



Trending Insights

Closing the chasm

Executives and employees
don't see eye-to-eye on employer
responses to COVID-19

IBM Institute for
Business Value



Closing the chasm

The COVID-19 crisis wears on, bringing continual business disruption and lockdowns that sometimes stop and start overnight. In this environment, individuals and employers are collectively struggling to return to some semblance of normalcy—finding ways to work, play, and live while staying safe and healthy.

It's a lot to navigate, and months of stress and anxiety are taking their toll. Families are facing difficult decisions, weighing the dangers of sending children to school against the disruption of remote learning. They're comparing the health risks of going back to work (or staying at work) with the financial hardship that could come from staying home. And they're evaluating the tradeoffs between visiting loved ones and keeping their distance—acknowledging the impact extended isolation could have on their mental health. Each situation comes with unique circumstances, making it impossible for businesses to take a one-size-fits-all approach as they move toward building a different normal.

For executives, this creates a conundrum. It seems almost impossible to understand each employee's individual needs—and balance those with rebuilding the business. From digital disruption to supply chain shutdowns, leaders are facing a barrage of threats coming from every direction. As they struggle to stay competitive—or perhaps even solvent—their attention is divided.

In this environment, it's not surprising that executives think they're providing sufficient workforce support, whatever it is they're doing. After all, simply avoiding layoffs may feel like a monumental achievement. But recent research from the IBM Institute for Business Value reveals they may not be doing enough. Ongoing analysis of global consumers and business executives shows that there is a deep disconnect between what leaders think their organizations are offering and how employees feel about that support. In general, we found that employers significantly overestimate the effectiveness of their efforts to support employees.¹

In an increasingly volatile environment, employees play an essential part in helping organizations adapt and respond to crisis and change. People will be a primary driver of competitive advantage going forward—and their memories will be long. Companies that don't empathize with their employees—and do the best they can to help them deal with the pandemic—may see a major exodus when the job market recovers. To compete in a future defined by disruption and created through crisis, executives need to engage their EQ and close the chasm between leader and employee perceptions of the support the organization provides.

In an uncertain economy, there's no room for error

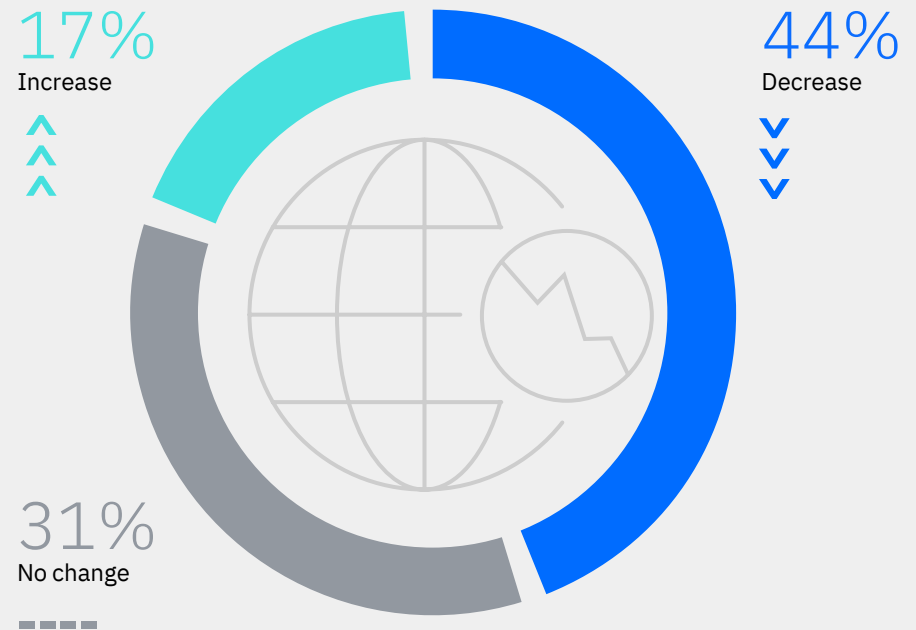
There's no question about it: the global economy is sputtering. In September, the OECD estimated that the COVID-19 pandemic would result in a 4.5 percent contraction in global GDP in 2020.² And the World Trade Organization projects that global trade will fall between 13 percent and 32 percent year-over-year.³ While a fragile recovery is expected in 2021, shoring up consumer confidence is the key to spurring economic growth.

And as of September, consumer confidence was shaky at best. Most people expect at least a few more months of uncertainty—and many respondents say their budgets have taken a major hit. Forty-five percent of global survey respondents say their monthly income has decreased, and nearly half say their discretionary spending has declined. The impacts are even greater in key developing economies. In Brazil and Mexico, for instance, more than 60 percent of households have seen a drop in their monthly incomes.⁴

Figure 1

Income is on the decline for many global consumers

Monthly household income



Question: How has your personal financial situation changed in the last month in the following areas?

And businesses are feeling the pinch, as well. All executives surveyed say that over the next two years they will prioritize cost and cash flow/liquidity management, with almost 90 percent planning to prioritize both to a high degree. Executives see an increased need for digital transformation to optimize their spend—but that isn't coming at the expense of employees. Organizations are planning to increase their labor costs over the next two years even as they work to bring their operational expenses down.⁵

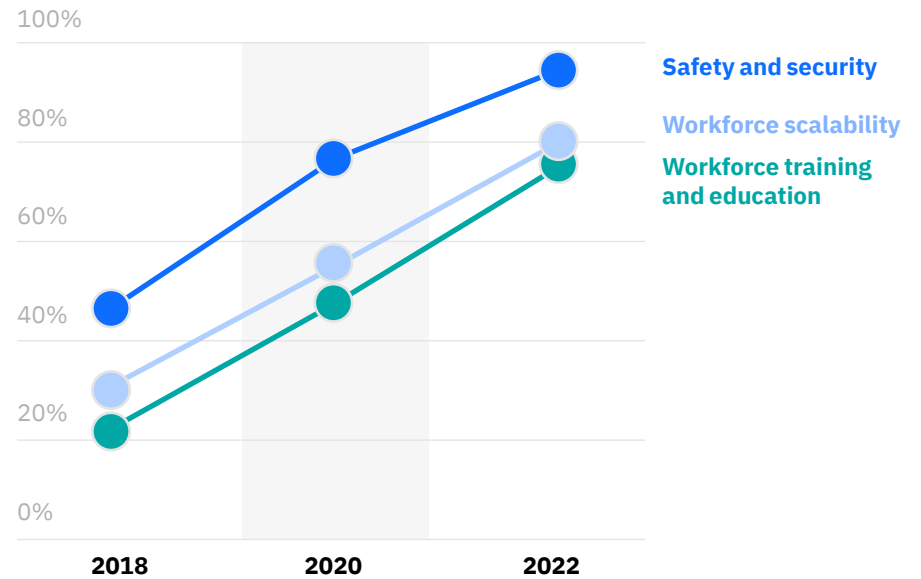
Dissecting the disconnect

Most executives understand that their people will play a huge part in helping them survive economic turmoil in the coming months and years—and they are prioritizing workforce capabilities accordingly.

In fact, workforce safety and security is the top executive priority for the future, with 92 percent of executives surveyed planning to prioritize this capability over the next two years. And nearly two-thirds of leaders are putting a premium on workforce training and education.⁶

Figure 2

Executives have shifted their focus toward workforce-related competencies



Executives who prioritize workforce competencies to a significant or very great extent

But employees have yet to feel the effect of this renewed focus on their needs. While executives believe they are giving employees the tools, training, and emotional support they need to remain productive, employees largely disagree. For instance, while four in five executives surveyed say they are supporting the physical and emotional health of their workforce, less than half of employees agree. It's also important to note that fewer than half of employees feel they're being taken care of financially, and even fewer (38 percent) think their employers are giving them the skills they need to adapt to a different way of working.⁷

Figure 3

Executives and employees have diverging views on employer responses to the pandemic



As more people return to work, employees have a defined set of expectations and demands for their employers—and health and safety is front and center. Nearly 80 percent of employees want clearly communicated plans for ensuring sanitary conditions in physical workspaces,⁸ and only 51 percent believe this is something their employers have provided.⁹

Roughly three in four employees want their employers to offer social distancing guidelines, paid sick leave, access to COVID-19 testing, and plans for responding to future outbreaks. Respondents in Brazil and Mexico had very strong demands for protective measures, including contact tracing. Respondents in the US were somewhat less demanding in May and June than they were in April; however, expectations for active protection measures in the workplace rose in July and continued to remain high in August.¹⁰

Figure 4

Top employee concerns center around health and safety



Question: How important are each of the following for your employer to have in place in order for you to return to normal work operations?

Closing the chasm

Leaders may feel frustrated that their efforts aren't being appreciated, especially given everything that's resting on their shoulders. But it's not just executives who are under pressure. Employees are walking a tight-rope as they try to balance professional and personal priorities—and, in many regions, they're keenly aware that there's no safety net.

In this environment, employees seem to think they don't register on executives' radar. Fewer than one in four workers trust their employers to make informed and ethical decisions that consider both the economic implications and the health and well-being of individuals and communities when returning to the workplace. And just over half think their employers are genuinely concerned about employees.¹¹

Closing this chasm starts with a purposeful focus on empathy, a willingness to investigate creative solutions—and better communication. Only 57 percent of executives surveyed say they have implemented a feedback system for employees to elevate issues and solutions.¹² Learning to listen can help leaders see issues more clearly.

One key lesson executives should take from the pandemic is that their employees should be considered as individuals with unique needs and specific expectations. What will make each person successful varies wildly. But serving individuals is what will improve results for the organization as a whole. To compete in the future, executives must be mindful enough to understand their workers' needs—and companies must be agile enough to accommodate them.

When a company meets its people's needs, it can make its employees its most important advocates. And at the end of the day, a company's efforts—or lack thereof—speak volumes about its values. If the COVID-19 crisis doesn't inspire an organization to take better care of its people—what will?

See our related research

“Cost and value transformation in the era of COVID-19.”

IBM Institute for Business Value. September 2020.

To survive and thrive in the wake of a crisis, companies must find ways to cut costs—and make investments that position them for growth.

<http://ibm.co/cost-value-transformation-covid-19>

“COVID-19 Consumer Survey.”

IBM Institute for Business Value. September 2020.

The coronavirus pandemic is changing the way people work, learn, shop, and interact. We’re surveying thousands of consumers around the world to better understand their rapidly evolving preferences, needs, and concerns.

<https://www.ibm.com/thought-leadership/institute-business-value/report/covid-19-consumer-survey>

“How to invest now to expedite COVID-19 recovery: Redirecting resources for enterprise transformation”

IBM Institute for Business Value. July 2020.

Digital transformation can help organizations adapt in the wake of the pandemic.

<http://ibm.co/covid-19-recovery>

“COVID-19 action guide: Beyond the Great Lockdown.”

IBM Institute for Business Value. April 2020.

Emerging stronger to a different normal. Organizations should take specific actions now to navigate disruption and be ready for what’s after COVID-19. We’ve created a framework of seven business imperatives that can help.

<http://ibm.co/covid-19-action-guide>

The right partner for a changing world

At IBM, we collaborate with our clients, bringing together business insight, advanced research, and technology to give them a distinct advantage in today’s rapidly changing environment.

IBM Institute for Business Value

The IBM Institute for Business Value (IBV) delivers trusted, technology-based business insights by combining expertise from industry thinkers, leading academics, and subject matter experts with global research and performance data. The IBV thought leadership portfolio includes research deep dives, benchmarking and performance comparisons, and data visualizations that support business decision making across regions, industries and technologies.

For more information

Follow @IBMIBV on Twitter, and to receive the latest insights by email, visit: ibm.com/ibv

Notes and sources

- 1 Anderson, Cindy and Anthony Marshall. "COVID-19 and the future of business." IBM Institute for Business Value. September 2020. <https://www.ibm.com/thought-leadership/institute-business-value/report/covid-19-future-business>. COVID-19 Consumer Study. IBM Institute for Business Value. Accessed October 2, 2020. <https://www.ibm.com/thought-leadership/institute-business-value/report/covid-19-consumer-survey>
- 2 OECD Economic Outlook, Interim Report. September 2020. <https://www.oecd.org/economic-outlook/september-2020/>
- 3 "Trade falls steeply in first half of 2020." World Trade Organization. June 22, 2020. https://www.wto.org/english/news_e/pres20_e/pr858_e.htm
- 4 COVID-19 Consumer Study. IBM Institute for Business Value. Accessed October 2, 2020. <https://www.ibm.com/thought-leadership/institute-business-value/report/covid-19-consumer-survey>. Includes previously unpublished data from the Consumer Study.
- 5 Bieck, Christian and Anthony Marshall. "How to Invest now to expedite COVID-19 recovery." June 2020. <https://www.ibm.com/thought-leadership/institute-business-value/report/covid-19-recovery>
- 6 Unpublished data from a survey conducted by the IBM Institute for Business Value, in collaboration with Oxford Economics, of 3,450 executives in 20 industries and 22 countries from April to June 2020.
- 7 Ibid
- 8 Previously unpublished data from the COVID-19 Consumer Study. IBM Institute for Business Value.
- 9 Anderson, Cindy and Anthony Marshall. "COVID-19 and the future of business." IBM Institute for Business Value. September 2020. <https://www.ibm.com/thought-leadership/institute-business-value/report/covid-19-future-business>.
- 10 COVID-19 Consumer Study. IBM Institute for Business Value. Accessed October 2, 2020. <https://www.ibm.com/thought-leadership/institute-business-value/report/covid-19-consumer-survey>
- 11 Anderson, Cindy and Dave Zaharchuk. COVID-19 trilemma tradeoffs. June 2020 <https://www.ibm.com/thought-leadership/institute-business-value/report/covid-19-trilemma>
- 12 Unpublished data from a survey conducted by the IBM Institute for Business Value, in collaboration with Oxford Economics, of 3,450 executives in 20 industries and 22 countries from April to June 2020.

© Copyright IBM Corporation 2020

IBM Corporation
New Orchard Road
Armonk, NY 10504
Produced in the United States of America
October 2020

IBM, the IBM logo, ibm.com are trademarks of International Business Machines Corp., registered in many jurisdictions worldwide. Other product and service names might be trademarks of IBM or other companies. A current list of IBM trademarks is available on the web at “Copyright and trademark information” at: ibm.com/legal/copytrade.shtml.

This document is current as of the initial date of publication and may be changed by IBM at any time. Not all offerings are available in every country in which IBM operates.

THE INFORMATION IN THIS DOCUMENT IS PROVIDED “AS IS” WITHOUT ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING WITHOUT ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND ANY WARRANTY OR CONDITION OF NON-INFRINGEMENT. IBM products are warranted according to the terms and conditions of the agreements under which they are provided.

This report is intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. IBM shall not be responsible for any loss whatsoever sustained by any organization or person who relies on this publication.

The data used in this report may be derived from third-party sources and IBM does not independently verify, validate or audit such data. The results from the use of such data are provided on an “as is” basis and IBM makes no representations or warranties, express or implied.

