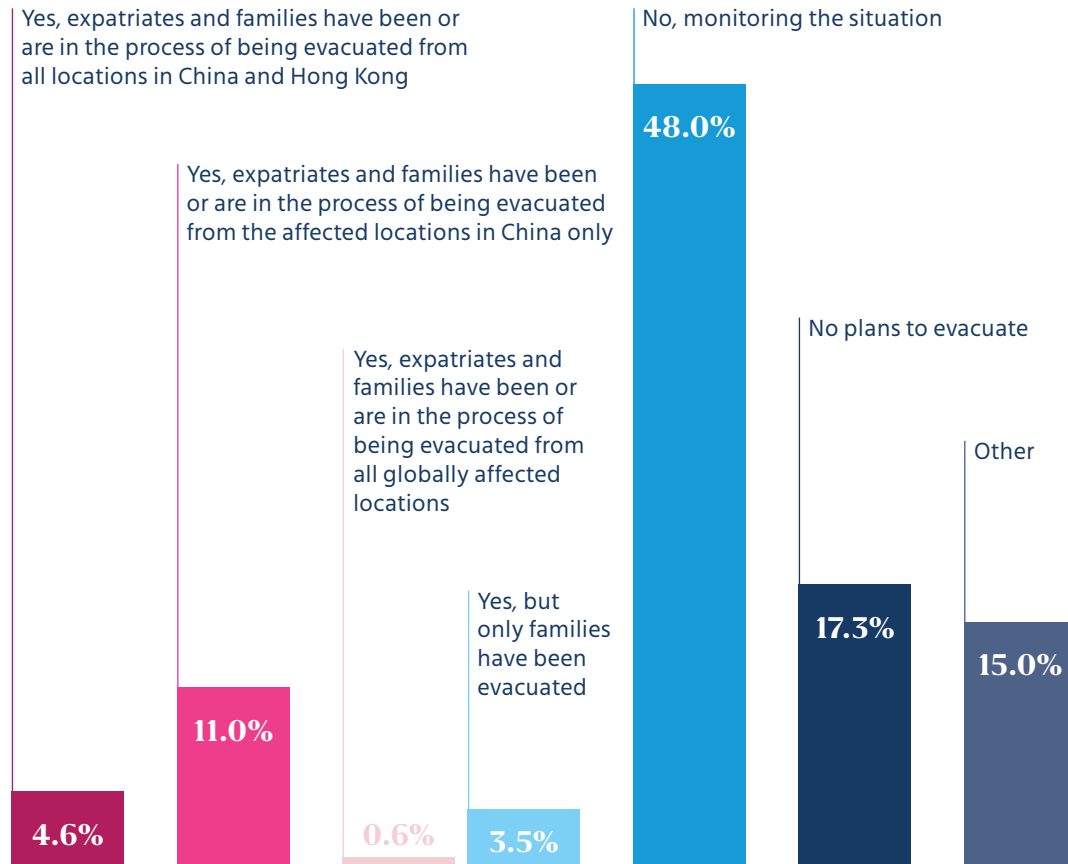
How do companies determine when to evacuate an assignee and their family?



N=106

Expatriate-specific concerns and issues

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



N=173

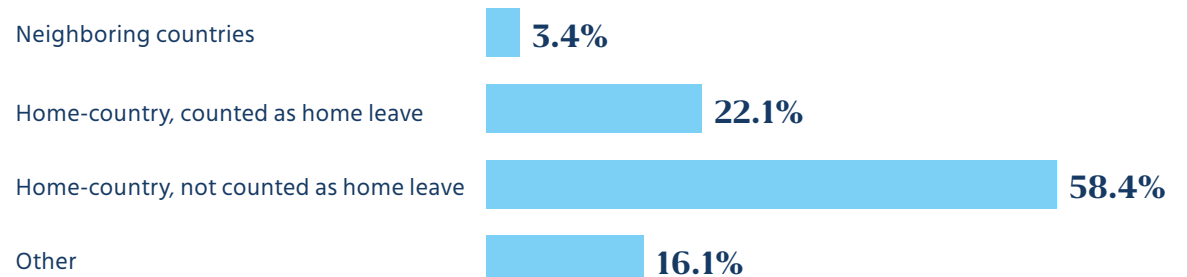
Most companies that have evacuated expats and their families have not encountered issues in securing transportation away from the affected locations.

Expatriate-specific concerns and issues

In the event of an evacuation...

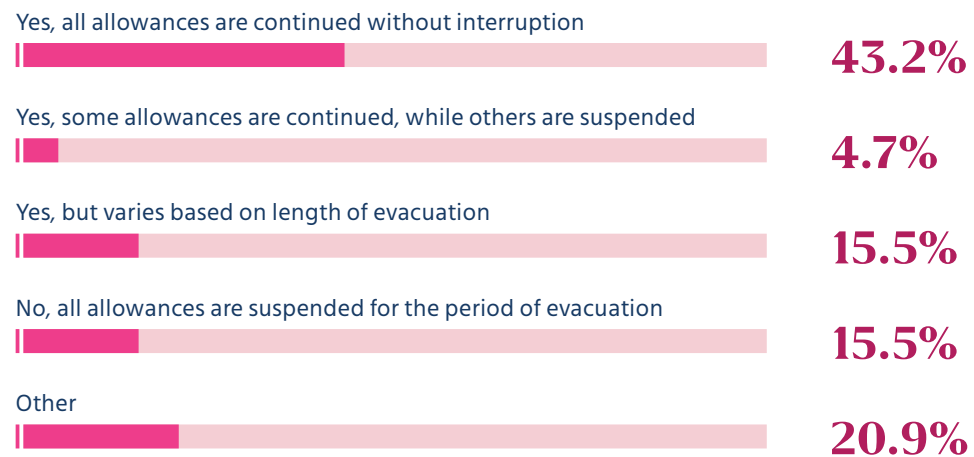
- Evacuated expatriates and their families are typically sent to the home-country — which may or may not count as home leave.
- Allowances are continued, but may vary in length of evacuation.
- Airfare, accommodations, and local transportation for both the expatriate and family are typically covered.
- 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?



N=149

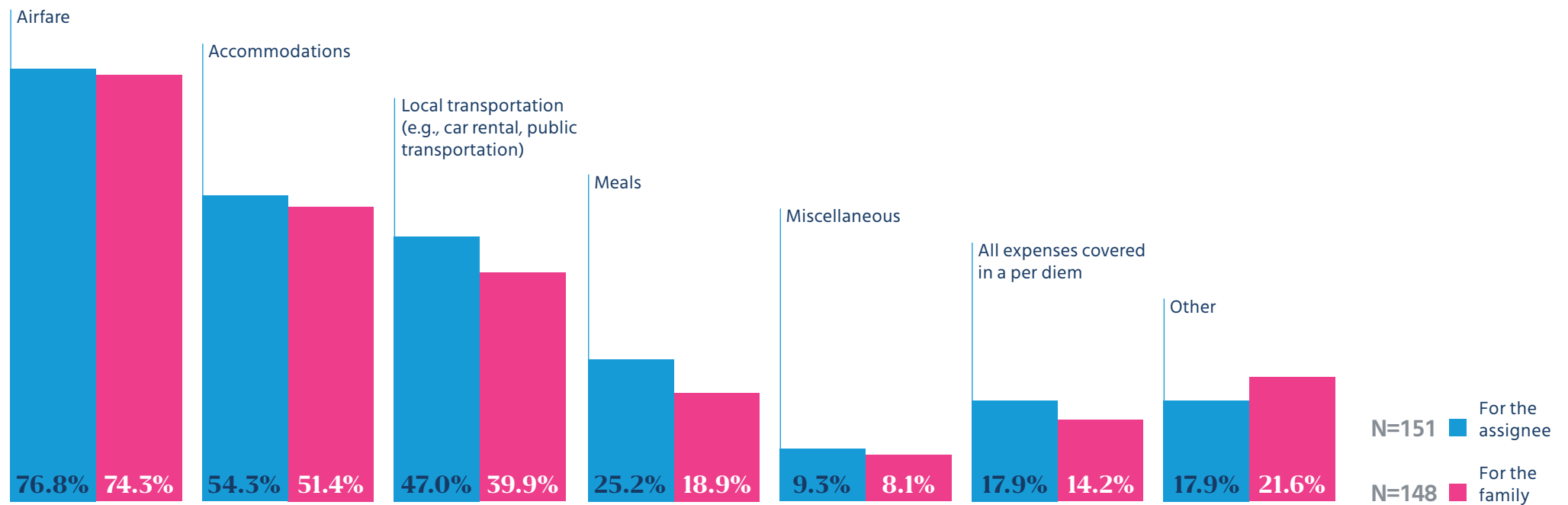
If an evacuation is implemented, will expatriate-related allowances continue?



N=148

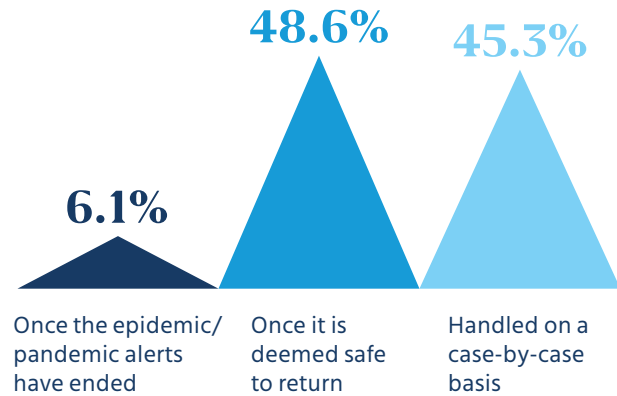
Expatriate-specific concerns and issues

If an evacuation is implemented, what expenses are typically covered?



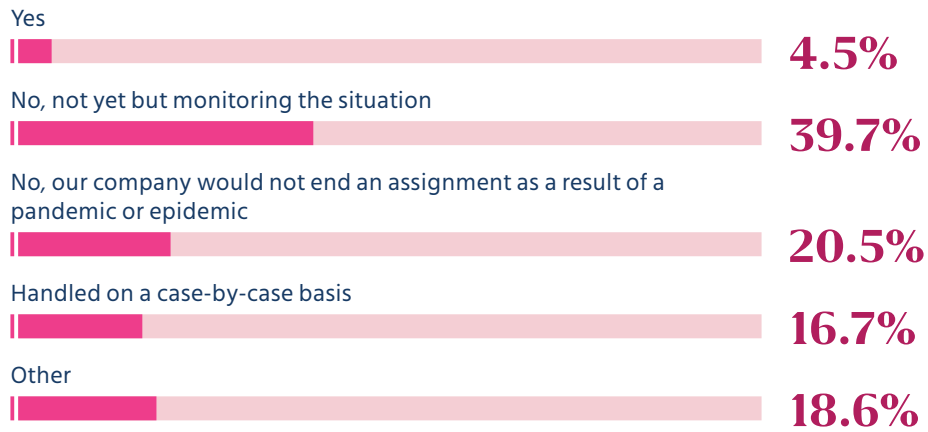
Expatriate-specific concerns and issues

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



N=148

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



N=156

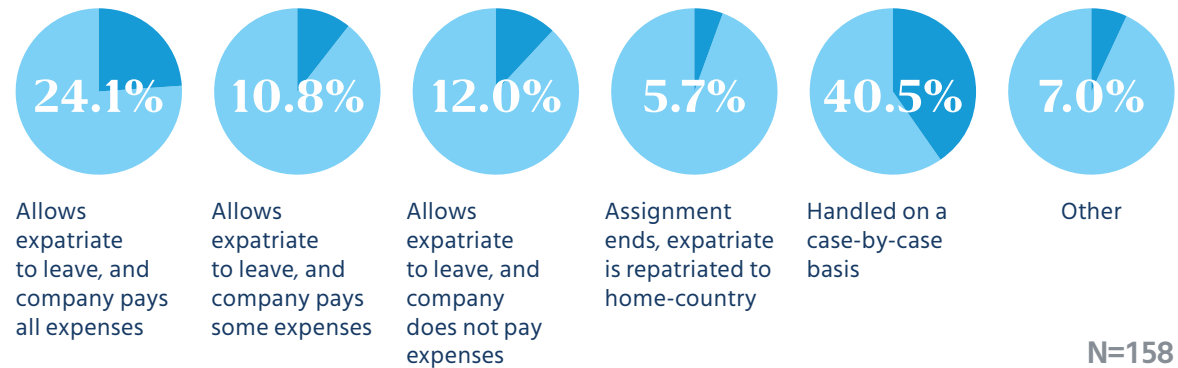


Expatriate-specific concerns and issues

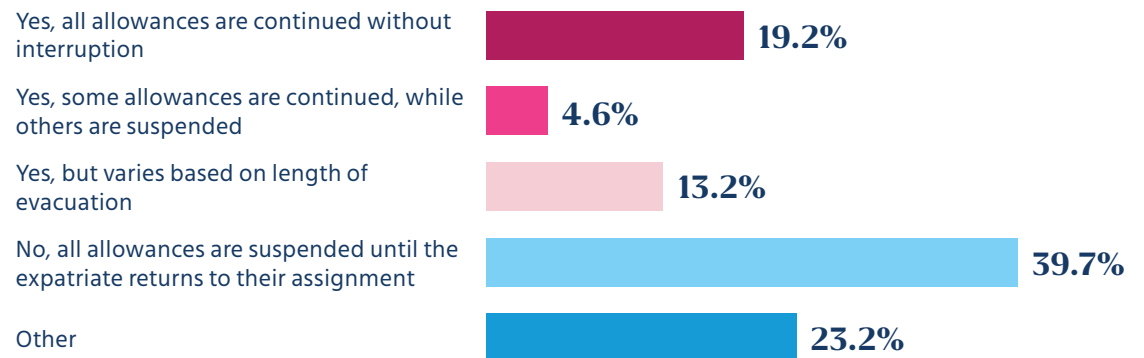
When employees choose to leave

- 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?

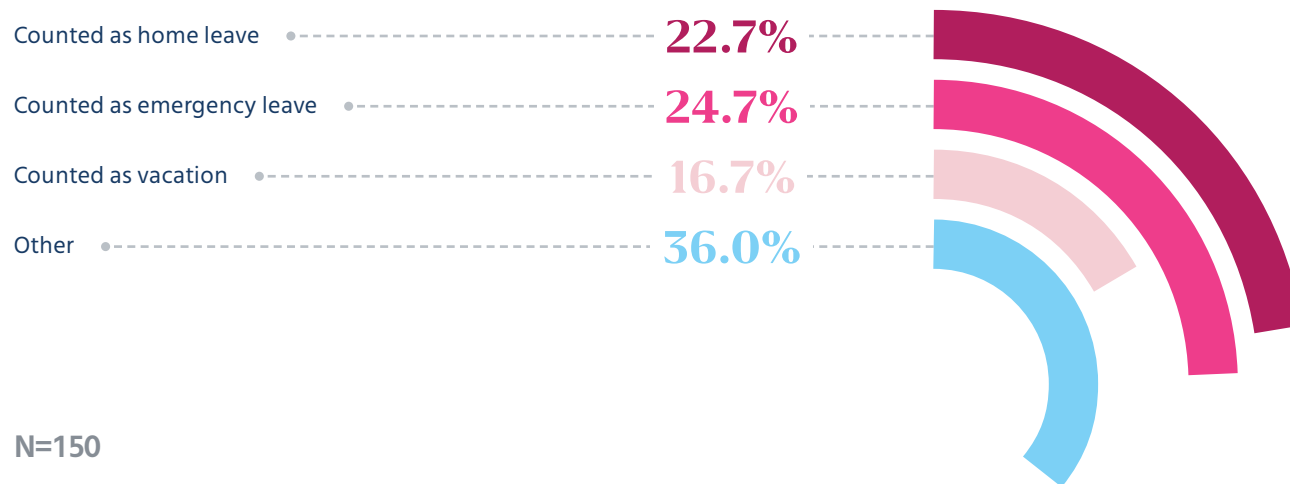


If an evacuation is not implemented, but the expatriate decides to leave on their own, are expatriate-related allowances continued?



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?

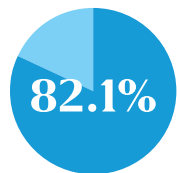


Expatriate-specific concerns and issues

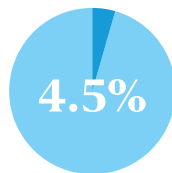
Staying put...

- 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.

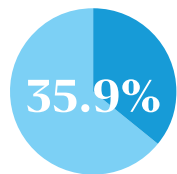
If an evacuation is not implemented or not possible due to limited transportation, how do companies handle the situation?



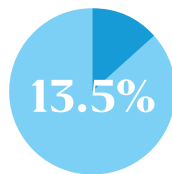
Work from home in affected areas



Increased or added danger/hardship allowances



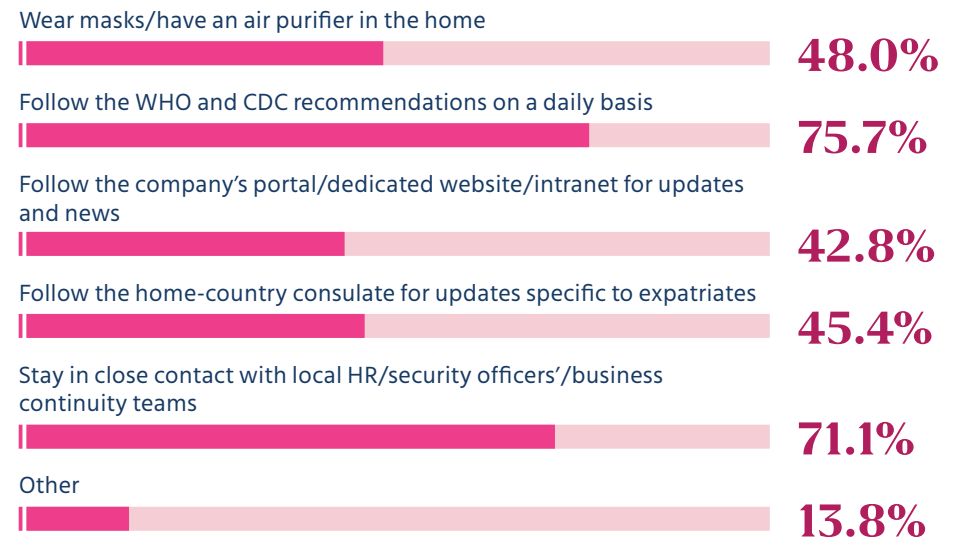
Business as usual in nonaffected areas



Other

N=156

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



N=152



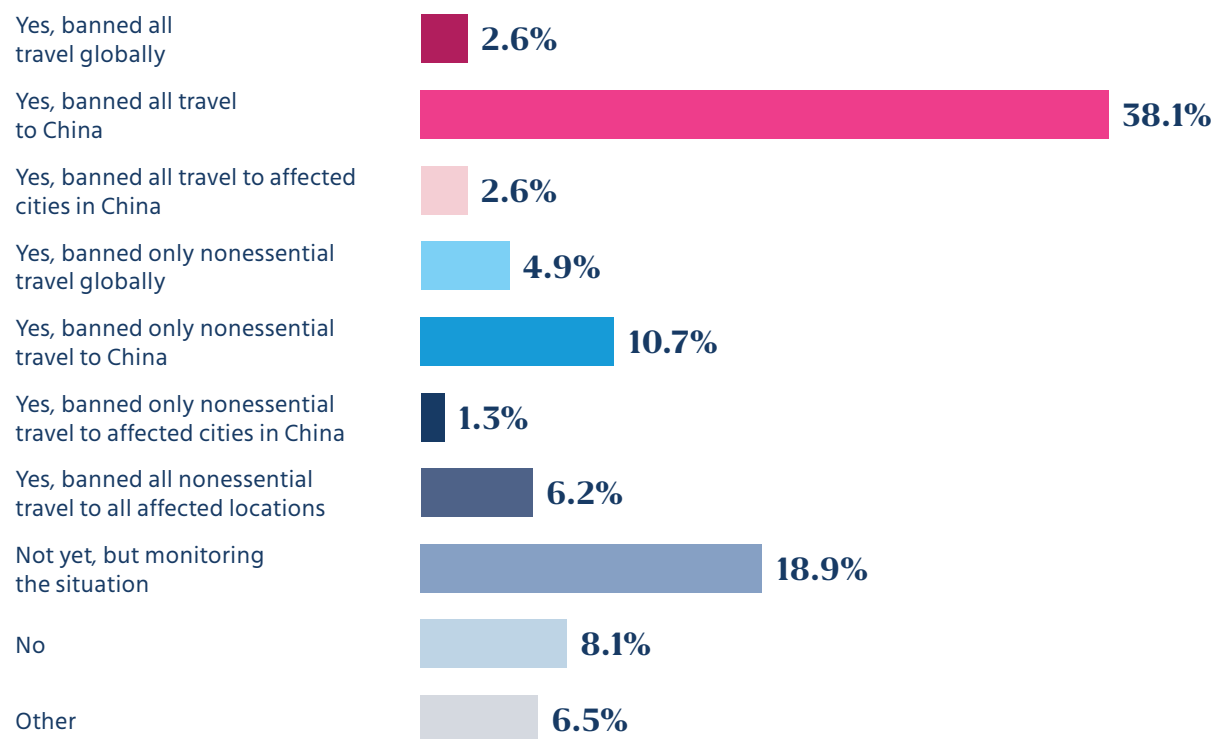
Business-traveler concerns and issues

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.

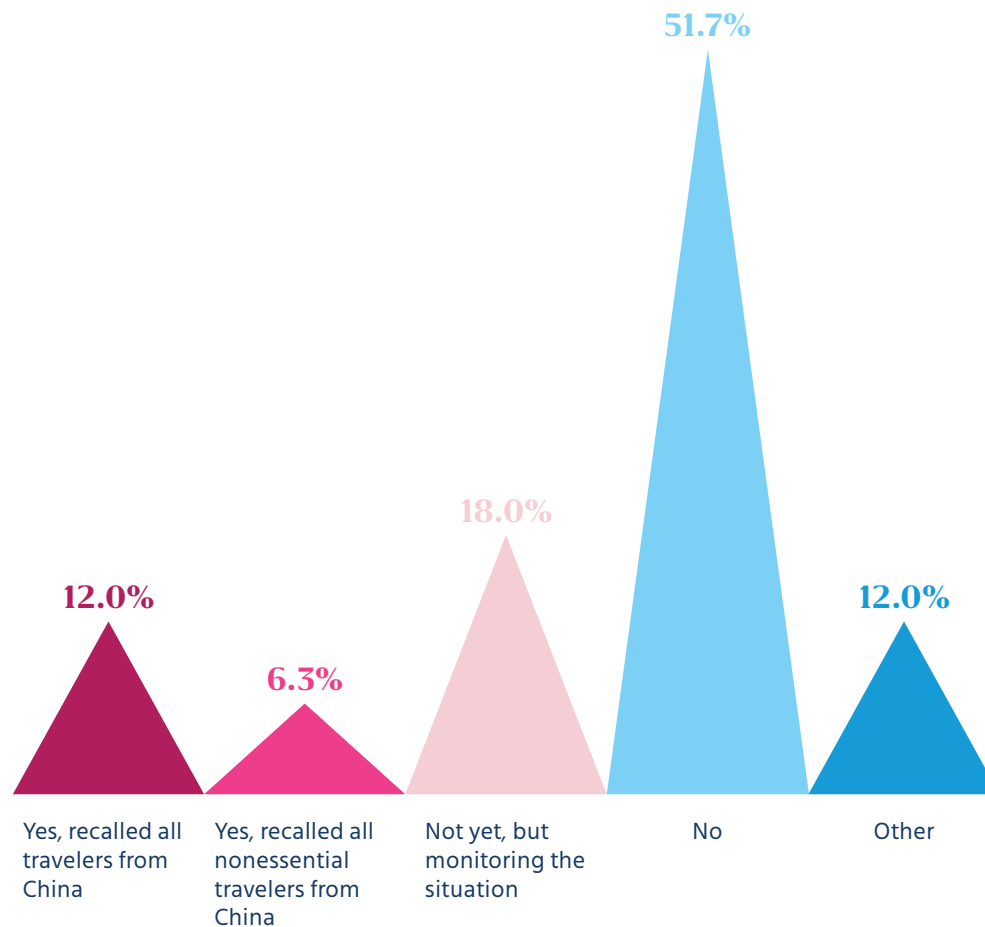
To minimize exposure to COVID-19, has your company taken action to curtail business travel?



N=307

Business traveler concerns and issues

Have companies recalled any travelers from China?



N=300

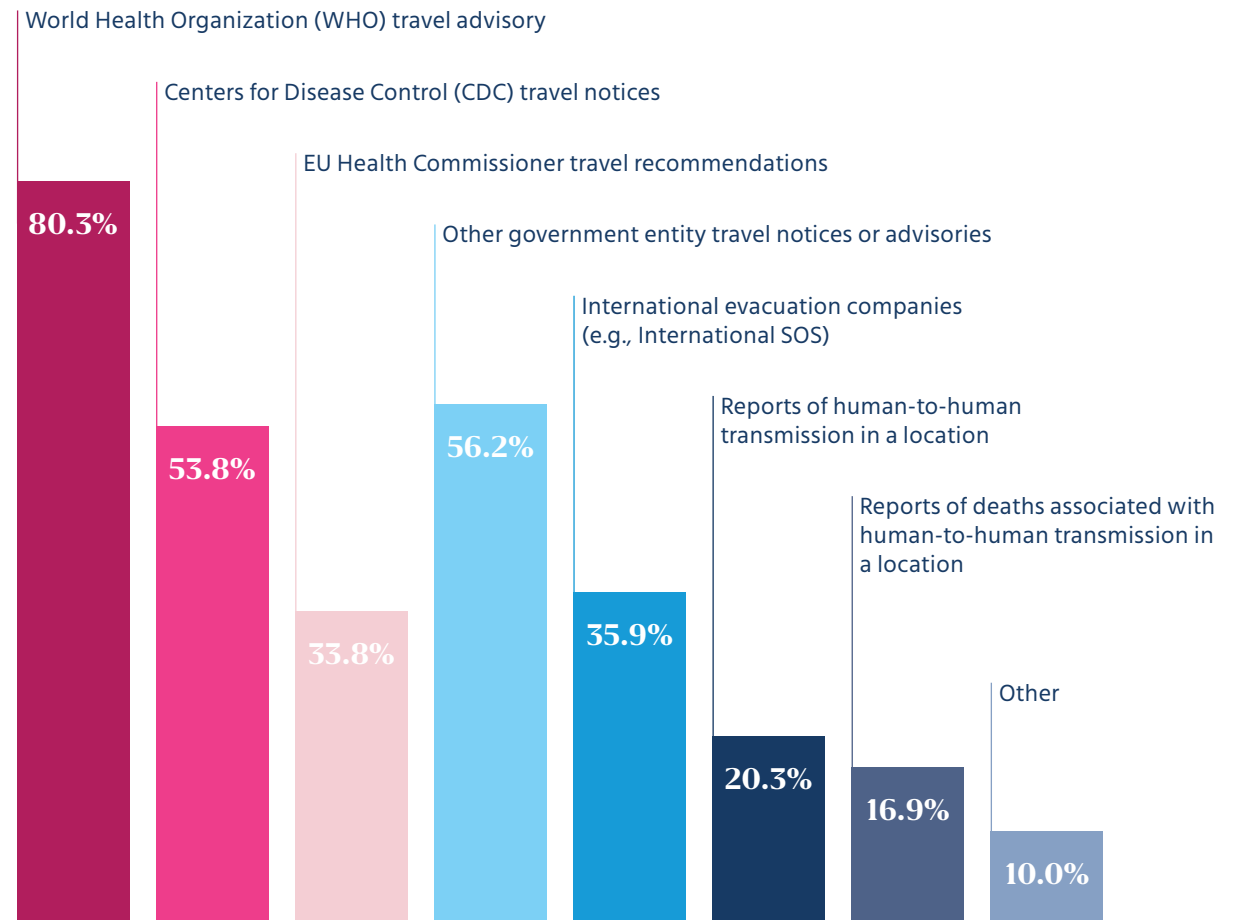
Most companies that have recalled business travelers have not encountered difficulties.



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?



N=290



Post-travel related concerns and issues

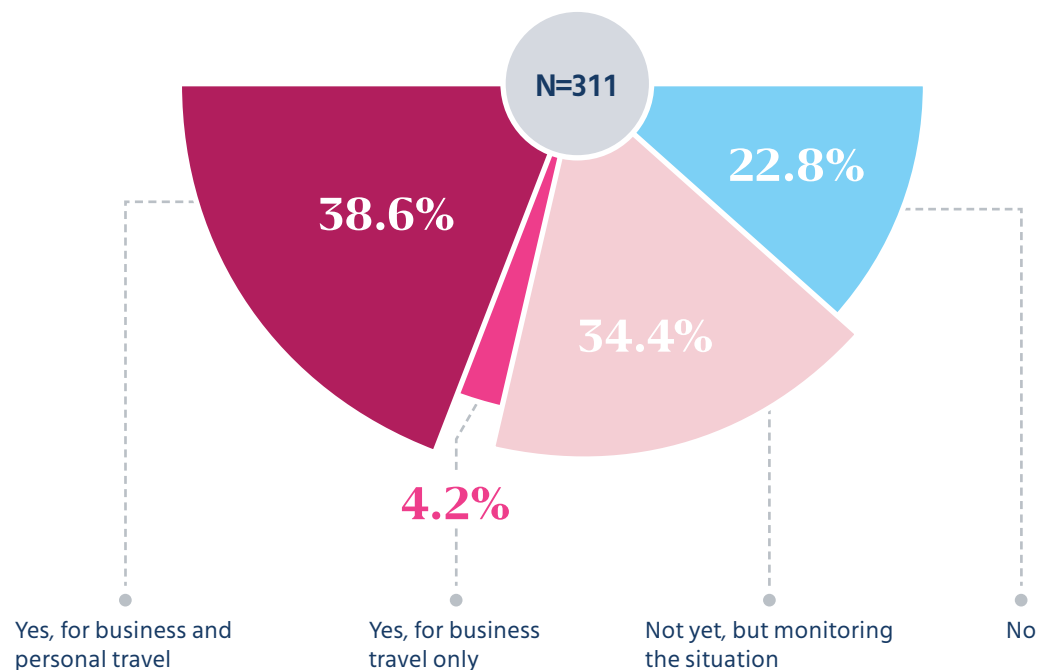
Quarantines and self-imposed isolation periods

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.

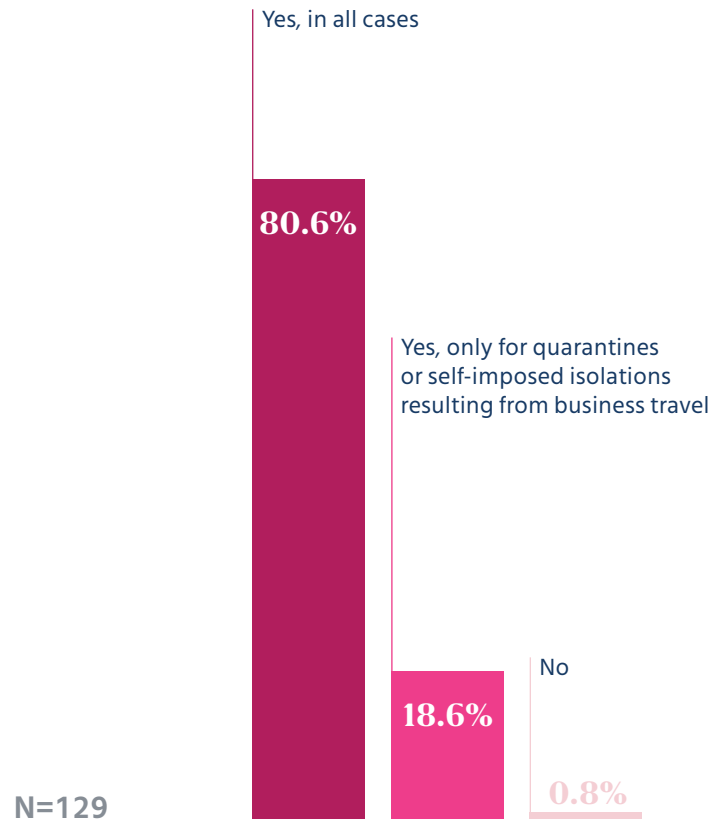
Employees are typically paid for the duration of quarantine or self-isolation, often requiring to continue work remotely. Otherwise vacation or sick days are used.

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?



Post-travel related concerns and issues

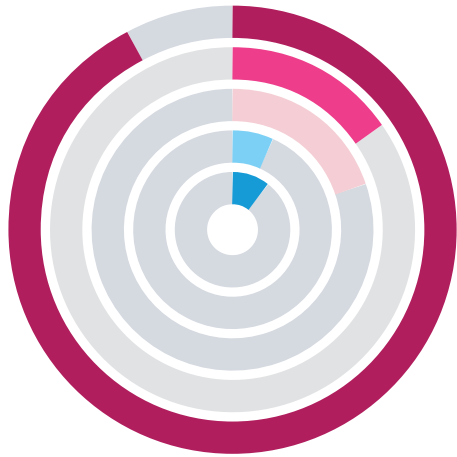
Are employees returning from an affected location paid for the duration of the quarantine or self-imposed isolation period?



For those companies mandating a quarantine or self-imposed isolation after travel to affected locations, 90%+ are requiring a 14 day period.

Post-travel related concerns and issues

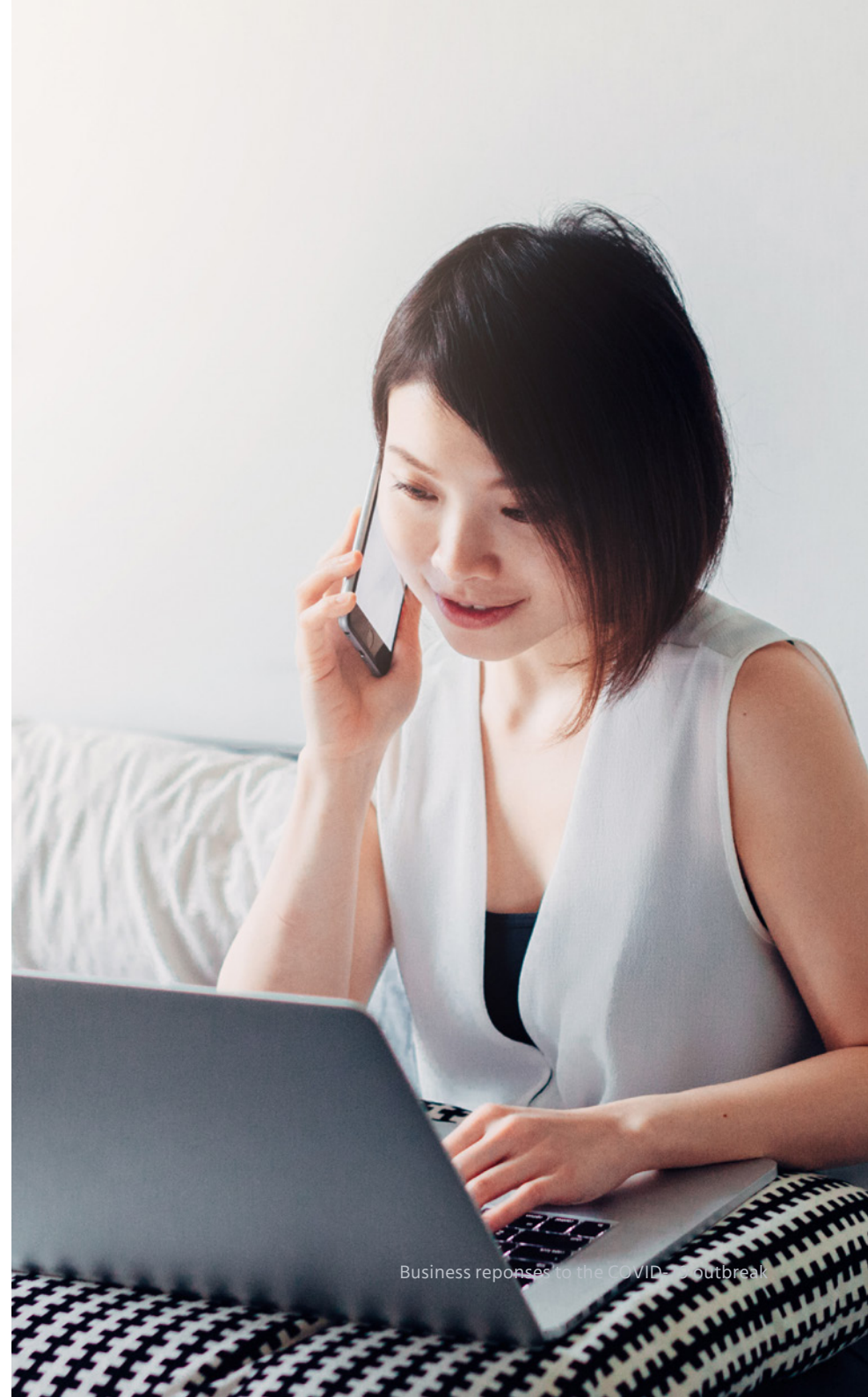
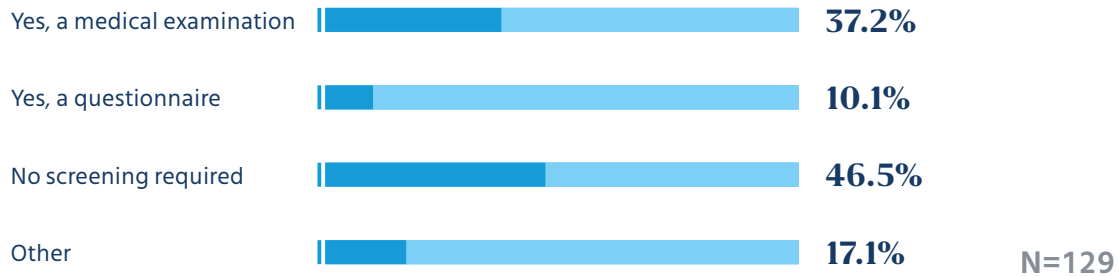
How is work handled when an employee is quarantined or in self-imposed isolation?



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

N=131

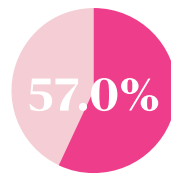
Do employees undergo a screening before returning to work after a quarantine or self-imposed isolation period?



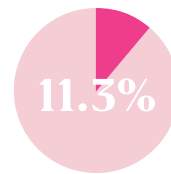


Demographics

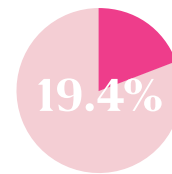
What is the size of your company's workforce worldwide?



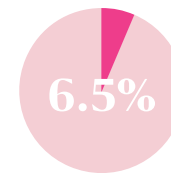
Under 5,000 employees



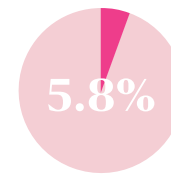
5,000-9,999 employees



10,000-49,999 employees



50,000-99,999 employees



100,000 or more employees

N=309

Where is your company headquartered?

Africa

0.3%

Asia

12.7%

Australia or Oceania

5.8%

Eastern Europe

2.6%

Latin America and Caribbean

4.2%

Middle East

0.3%

North America

53.3%

Western Europe

20.8%

N=308



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