



COVID-19 and the American worker

**Remarkably resilient with the
right support**

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Workers are adapting—but many still need more support

What workers are telling us about where they are struggling, and what companies should do next

As COVID-19 transforms the American work experience, employers want to know how their workers are holding up, what they can do to maintain employee morale and productivity, and how they can begin to plan for a smart transition to a post-COVID-19 environment. For insights into these important questions, KPMG, in early April, polled 1,000 full-time and part-time workers across a range of industries and company sizes, including 58 percent management and 42 percent in non-management jobs. The survey reveals that the degree to which workers feel appreciated by their employer goes a long way toward determining how well they are performing under trying conditions.

Key findings

American workers are demonstrating remarkable resilience, ingenuity, and commitment—especially if they feel valued by their employer.

Eight in 10 who transitioned from an office to working remotely say they felt prepared for that change and that their teams have adapted well—including 7 in 10 who say they are actually collaborating better as a result of the changes they've implemented. Productivity, overall, appears to have held fairly steady: 54 percent of workers say their productivity has improved, while 46 percent say it has worsened. Quality of work has also improved according to 64 percent of workers. However,

there are stark differences in how worker resilience is playing out. Among those who feel valued by their employer, 94 percent say they are more committed to their company than they were before COVID-19, 88 percent say they are working together better, and 69 percent say the quality of their work has improved. By contrast, the comparable percentages for those who don't feel valued by their employer are 58 percent, 63 percent, and 47 percent, respectively.

94% say they are more committed to their company than they were before the COVID-19 outbreak.

Still, many employees are struggling to adapt to this new environment.

Sixty percent say their job has become more demanding, with nearly half (49 percent) characterizing it as overwhelming. More than half say their mental health has worsened and that they are finding it difficult to achieve a good work/life balance. Those percentages are even higher for parents juggling working from home with caring for children. Almost two-thirds of workers say they

are worried about reduced pay, while nearly as many are worried about the future of their industry and the possibility of losing their job. Concerns about job loss—including having their jobs replaced by technology—are especially high among those employed in the technology industry, where 67 percent worry that tech could replace them, versus 44 percent of all survey respondents.

44% of workers worry that technology could replace them.

The higher they are on the corporate ladder, the more likely Americans are to find work more challenging now.

It is easy to forget that while many white-collar workers had at least some experience working remotely before COVID-19, even if only for a day here or there, few managers have any experience overseeing a remote workforce. Thrown into an unfamiliar environment, 72 percent of upper management workers and 66 percent

of middle managers say their job has become more demanding in the wake of COVID-19, versus 50 percent of nonmanagement workers. Managers also are more likely than nonmanagers to report that their job has become overwhelming and that establishing a positive work/life balance has become difficult.

72% of upper management and **66%** of middle managers say the job has become more demanding.

Employers mostly did a good job of communicating with workers and expressing concern for their well-being—but many workers were nonetheless ill-prepared for the challenges they would face.

Two-thirds of workers say their employers did a good job of clearly communicating work changes and expressing concern for their employees' well-being. Nonetheless, 4 in 10 workers say they were left to navigate those changes with inadequate resources. Among those who

transitioned to working remotely, the most commonly cited challenges, after caring for children, are not having a workspace or desk and not having access to shared folders or collaboration tools.

40% say they were left to navigate the changes with inadequate resources.

With work more demanding and resources sometimes inadequate, one quarter of employees say they feel undervalued—with dramatically negative consequences for their employers.

In addition to being less likely to say the quality of their work has improved (47 percent versus 69 percent) or that they are now more committed to their company (58 percent versus 94 percent), workers who feel unappreciated are less likely by wide margins to say that

their productivity, mental health, or work/life balance has improved. They're also far less likely to say their teams are collaborating better than before or that their level of engagement with company culture has improved.

25% feel that they are undervalued creating negative consequences for employers.

Key steps for employers to action

The survey findings suggest employers did many things right in the immediate aftermath of COVID-19. It also finds employees remarkably willing to pull their weight under difficult circumstances, especially if they feel valued by their employers. As COVID-19 plays out, it will be critical for employers to maintain regular and frank communication with employees to keep them engaged and committed to their jobs. That means listening to what they are saying about their needs and updating them on tactical and strategic developments, including prospects for their own employment. Indeed, the survey shows a clear connection between communication and an employee's sense of feeling valued by their employer. Among workers who say they feel valued now—a group much more likely to report success in their new work environment—70 percent say their employer clearly communicated about upcoming changes to their work, and 72 percent say their employer expressed concern about their well-being. By contrast, among those who don't feel valued, the comparable numbers were only 50 percent and 40 percent.

Employers will inevitably begin to shift their focus from resilience to recovery—from responding to short-term disruptions to the business to planning for an emergency as those disruptions gradually disappear. To smooth that transition and position themselves for success, KPMG recommends employers undertake these key additional measures outlined on the following pages.

Reframe the employee deal. During times of uncertainty, like now, it is more important than ever to make sure employees not only understand their role in the organization and what’s expected of them but also feel recognized and appreciated for what they do. Reframing the employee deal starts with sharpening and reinforcing the employee value proposition by focusing on all the factors that go into it, including compensation and rewards, development and advancement opportunities, and workers’ physical health and safety. It also requires maintaining and improving the employee

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experience, which for now should involve reinforcing team dynamics, continuing to facilitate remote work as needed, and upgrading leadership competencies to accommodate new workplace realities. To further promote employee engagement—and hence productivity—employers can also implement processes for capturing and addressing employee concerns about how the COVID-19 response is being managed and for conveying how lessons learned will be incorporated going forward.



Review how teams are toolled. As employers segue from short-term response to COVID-19 to a long-term shift in how and where their people work, they should boost use of the technologies they have found most supportive of new ways of working—including increasingly important tools like machine learning, robotic process automation, and other artificial intelligence applications that can help workers do their jobs faster and better. Employers can speed this process, and promote buy-in from employees, by developing

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personas to understand how employees want to do their jobs, and journey maps that highlight critical business touchpoints throughout the employee experience. Our survey shows that providing workers with the tools they need correlates with making them feel valued, which in turn correlates with success in their new work environments. Sixty-eight percent of workers who feel valued say their employers provide them with adequate resources, compared with only 31 percent of those who don’t feel valued.

68% who feel valued say their employers provide them with adequate resources.

Reskill workers. Employees have demonstrated a welcome willingness to embrace new tools and explore novel work arrangements during COVID-19. Indeed, 70 percent say their teams are collaborating better now as a result of changes made in response to COVID-19. But the adaptations required of them have also exposed areas where they could benefit from more knowledge and training—from the use of productivity tools by displaced office workers to the adaptation of management strategies for business

3 leaders who suddenly find themselves shepherding virtual teams. As new technologies continue to reshape the world of work, it will be incumbent upon employers to make sure employees' skill sets keep pace and that the workforce in general has the flexibility needed to adapt to whatever changes may lie ahead. Employers also must be prepared to deliver training and education programs in a virtual environment when, in situations like the current one, traditional environments are not accessible.

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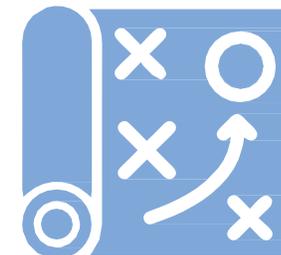
Invest in leadership. Our survey shows that managers are struggling even more than frontline employees with the pressures imposed by COVID-19 and its economic fallout. In fact, upper management has been hit hardest as senior leaders strive to support their people and protect the business while also dealing with their own work/life issues. To address and prevent

4 burnout in leadership ranks, it will be critical for organizations to reestablish expectations and resourcing for top-level leaders, making sure they have everything they need to do their jobs and manage their emotional and psychological challenges amid ambiguity.



Start planning now for economic recovery. It could be argued that few organizations could have anticipated the breadth and depth of the economic fallout from COVID-19. But there will be no excuses for those who do not plan for rebounding from it. We suspect the economy's recovery will occur in stages as consumers gradually begin to feel comfortable

5 returning to public spaces and resuming pre-COVID routines. Employers must start preparing now for how they will respond—who will come back to work first, what will be needed to ensure their safety and the safety of customers, and what changes implemented during COVID-19 should continue even after it has passed.



Conclusion

COVID-19's crushing impact on the global economy is unparalleled in modern history. Businesses are rightly worried about how their people are managing through the challenges that have been imposed upon them and how well they will be positioned to carry on once the economy begins to recover. Our survey shows that while workers have been incredibly resilient thus far, many are nonetheless struggling with what they perceive to be added responsibilities, logistical challenges, and emotional demands—especially if they are working in management roles or juggling work and parenting under one roof.

As COVID-19 is brought under control and employees are able to return to the workplace, not all will make the journey. Some industries have learned that a modified model that mixes remote employees with on-premise employees not only works but in some instances may be preferable. These new operating models, along with enhanced employee value propositions and worker mental health and safety issues, will need to be planned for in a thoughtful way.

Organizations that make the extra effort now to keep employees informed and engaged around these developments—and to equip them with the skills and tools they will need to thrive today and tomorrow—will be planting the seeds for future sustainability and growth.

Contact us:

Paul Lipinski

Principal and Human
Capital Advisory Leader
KPMG LLP
plipinski@kpmg.com

Matt Campbell

Managing Director, Human
Capital Advisory
KPMG LLP
mscampbell@kpmg.com

Brock Solano

Managing Director, Human
Capital Advisory
KPMG LLP
brsolano@kpmg.com

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