



NAVIGATING COVID-19

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

Business Index Cycle #4



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 issued 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.

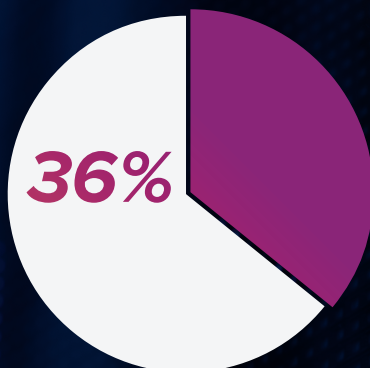
The COVID-19 Business Index is a bi-weekly pulse of how the pandemic is impacting U.S. businesses. The Index is updated every two weeks through June 2020 with the latest snapshot of this dynamic economic landscape, helping business leaders make important decisions as their organizations navigate this new world of work.

Featured in this report: Cycle four data from fieldwork conducted between 5/26/20 and 5/29/2020.

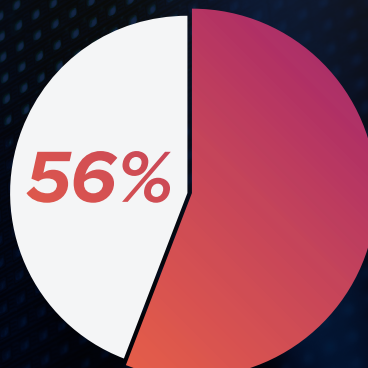
To receive the Index, [sign up here](#).

COVID-19 Business Index Snapshot

More employers are **hiring** than **reducing** staff.
Though most are **not making changes** at all.



*of employers report
current hiring*



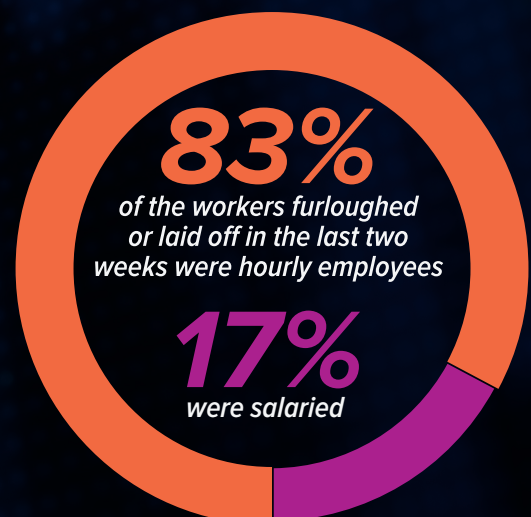
*report neither hiring
nor reducing*



*report continued
job reductions*

While **more employers**
are hiring, **fewer workers**
are getting hired.

*When examined on a per-employer basis,
more employees are losing their job (median of 12)
than being hired (median of 3)*



Hourly workers have it worse.

More Employers Expected to Resume Hiring, But Caution Lights are Flashing

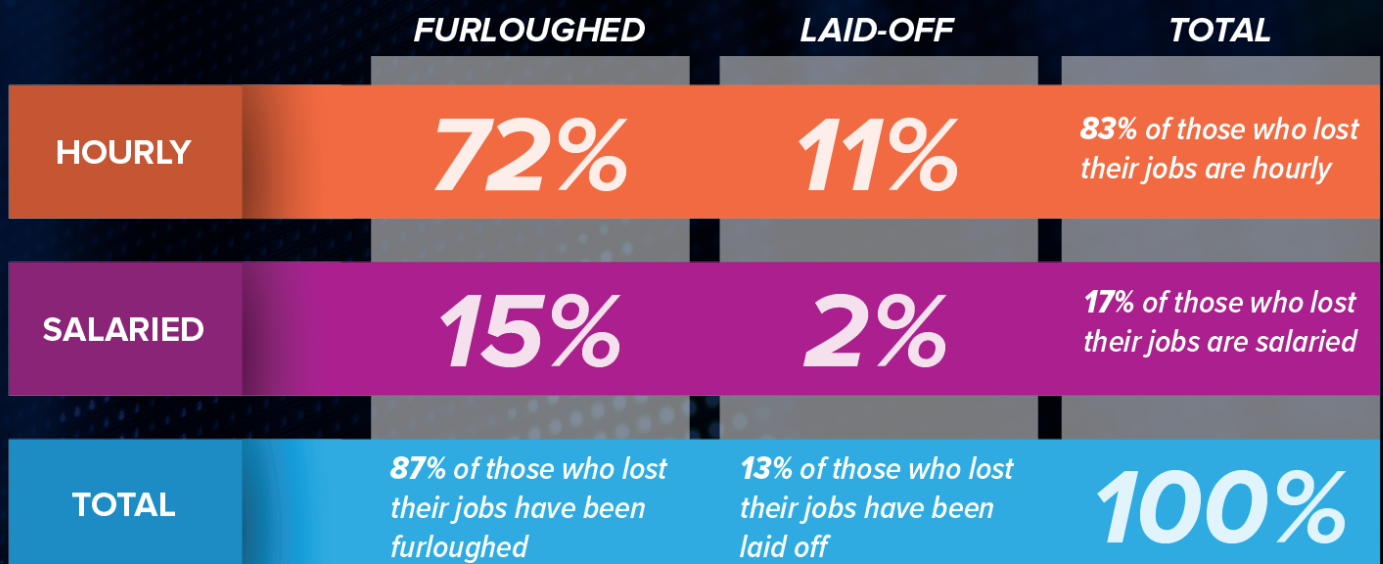
Within the last two weeks, hiring expectations have grown within most sectors of the economy, with the notable exceptions of government and education. This unmistakably bullish sentiment among employers was first identified in the third cycle COVID-19 Business Index among the hospitality, restaurant, and retail sectors, and confirmed by subsequent government statistics. This should be tempered by other indications of softness in the labor market, the continued public health crisis, and the impending end of a massive government response that has managed to keep many businesses afloat.

FIGURE 1. MORE EMPLOYERS ARE HIRING THAN REDUCING STAFF, BUT FOR MOST, STAFFING LEVELS ARE UNCHANGED.



As seen in previous findings, specific types of workers are disproportionately affected by workforce changes. Employer expectations for the future continue to differ for hourly workers vs. salaried workers, and for furloughed workers vs. laid-off workers.

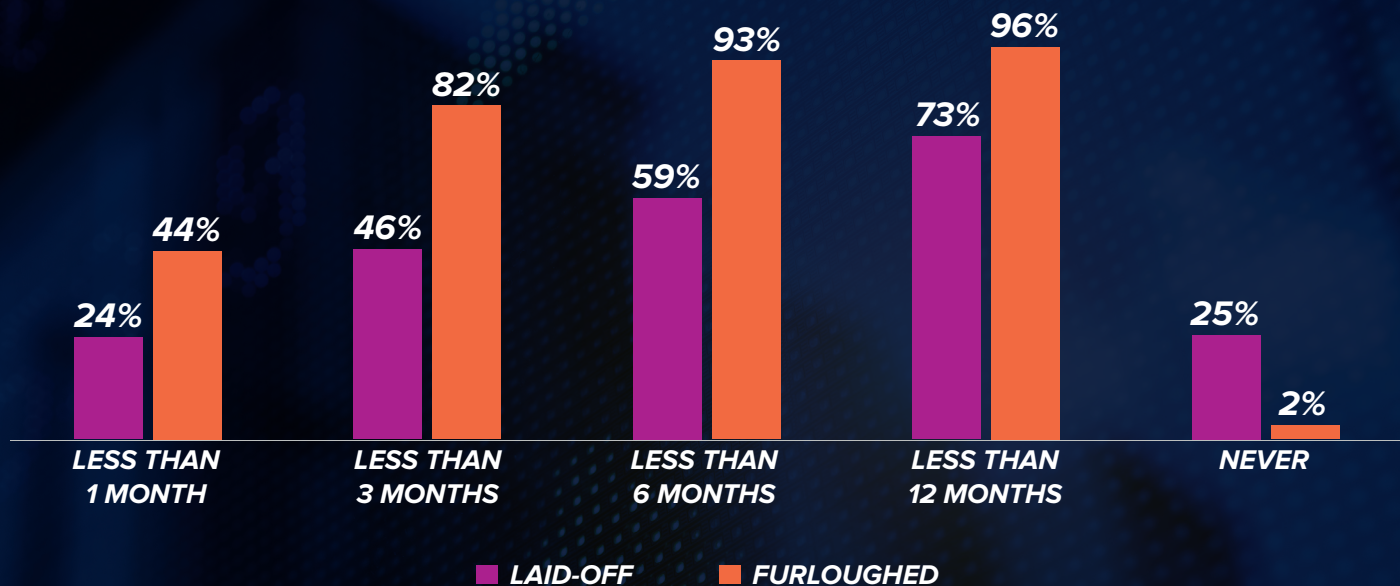
FIGURE 2. PERCENTAGE OF FURLOUGHED AND LAID-OFF WORKERS BY JOB CLASSIFICATION (HOURLY VS. SALARIED)



When Will Furloughed and Laid-off Employees Return?

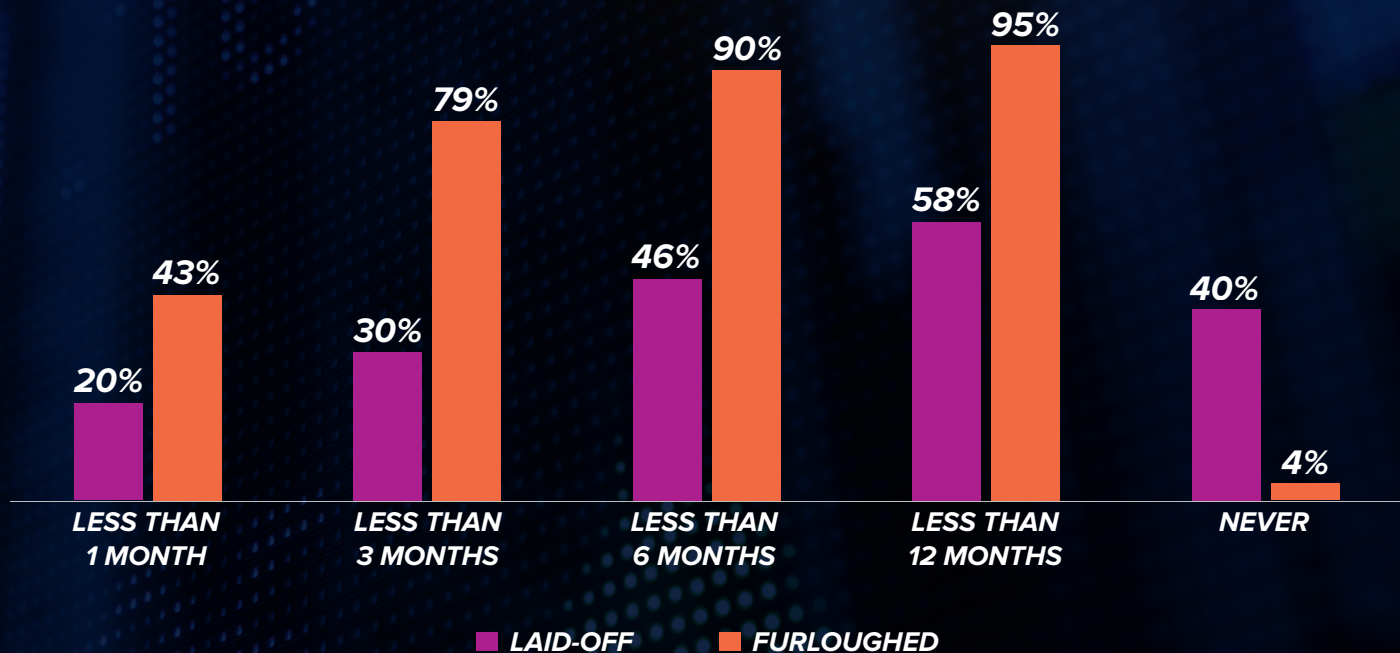
Within three months, approximately 80% of employers expect to start recalling both hourly and salaried furloughed workers. In contrast, it will be closer to one year before even half of employers expect to start recalling laid-off hourly or salaried workers, and a sizable percentage expect never to recall these workers.

FIGURE 3. WHEN WILL EMPLOYERS START RECALLING HOURLY WORKERS?*



*These percentages are cumulative, meaning the 96% who say less than 12 months includes those who say less than 6, 3, and 1 month.

FIGURE 4. WHEN WILL EMPLOYERS START RECALLING SALARIED WORKERS?



Importantly, this does not mean all positions lost during the pandemic will be replaced during the period specified—only that some hiring will resume. So, while the findings indicate that hiring will continue—and there may be additional, near-record gains in employment—that may not mean all will be well in the U.S. workforce.

More Employers Are Hiring... But Fewer Workers Are Getting Hired

While the proportion of businesses that are hiring has increased (**figures 3 and 4 above**), there remains reason for caution as (**figure 5**) below shows the number of positions being filled are outweighed by the number of positions lost. When examined on a per-employer basis, more employees are losing their job (median of 12) than being hired (median of 3).¹ For context, the median size of an organization in this study during this two-week period was 161.

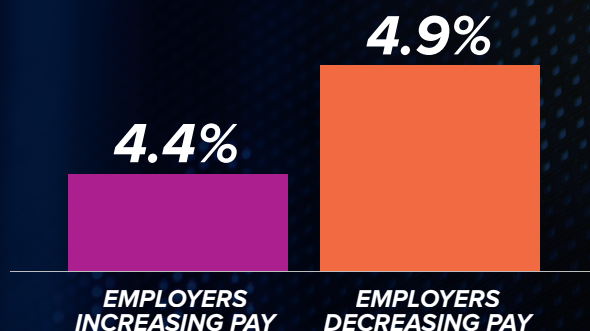
FIGURE 5. MORE JOBS LOST THAN GAINED



Impact on Employee Compensation

Another cautionary indicator is continued, downward pressure upon the wages of workers who remain employed. Less than 10% of employers have changed pay within the last two weeks, and changes were split between those increasing (4.4%) and decreasing (4.9%) pay.

FIGURE 6. MORE EMPLOYERS ARE DECREASING OR DEFERRING PAY THAN INCREASING PAY



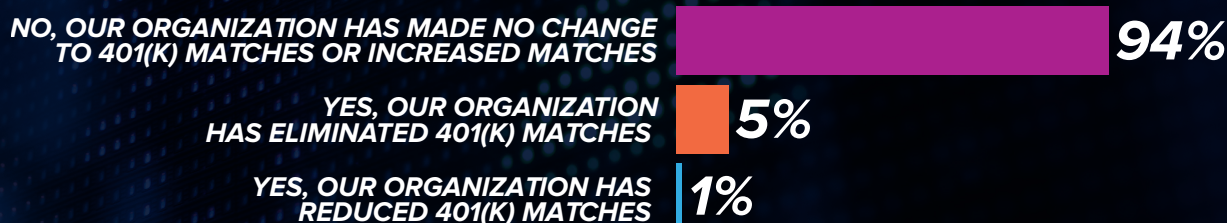
However, in terms of the number of workers impacted, far more had their pay reduced than increased. Among the organizations that decreased pay within the last two weeks, a median of 83 workers saw a loss of pay, while in organizations which increased pay, a median of 10 workers saw a gain in pay.

FIGURE 7. AMONG ORGANIZATIONS CHANGING PAY, FAR MORE WORKERS HAVE SEEN THEIR PAY DECREASE



Noting employers' caution towards compensation, organizations were also asked if they had reduced or eliminated employer-matching of employee 401(K) contributions at any time since January 2020. The vast majority of organizations (94%) reported no changes in 401(K) matching; among the few making changes, elimination of matching funds was more common than a reduction in match. None of the organizations reporting a reduction or elimination of match reported knowing when matching funds would be restored.

FIGURE 8. VERY FEW ORGANIZATIONS HAVE REDUCED OR ELIMINATED 401(K) MATCHING

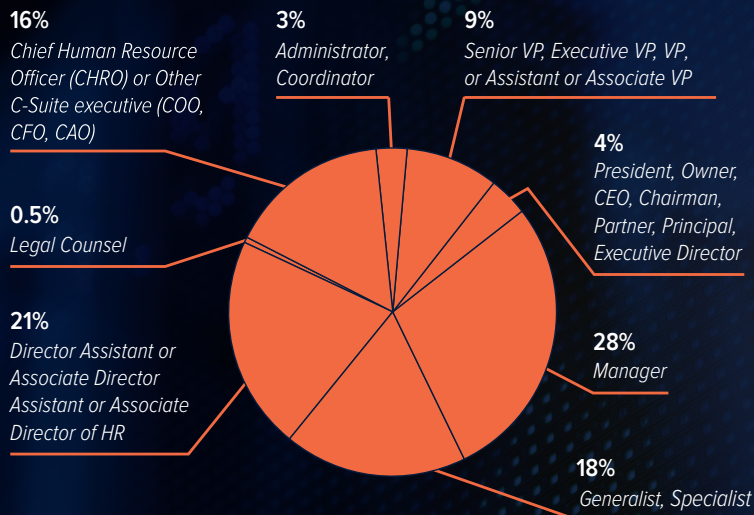


¹Throughout most of this report, and unless noted otherwise, employment is reported based upon the median value provided by respondents for that specific segment. The use of mean (or average) employment numbers would allow too few large employers to dominate report findings given the sample size. Still, 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.

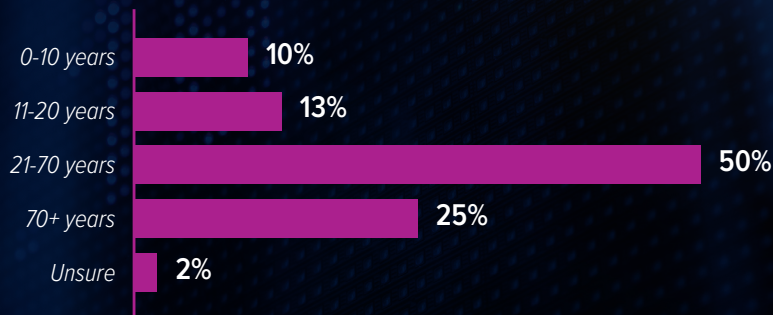
SURVEY RESPONDENTS OVERVIEW

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 **5/26/2020 and 5/29/2020**, and includes 766 respondents.

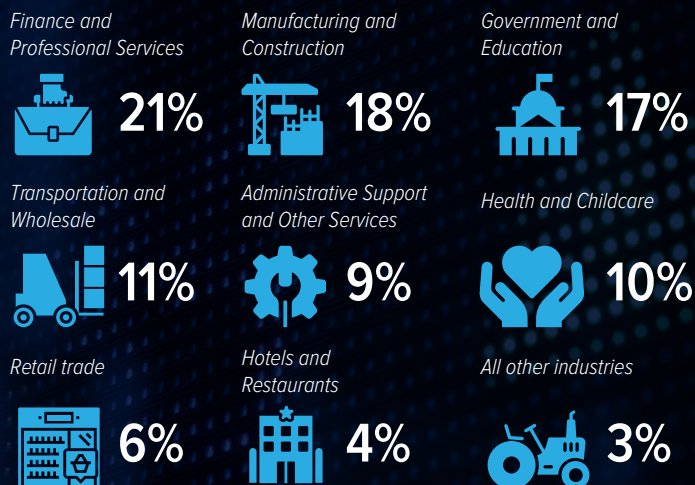
Role



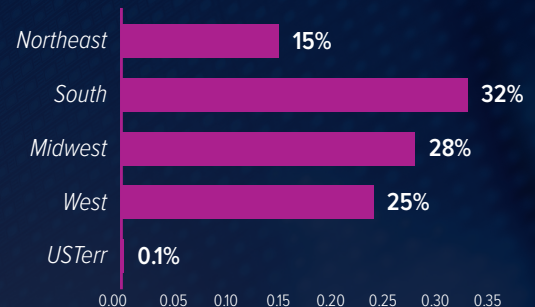
Years in Business



Industry



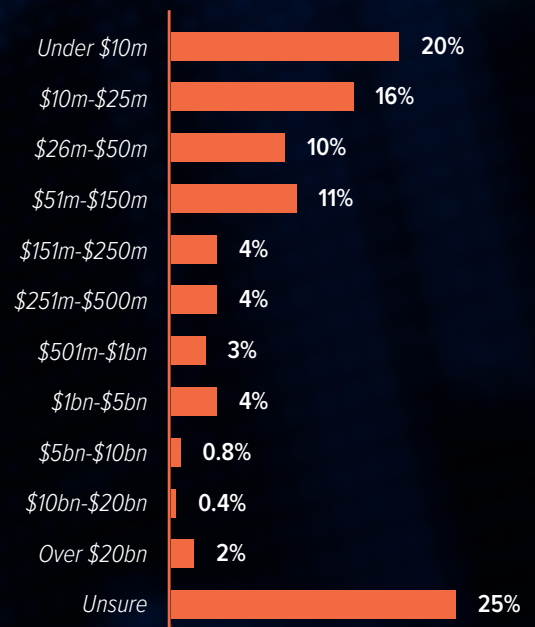
U.S. Region



Organization Size



Annual Revenue



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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