NAVIGATING COVID-19

***COVID-19 BUSINESS INDEX:** A BI-WEEKLY REPORT ON THE STATE OF BUSINESS IN THE U.S.*

Business Index Cycle #3

SHRM® BETTER WORKPLACES BETTER WORLD™

OXFORD ECONOMICS

COVID-19 Business Index

Today's pandemic-induced economic crisis is having a devastating impact on people and businesses around the world. Due to the spread of the coronavirus in the U.S. and government stay-at-home orders to flatten the curve, many employers are facing a challenging new reality of doing business.

SHRM (Society for Human Resource Management) and Oxford Economics have partnered to help business and government leaders better understand the impact of the novel coronavirus on the U.S. workforce and business operations by surveying employers.

The COVID-19 Business Index is a bi-weekly pulse of how the pandemic is impacting U.S. businesses. The Index will be updated every two weeks through June 2020 with the latest snapshot of this dynamic economic landscape, and identifying trends that will help decision makers as organizations manage getting back to work.

Featured in this report: Cycle three data from fieldwork conducted between 5/12/2020 and 5/15/2020, which suggests the U.S. has weathered the worst of COVID-19.

To receive the index, sign up here.

COVID-19 Business Index Snapshot

MORE U.S. COMPANIES HIRING, BUT JOB LOSSES STILL OUTWEIGH GAINS

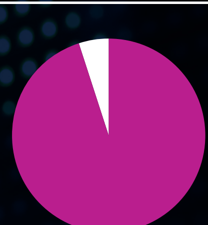
More employers (13%) are **INCREASING** hours for hourly workers than cutting them (8%).

HOWEVER,
the overall number of hourly workers working **FEWER HOURS** continues to **OUTPACE** those receiving more hours.

More employers (15%) are **HIRING SALARIED** workers than laying off or furloughing (6%) them.

HOWEVER,
more than **TWICE AS MANY** salaried employees are **LOSING JOBS** than being hired.

ALTHOUGH
outweighed by losses, most jobs gained are long-term, not short-term, positions.



95% of employers say salaried hires are long-term.

70% say hourly hires are long-term.

Searching for the Bottom in a Catastrophic Job Market

Employers in several major industries such as retail and hotels and restaurants are now reporting more hiring activity than job reductions, and more are increasing hours than decreasing hours as states reopen portions of their economies.

However, despite this hopeful development, the total number of salaried workers losing their positions to layoffs and furloughs—and hourly employees experiencing a decrease in hours worked—continues to outpace the creation of new jobs or increased hours.

At best, the positive signals in this research may indicate the devastation of the U.S. job market is approaching its peak. However, job creation is not happening at the scale needed to reverse the losses of 36 million jobs in the United States.

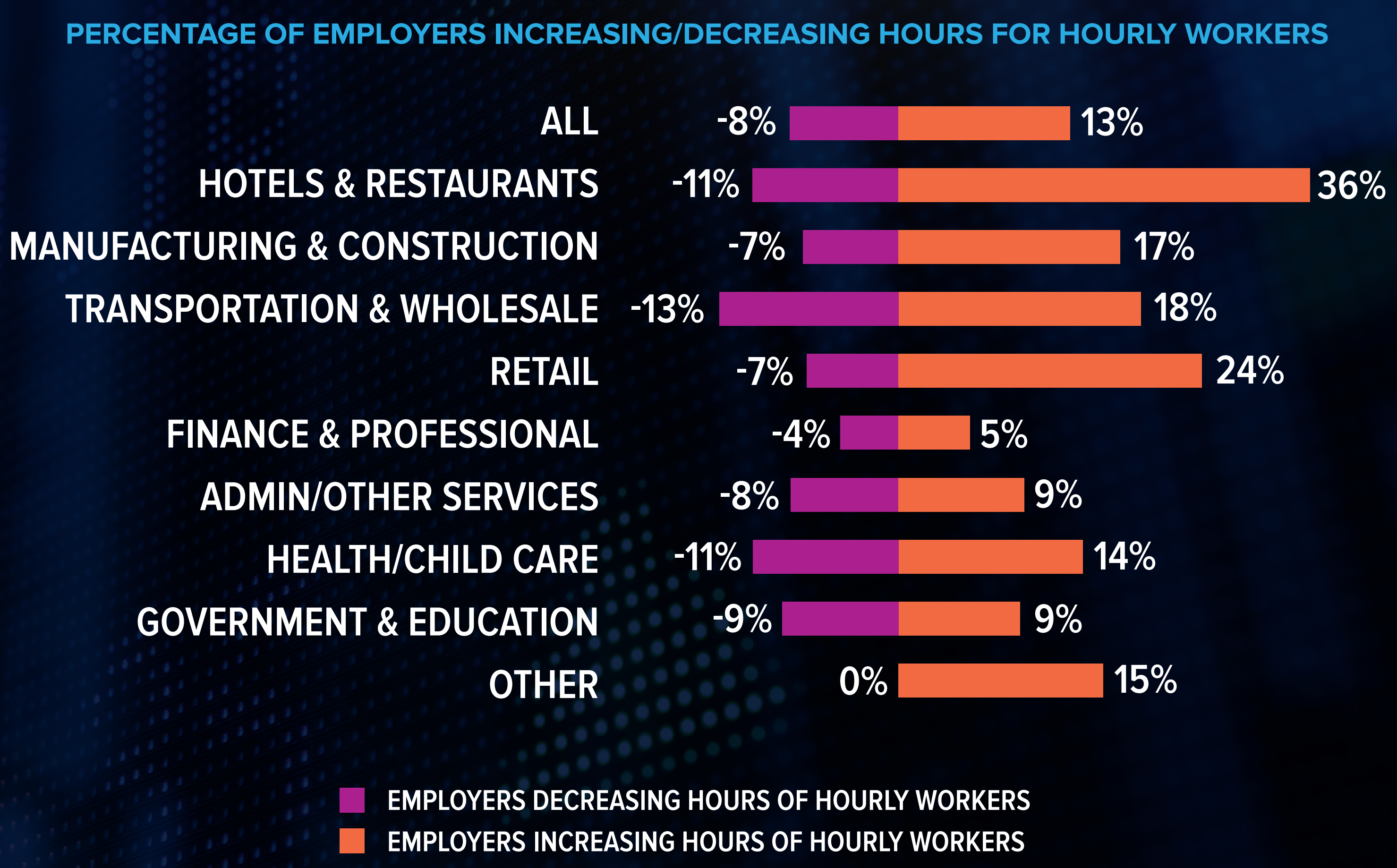
Whether this activity is truly an early sign of an economy finding the bottom is yet to be seen and will need to be studied with further research.

Hourly Workers Bear the Brunt of Downturn

Employment trends vary sharply by industry. Positive signs are evident in the hard-hit hotel, restaurant, and retail industries, which were among the first to benefit from the relaxation of lockdown restrictions in most states. On the other hand, government and education, as well as the transportation industry, continue to report significant downward employment activity.

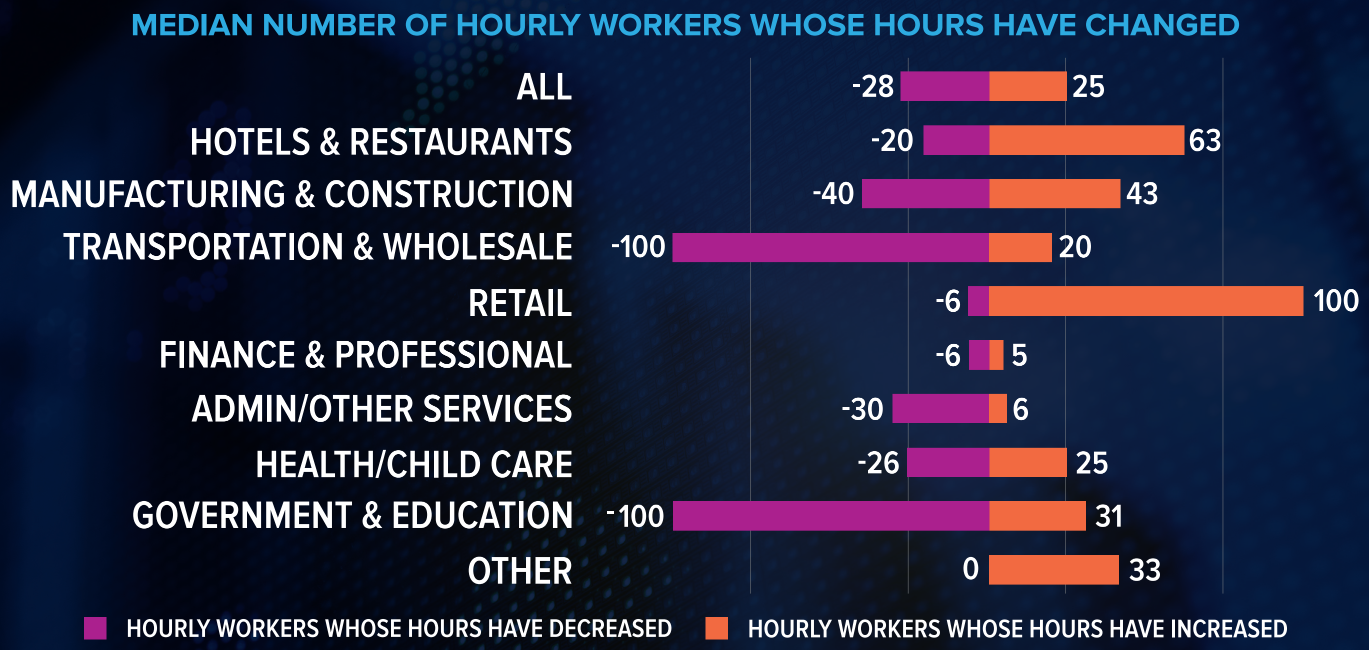
The situation remains more difficult for hourly workers than salaried workers. The good news for hourly workers across all industries is that more employers (13%) report increasing hours worked for hourly workers than those reporting decreases in hours worked (8%). **Figure 1** compares the increases and decreases by industry for hourly employees.

Figure 1. Employers Are Increasing Hours of Hourly Workers Across Industries



Although more employers report increasing hours, the overall number of hourly workers working fewer hours continues to outpace those receiving more hours and, consequently, pay. All industries considered, reduced hours affect slightly more hourly employees than do increased hours, as the median number of employees for whom hours were reduced was 28, versus 25 for whom hours were increased, based on a median of 82 hourly workers per organization.[1] Once again, the greatest gains are claimed by the hospitality and restaurant and retail industries, while the largest reductions belong to the government and education, and transportation and wholesale industries.

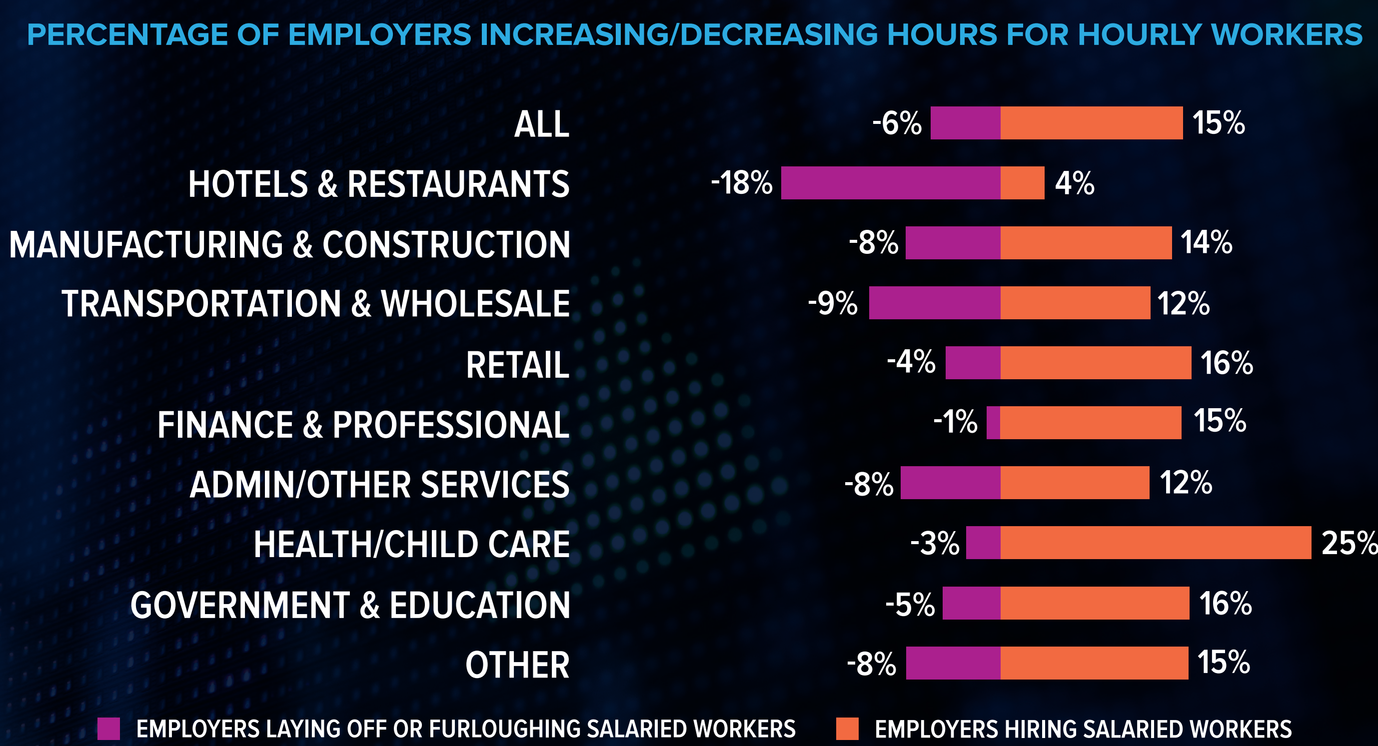
Figure 2. More Hourly Employees Losing Hours Than Gaining Hours



Twice as Many Salaried Workers Losing Jobs Than Being Hired

For salaried workers, changes in positions rather than changes in hours were examined. Data shows a positive trend in terms of proportion of employers hiring (15%) vs. those reducing headcount (6%) that is more pronounced than for hourly workers.

Figure 3. More Employers Are Hiring Salaried Staff Than Reducing



Yet for salaried workers, too, job reductions continue to outpace hiring. When employers across all industries are considered, more than twice as many salaried employees are losing jobs than are being hired. To put the data in **Figure 4** in context, an organization in this study had a median of 50 salaried employees.[2]

Importantly, some industries may be far from the end of job reductions. For example, findings present a very different story for the government and education and transportation industries. The well-reported deterioration in state and local tax revenue plus the difficulty faced by educational institutions at all levels is consistent with the findings reported for the government and educational industry, which leads all industries in salaried jobs lost.[3] Transportation and wholesale trade workforce reductions for both hourly (hours worked) and salaried workers (positions) are also notable.

Although gains are outweighed by losses, employers reporting hiring activity appear confident that these are long-term gains, rather than short-term hires or positions of uncertain duration, for both salaried (95%) and hourly (70%) workers.

Figure 4. More Salaried Jobs Being Lost Than Created

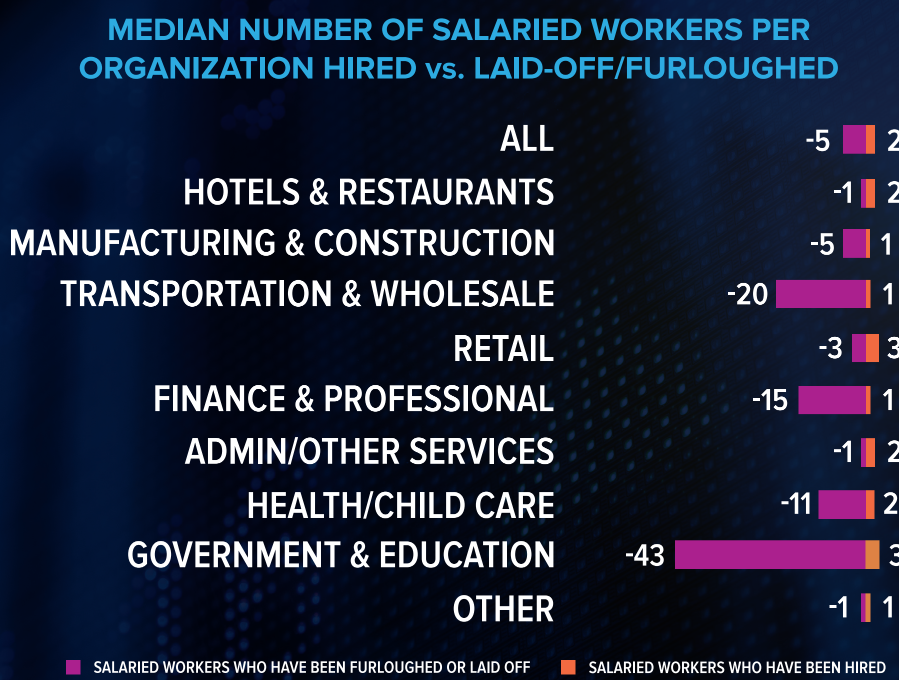
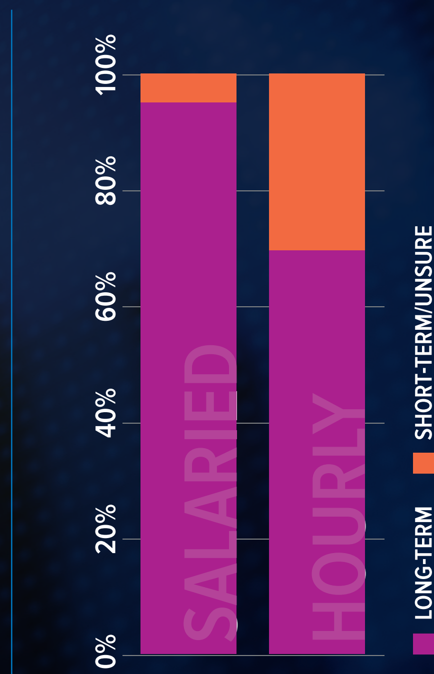


Figure 5. Most hiring gains are long-term



Apparent Efficacy of Paycheck Protection Program

Lastly, based on employer responses, it appears the Paycheck Protection Program (PPP) has been reasonably successful in limiting losses and protecting jobs. Broadly speaking, the PPP is a loan designed to provide a direct incentive for small businesses to keep their employees on the payroll. The Small Business Administration (SBA) will forgive loans if all employees are kept on the payroll for eight weeks and that money is spent on payroll, rent, mortgage interest, or utilities. As illustrated in Figure 6, for those employers indicating they were approved for the PPP, the number of employees they report being able to continue paying as a result of PPP funding is a significant portion of their overall employment. For example, the median number of employees that organizations with less than 50 employees report being able to continue paying is 14 hourly workers and 9 salaried workers. Most importantly, almost every employer that benefitted from the PPP reported expecting that these jobs will remain beyond the eight-week point at which these loans are forgiven.

Figure 6. Impact of Paycheck Protection Program

MEDIAN NUMBER OF EMPLOYEES COVERED FOR THESE EMPLOYERS APPROVED FOR THE PPP

	HOURLY	SALARIED
0-49	14	9
50-99	41	22
100-249	75	50
250-999	220	98
1,000+	381	95

[1] Throughout most of this report, and unless noted otherwise, employment is reported based upon the median value provided by respondents for that specific segment. The use of mean (or average) employment numbers would allow too few large employers to dominate report findings given the sample size. Still, it is important to note the use of median introduces its own bias precisely because the actions of very large employers become discounted. Median size of organizations within some industries may vary widely from that of the sample as a whole.

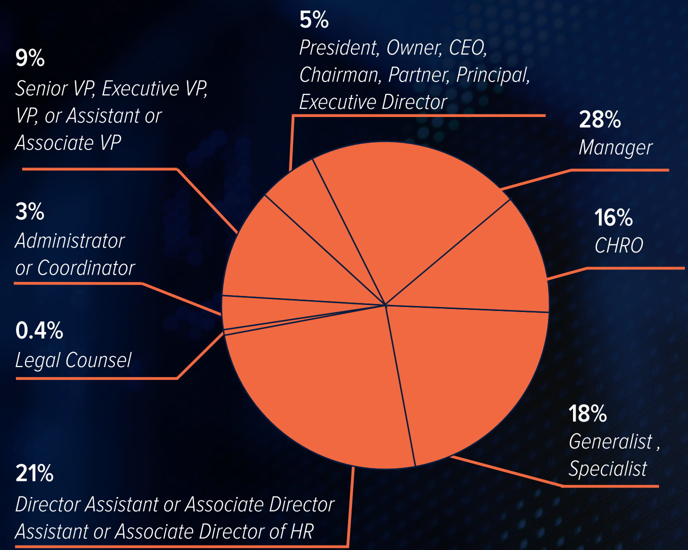
[2] Median size of organizations within industries may vary widely from that of the sample as a whole.

[3] https://www.nytimes.com/2020/04/15/business/economy/state-tax-revenue-debt-coronavirus.html

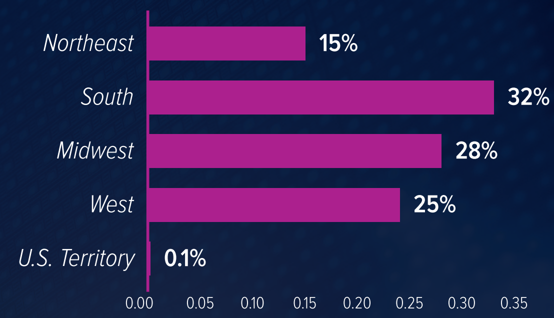
SURVEY RESPONDENTS OVERVIEW

Twice each month, a panel of roughly 1,000 HR professionals within the United States are asked a recurring series of questions about their organizational response to the crisis, including changes in employment and shifting HR strategies. This report covers the third iteration of the survey, fielded between 5/12/2020 and 5/15/2020, and includes 770 respondents.

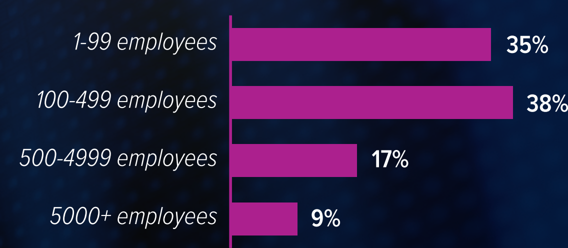
ROLE



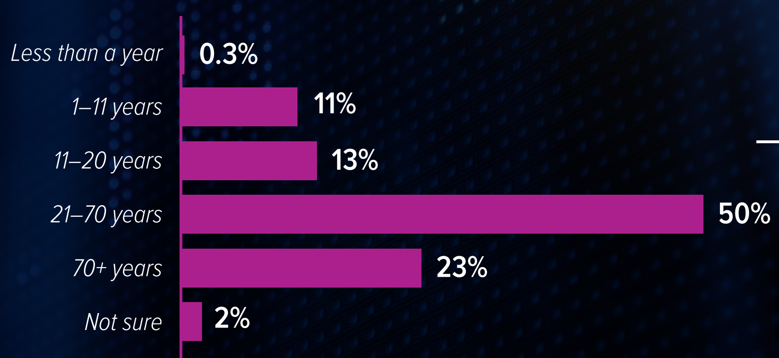
U.S. REGION



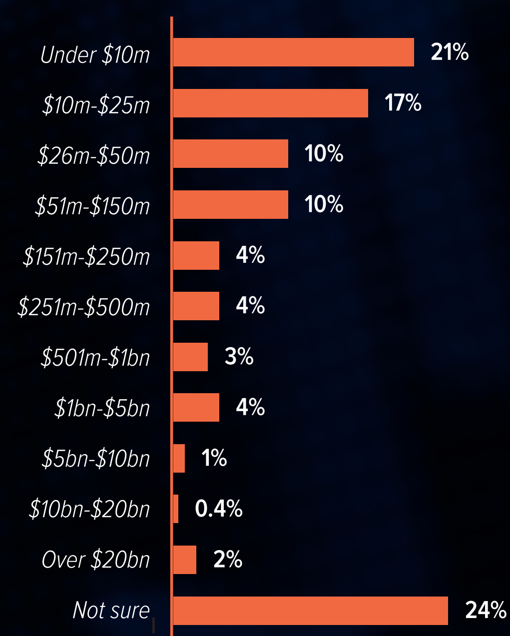
Organization Size



YEARS IN BUSINESS



ANNUAL REVENUE



INDUSTRY

Finance and Professional Services 22%

Manufacturing and Construction 19%

Government and Education 17%

Transportation and Wholesale 11%

Administrative Support and Other Services 10%

Health and Child Care 9%

Retail Trade 6%

Hotels and Restaurants 4%

All other industries 3%

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About SHRM

SHRM, the Society for Human Resource Management, creates better workplaces where employers and employees thrive together. As the voice of all things work, workers, and the workplace, SHRM is the foremost expert, convener, and thought leader on issues impacting today's evolving workplaces. With 300,000+ HR and business executive members in 165 countries, SHRM impacts the lives of more than 115 million workers and families globally.

About Oxford Economics

Oxford Economics is a global advisory firm providing reports, forecasts, and analytical tools on more than 200 countries, 250 industrial sectors, and 7,000 cities and regions. Our multidisciplinary team is highly skilled in a full range of research techniques from econometric modelling, scenario framing, and economic impact analysis to bespoke Thought Leadership surveys, case studies, and web analytics. Our best-in-class global economic and industry models give us an unparalleled ability to forecast external market trends and assess their impact.

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