

Rethinking HR Practices in the Age of Pandemics

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1

Times Change, Practices Do Not

- During World War II Angora wool was a strategic product
- Used in military uniforms, production of wool was heavily subsidized
- The war is long gone – subsidies are NOT
- Angora goats cost the U.S. government about \$60 million a year
- Billions were paid in subsidies in few decades



2



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2

Learning Objectives

- Examine changes in business environment
- Review new trends in labor economics
- Review legal environment
- Discuss changes in labor composition (job values, skills)
- Identify HR functional areas affected by these changes
- Elaborate on potential changes in HR practices

3

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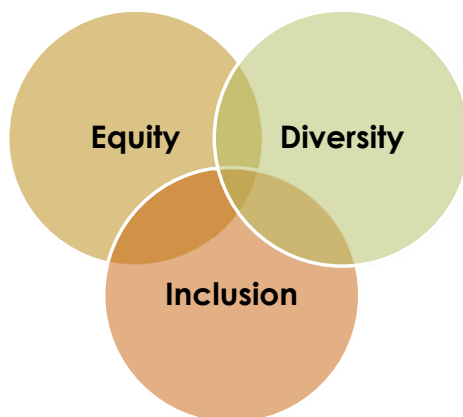
What is Changing?

- Industry composition
- Workforce composition
- Job content (duties, responsibilities, processes, etc.)
- Job values (both, internal and external)
- Inconsistent wage inflations
- Supply and demand of skills in labor market

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4

Emerging Trends in Workforce



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


What is Not Changing?

- Some pay structure designs remain archaic
- Its components are disconnected from labor market trends
- Classification design lags behind
- Pay increases do not reflect labor market wage inflations
- Some HR practices do not factor market dynamics

6

6

Industries Affected by Pandemics

- Retail 
- Airlines 
- Home Food 
- Utilities 
- Loan & Banking 
- High Tech 
- Home Care 
- Production 

7

7

HR Practices Affected by Emerging Economic Conditions

- Recruitment, staffing, sourcing
- Classification and compensation
- Training and development
- Employee and labor relations
- Organizational development

8

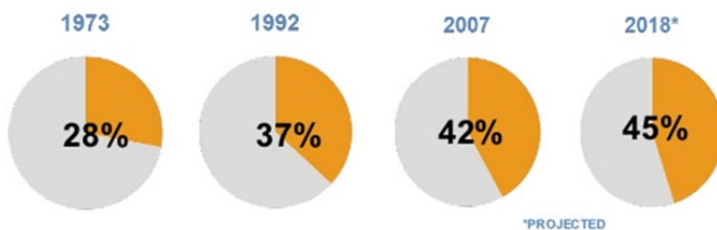
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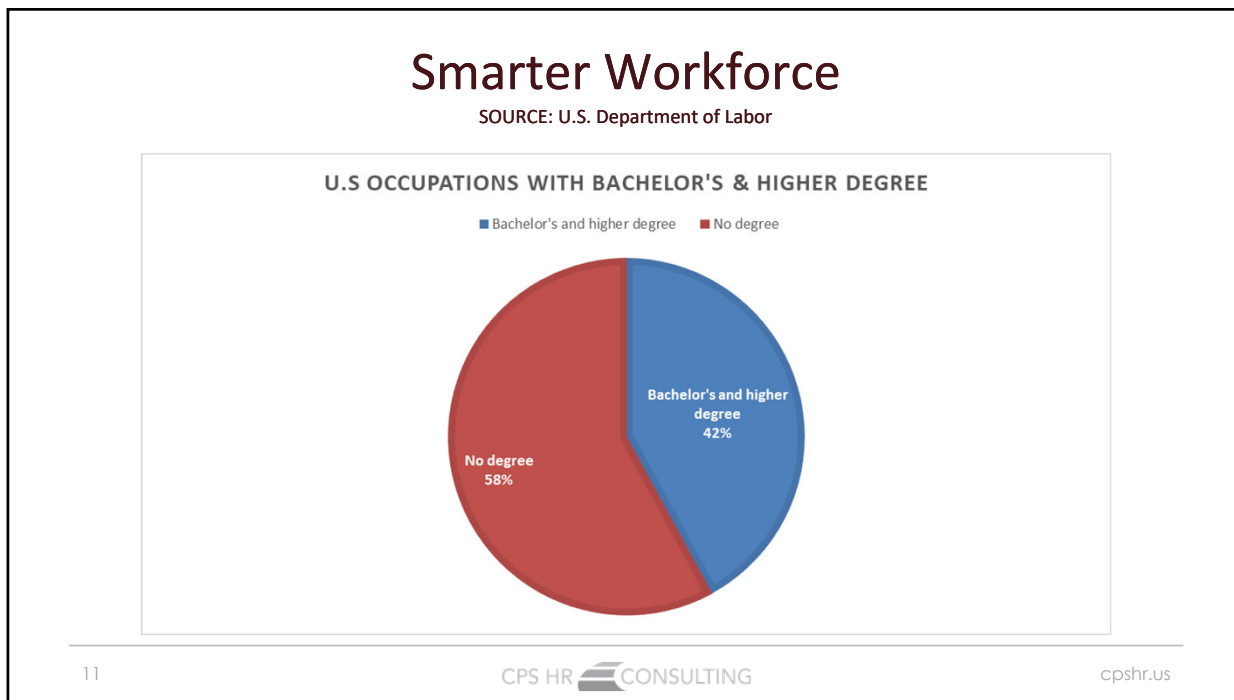
What are the Major Trends Affecting HR

- Shift in job values
- Inconsistent wage inflations
- Changing legal environment
- Rapid technological advancements
- Realignment of organizational values (focus on pay equity)
- Growing influence of market practices

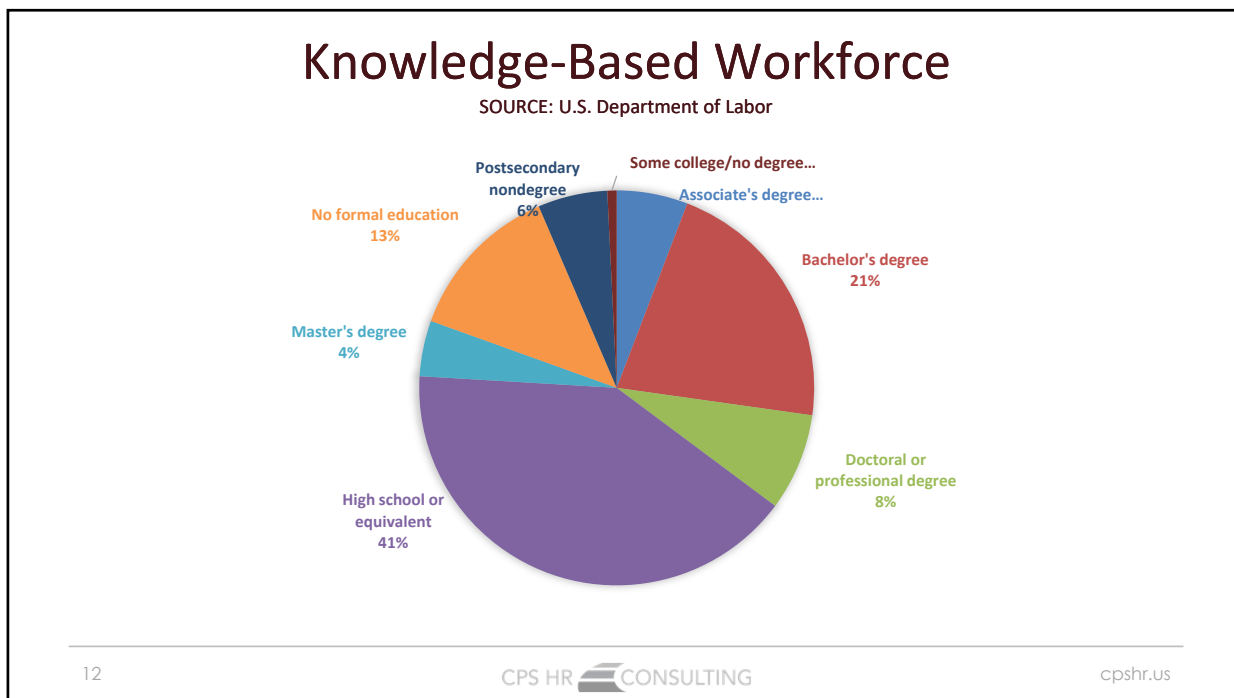
Growth of Occupations Requiring College Degree

SOURCE: Georgetown University, 2010





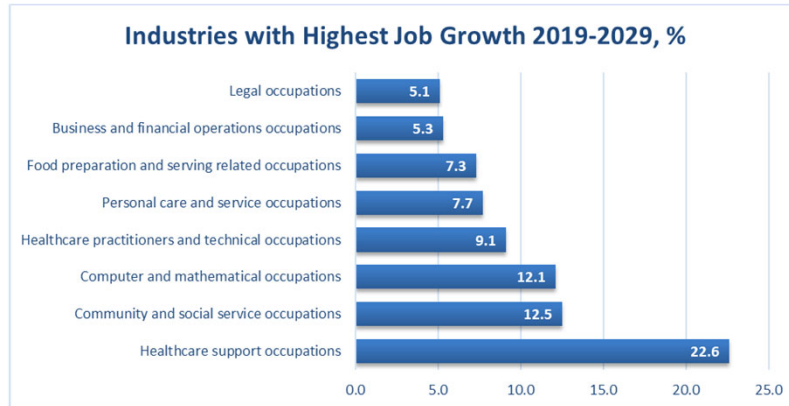
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12

Occupations Projected to Grow

SOURCE: U.S. Department of Labor

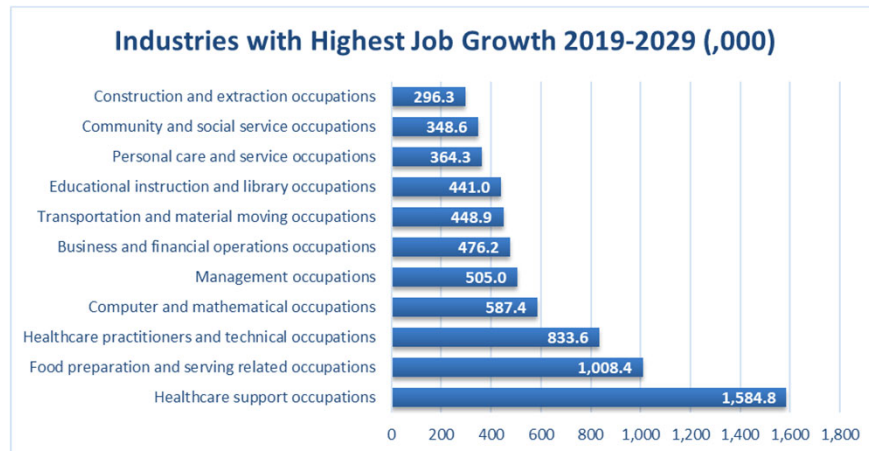


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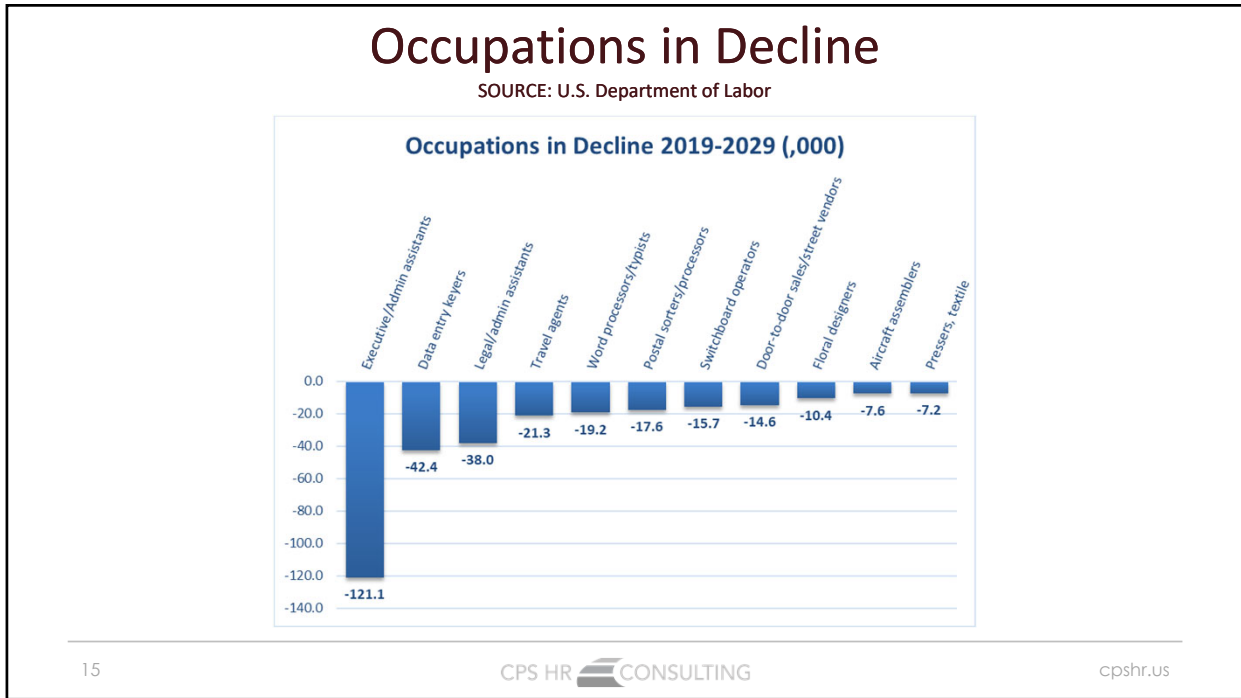
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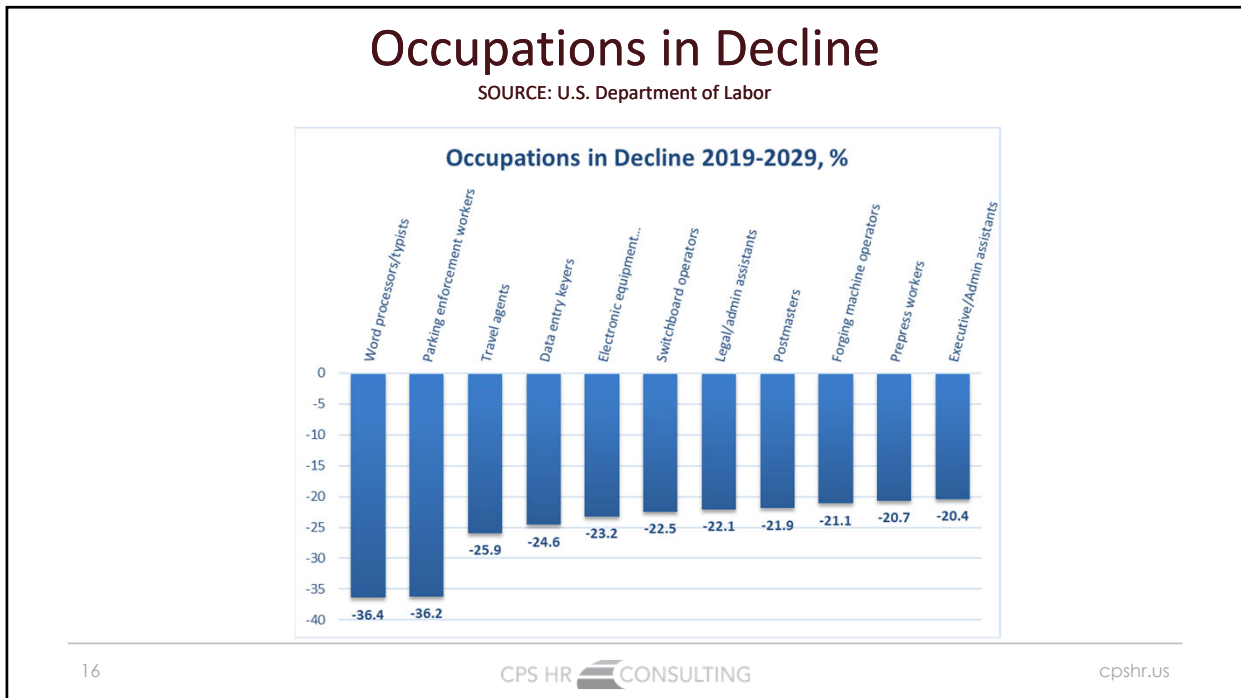


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15



16

Rethinking Recruitment Practices

- Remote work creates larger pool of qualified talent
- Less impact of local practices on recruitment packages
- Change in labor costs and employer's expenses
- New OSHA standards/policies due to home-office
- Significant change in security protocols

17

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Rethinking Training & Development

- Smaller group sizes
- Mind mapping - graphically map ideas and thoughts
- Active learning - away from lecturing; more interactive learning
- “Cold calling” on participants - keeping class engaged
- “Chunk the lessons” - split 10-min blocks of presentations
- Ad hoc quizzes - to control knowledge acquisition

18

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Rethinking Employee/Labor Relations

- Mandatory subjects of bargaining or business processes
- Less employee complaints anticipated
- Potentially less incidence of injuries from remote work
- Ways to keep remote workers engaged

19

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Change in Compensation Practices

- Change in job values among various occupations
- Inconsistent wage inflations
- Less impact of geographic differentials
- Higher control of productive time
- Shift to productivity- or skill-based pay
- Broader use of incentives
- Market influences on pay administration and structures

20

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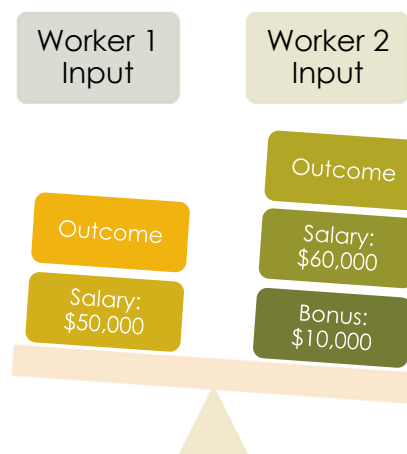
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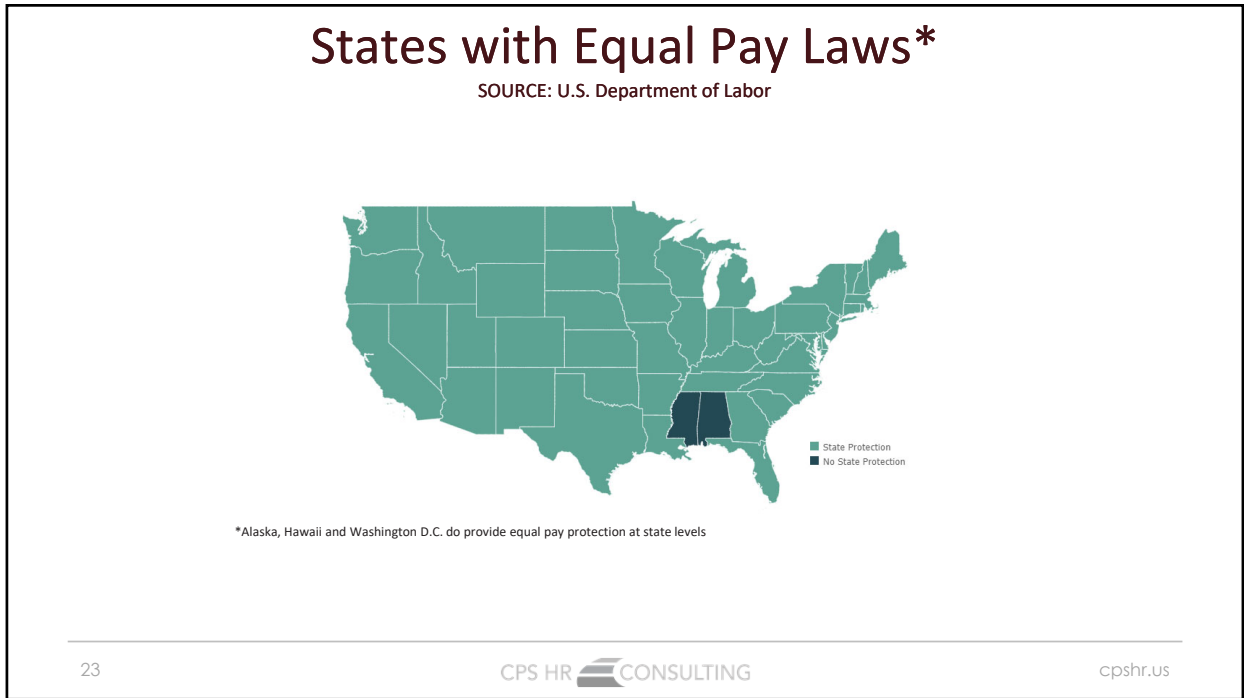
Rethinking Job Design

- Skills as a foundation in matching workers to jobs
- Changes in job evaluation factors
- Productivity of work done remotely
- Future of flexible work environment
- Future of work settings *(1 of 3 companies will keep 50%+ of remote work assignments)*

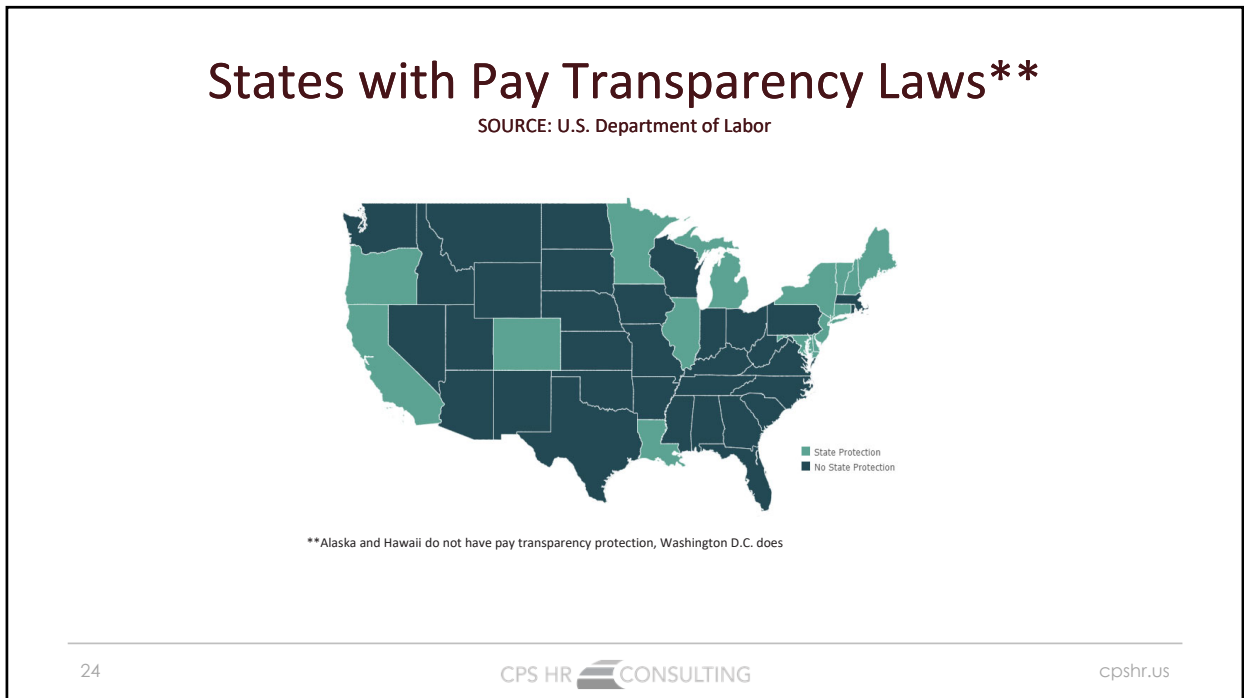
Emerging Trend of Pay Equity

- ✓ Workers compare ratios of outcomes-to-inputs
When ratios are equal: state of equity exists
When ratios are unequal: tension exists
- ✓ Tension motivates bringing situation into equity
- ✓ Employee dissatisfaction
- ✓ Self-correction of inequities

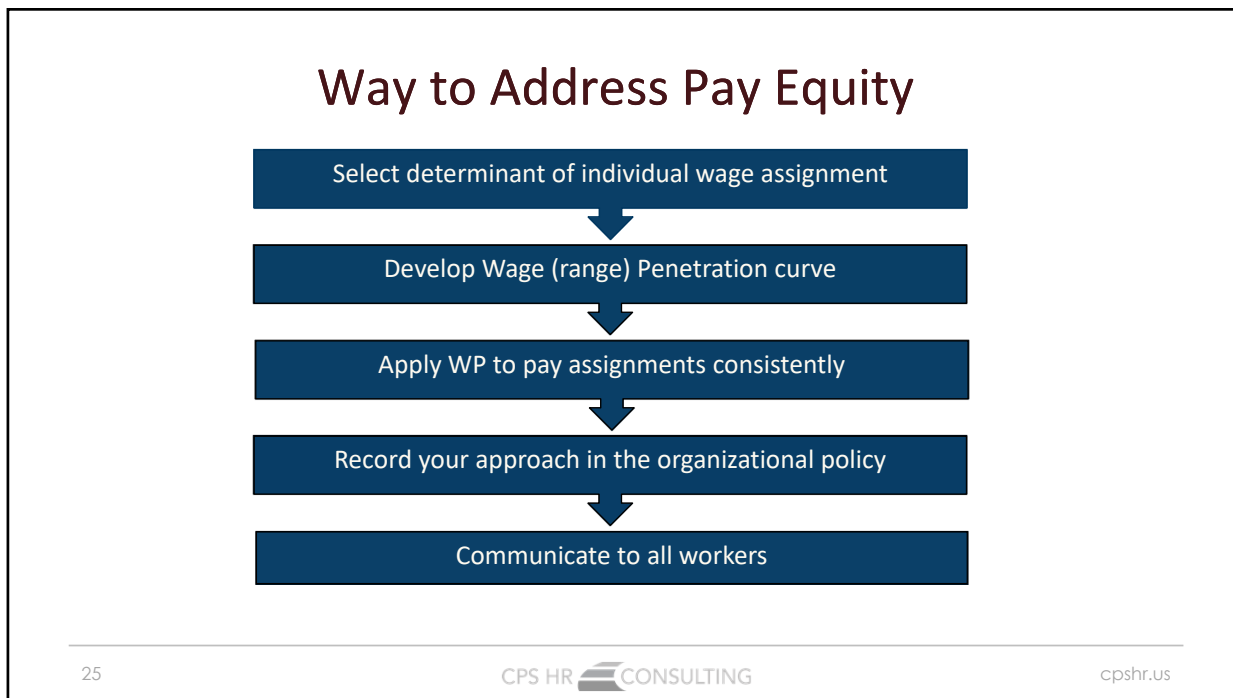




23



24



25

Rethinking COLA Pay Increases

(SOURCE: BLS, WorldatWork, Economist)

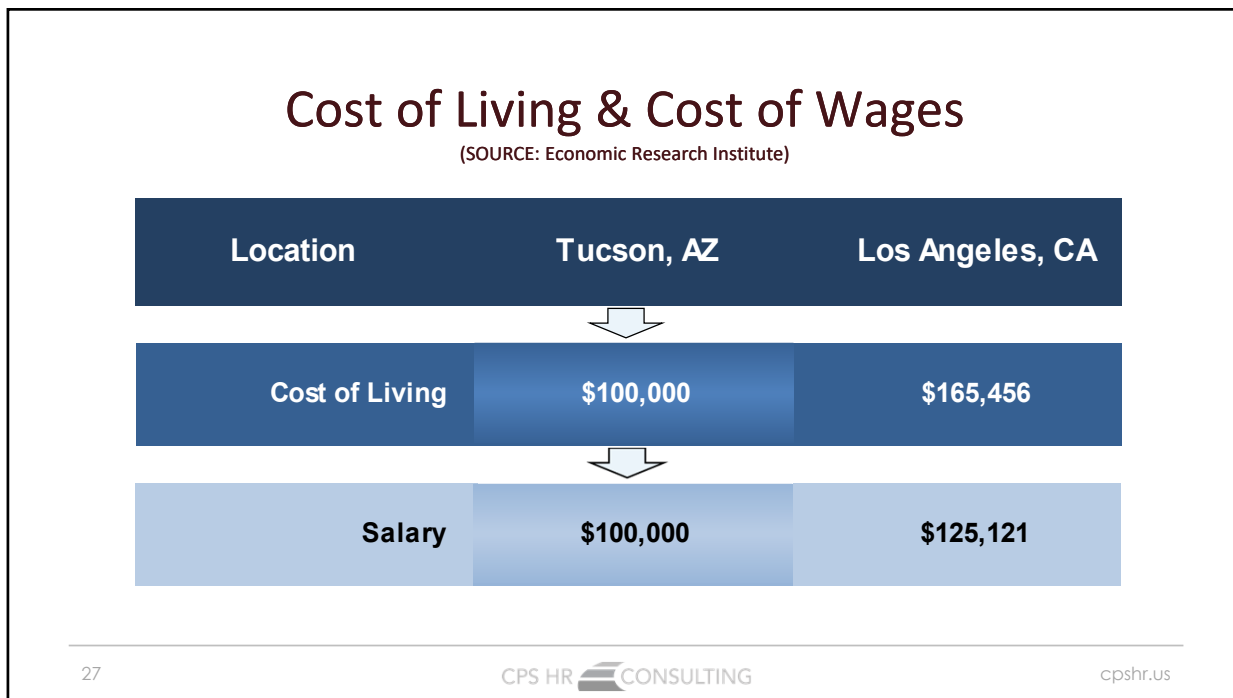
Year	Actual Wage Increases	Consumer Price Index	Real Wage Increases
2009	2.2%	2.7%	-0.5%
2010	2.5%	1.5%	1.0%
2011	2.9%	3.0%	-0.1%
2012	3.0%	1.7%	1.3%
2013	3.1%	1.5%	1.6%
2014	3.1%	0.8%	2.3%
2015	3.1%	0.7%	2.4%
2016	3.0%	2.1%	0.9%
2017	3.0%	2.1%	0.9%
2018	2.9%	1.9%	1.0%
2019	3.1%	2.3%	0.8%

26

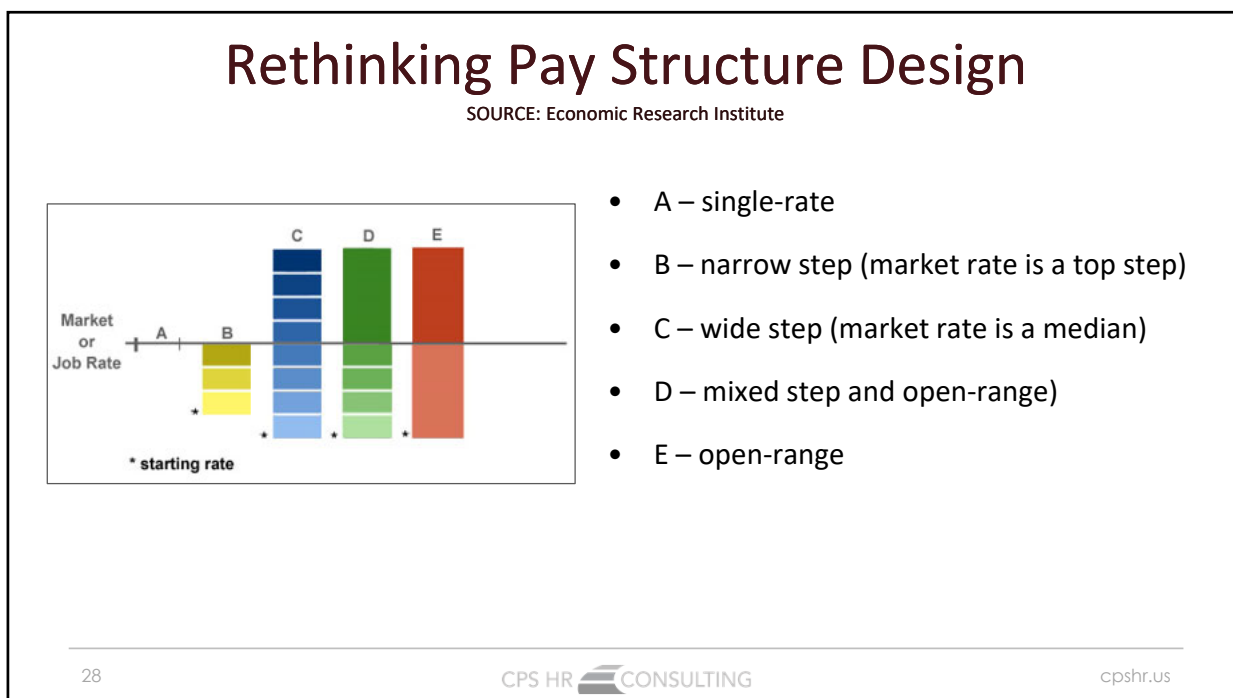
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26



27



28

Moving from Step to Open-range Structures

Step Structure

- Fixed, inflexible
- Increases granted by time intervals
- Labor cost difficult to control
- Wage growth is pre-determined
- Inverted wage progression

Open-range Structure

- Open, flexible
- Increases depend on budget
- Labor costs easy to control
- Wage growth is market-driven
- Logarithmic wage progression

Questions?

Thank you.