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CHAMBER**  
*of Commerce*

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# **THE RETURN FROM COVID-19: BALANCING A REMOTE AND IN-PERSON WORK ENVIRONMENT...AND MORE**

**July 2021**

600 South Walnut Street | Lansing, Michigan 48933-2200 | [michamber.com](http://michamber.com) | 800-748-0266 toll-free

# About the MI Chamber

- Statewide business organization
  - 5,000 members employing over one million Michiganders
  - Represent businesses across all industries and across all 83 counties
  - Protect, connect and strengthen Michigan businesses
- Who I am and what I do



# What's Top of Mind for MI Businesses

- Uncertainty remains a huge challenge:
  - Workforce shortage/skills gap
  - COVID Cases and impact of variants
  - Return to work
  - Unemployment – Competition with enhanced benefits, Trust Fund solvency
  - State of the economy, consumer sentiment, inflation...and impact on business (many still in “survival mode”)



# COVID-19 Update



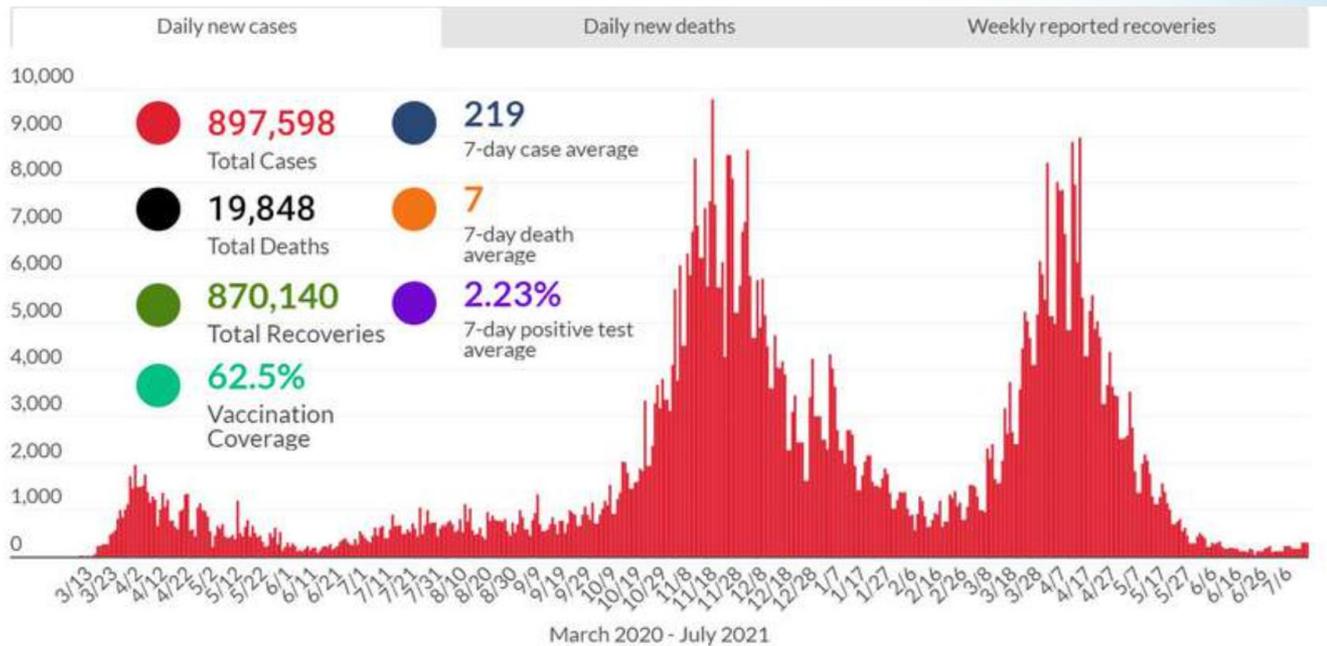
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# COVID Cases

- Cases/deaths continue to decline



All data from [MDHHS](#) (Michigan Department of Health and Human Services)



Michigan COVID data as of July 16, 2021 (WDIV)

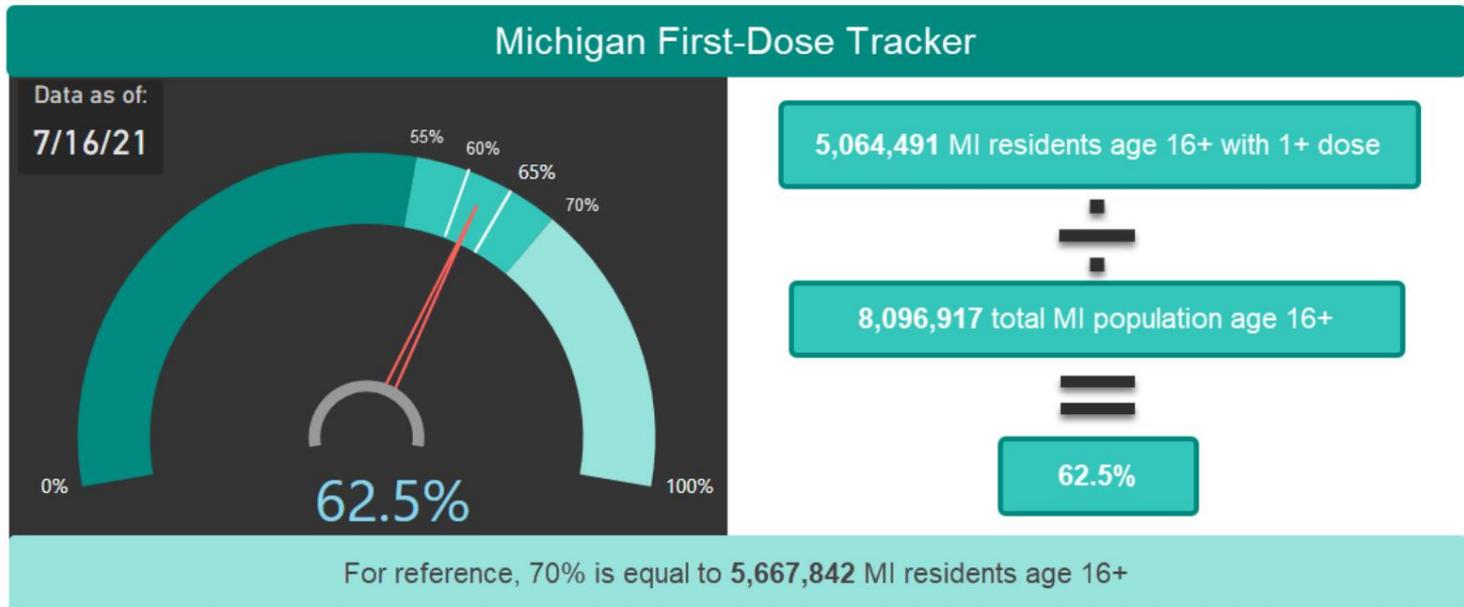


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# Optimism...Yet Some Caution



- Despite high vaccine rates, Michigan reported 881 new cases last Friday and concern remains about impact of Delta variant
- Herd immunity number changing due to delta (70% to ??)

# Variants

- Delta variant has been found in all 50 states
  - More contagious
    - 50 percent more than the B.1.1.7 variant (alpha)
  - Unvaccinated individuals, younger populations are more susceptible to contracting/becoming seriously ill
  - Posing a significant threat in states where vaccination rates remain low:
    - AK: 80% increase in cases in the last two weeks
    - MO: Spike in delta cases; only 39% of state's eligible population is vaccinated
    - UT: Increase in daily averages of cases over the last two weeks and a 70 percent increase in the presence of the delta variant

# Variants



- Michigan’s top epidemiologist warned: “There is potential for another surge in Michigan”
- Variants are driving concern, especially when combined with continued downward trajectory of weekly vaccinations:
  - July 1: 61.8% with at least one dose
  - July 16: 62.5%
  - State’s “sweepstakes,” which offers a total of \$5 million in winnings/prize offerings, doesn’t seem to be moving the needle



# A Look Back & Forward: The Numbers



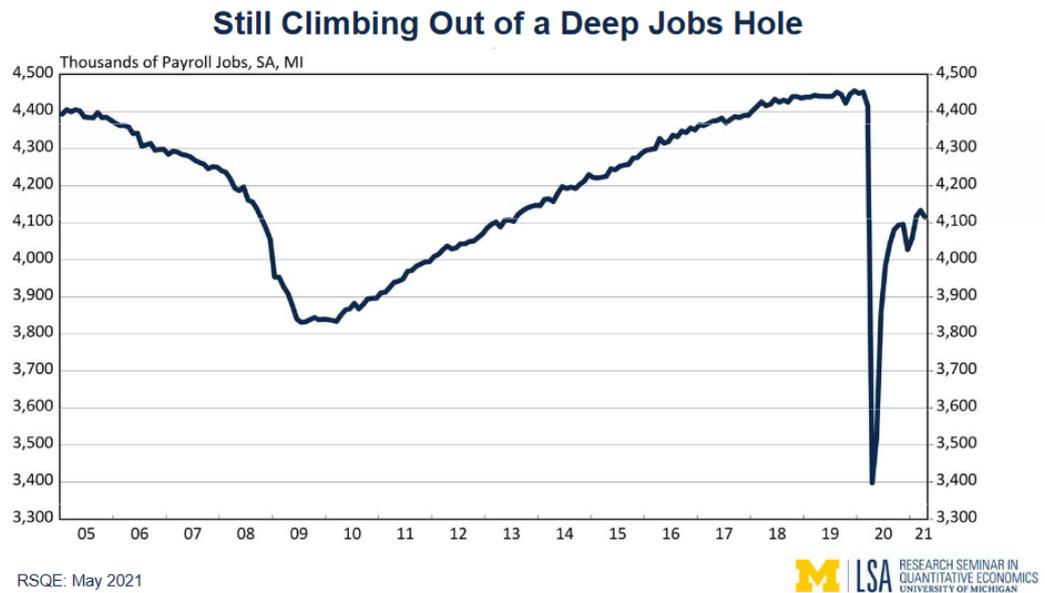
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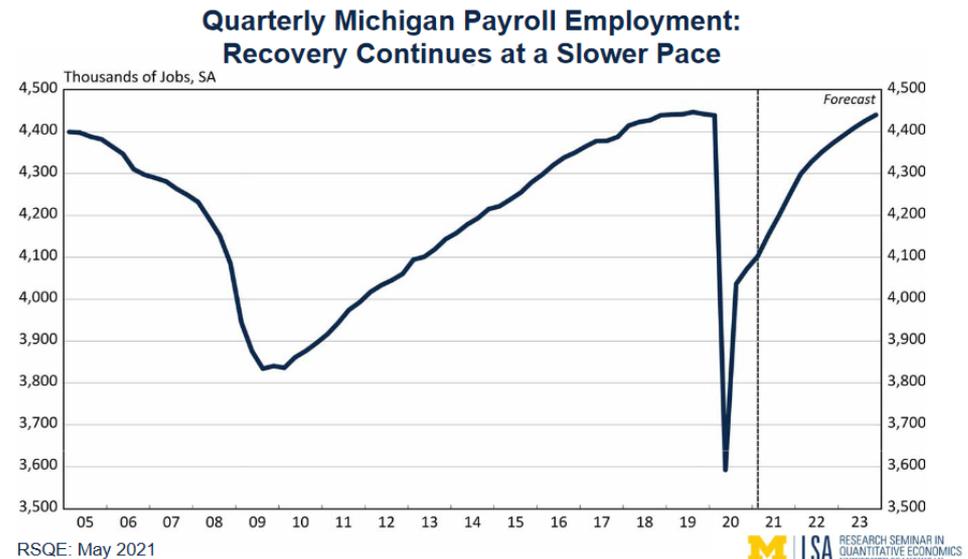
# Jobs: Where We've Been

- 1,055,000 jobs lost between February and April 2020
- 700,000 regained though November
- 68,000 lost during second wave into December
- 106,000 regained by March 2021
- 340,000 below pre-pandemic or 7.5%



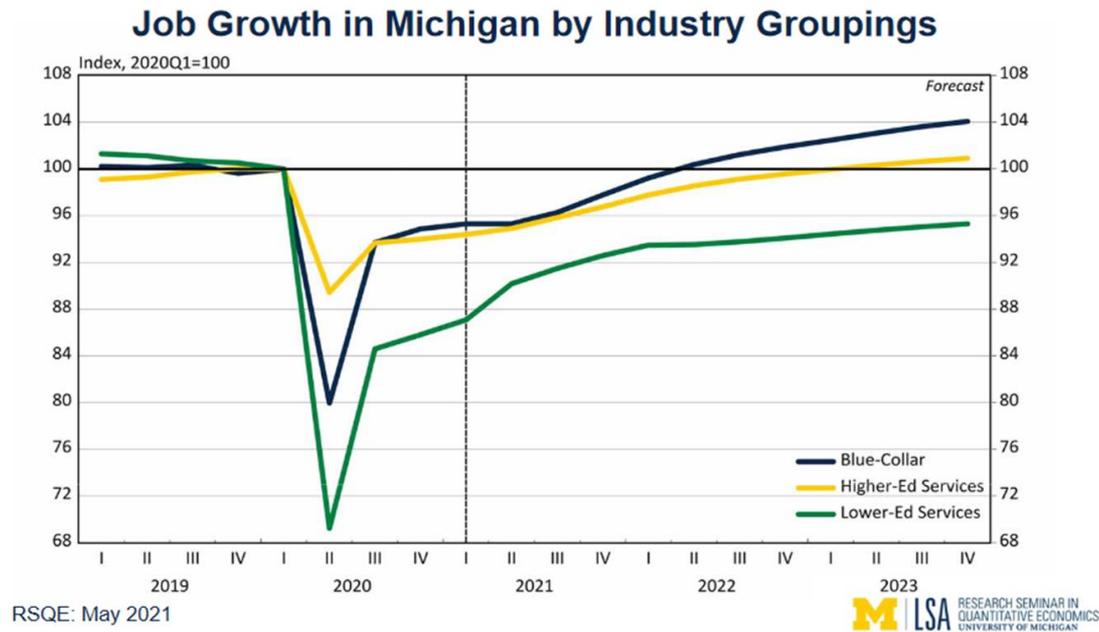
# Is the Situation Getting Better?

- Back to 2019 levels by the end of 2023
- Quick employment recovery, then to taper off
- Will look to gain 17,000 jobs per quarter by last quarter of 2023 = job growth between 2011 - 2018



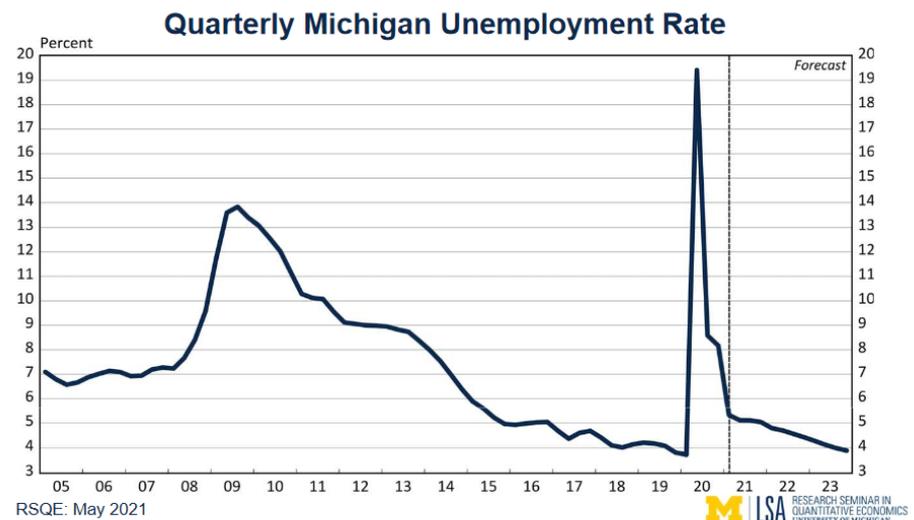
# Job Growth

- Uneven but steady recovery across industries
- Blue collar to recover quickest with everything else lagging behind



# Unemployment Remains High

- Hovering around 4% pre-pandemic
- 19.4% in Q2 of 2020
- 5.6% in June of 2021
- Estimated to be 3.9% by the end of 2023



# Consumer Sentiment



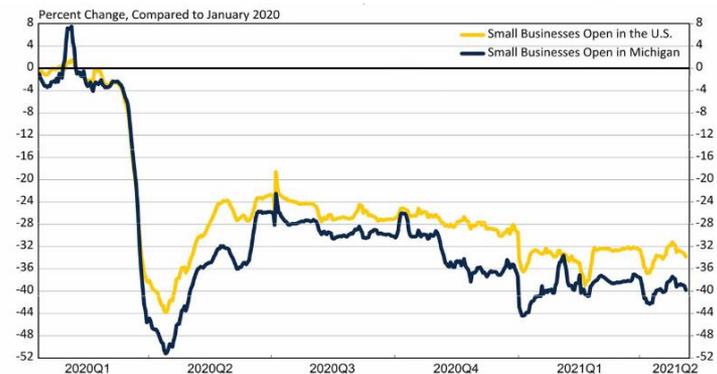
- As of June, consumers were feeling better but increasingly concerned about inflation
- Consumer sentiment rose to its second highest level of the pandemic to start June
- Concern about the future rose more than consumers' feeling about the current condition of the economy
  - Consumers more worried about market prices for homes, vehicles, household durables (worse sentiment since Nov. 1974)



# Small Business and the Pandemic

- Business closures peaked at 50% in April 2020
- Hovered at around 30% in September – October
- Remains at 40% today
  - About 1 in 3 small businesses
- Not as robust as we would have hoped

Small Businesses Closures Remain High



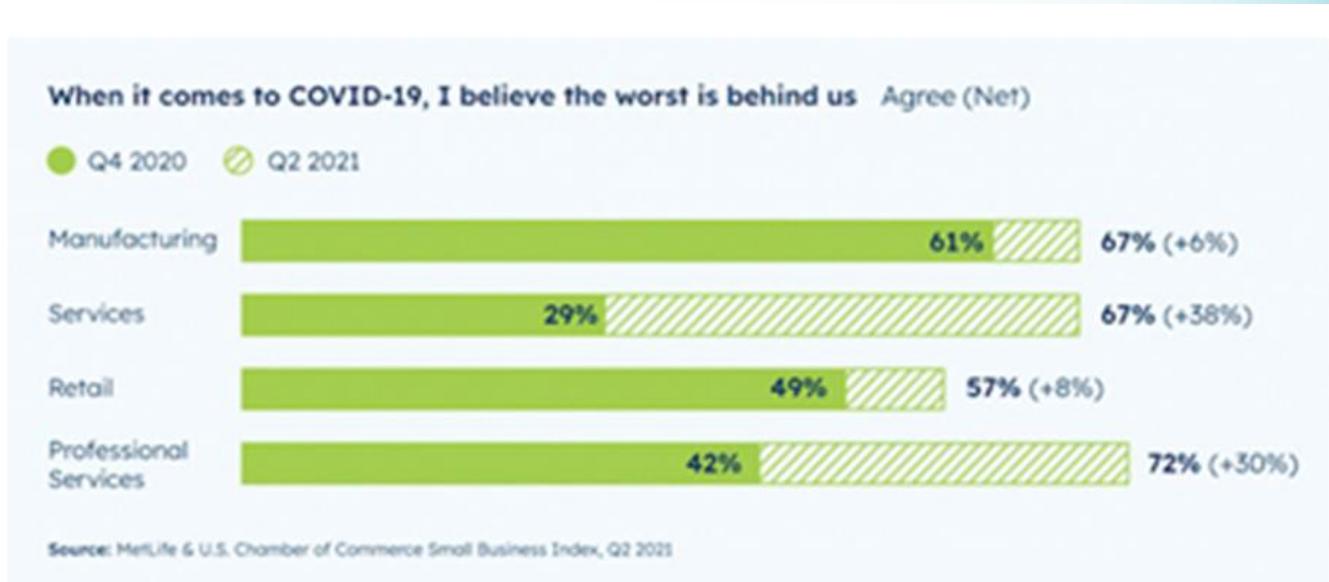
Source: Womply via Opportunity Insights

RSQE: May 2021

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# Yet...Small Business Remain Hopeful



- MetLife/US Chamber Small Business Index:
  - 65% of small business owners are more optimistic that the worst of COVID-19 is over
  - 44% describe current operating strategy as “hopeful”
  - 31% describe as “comfortable”



# Small Businesses Hopeful

- 52% of small businesses anticipate retaining their same staffing levels in 2021
- 32% plan to add staff
- 11% plan to decrease staffing



# The Worker Shortage: Attracting, Retaining and Upskilling Employees



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# Workforce Shortage & Skills Gap

- Too many people without jobs (211,000)
- Too many jobs without people to fill them (378,926)
- Plenty of reasons:
  - Competition with federal Pandemic Unemployment Compensation [PUC]
    - 41 percent of workers in Michigan has the potential to earn more drawing UI benefits than what they might earn working 40 hours/week
  - Skills gap
  - Barriers to entry: affordable childcare or lack of childcare, reliable transportation, affordable housing
  - People left workforce for good (moved, retired, decided to stay home)



# Workforce Shortage: What We're Hearing

- Can't find applicants
- Can't get people to show up for interviews
- Can't get people to show up for job/keep showing up
- Can't find people with the skills/education they need
- “Biggest economic challenge of our time”
- Seems to be biggest problem for employers with jobs paying below \$20-22/hour and relying on hourly workers



# Rethinking Hiring Practices & Workplace Settings

- Do you need to drug test?
- Do you need to do a background check?
- Should you consider nontraditional hires – e.g., returning citizens, veterans, people with disabilities, etc.?
- Should you rethink how you recruit/sell yourself to candidates?
- Should you be doing “stay” interviews to make sure current workers are satisfied?



# What Else Can Be Done?

- Start collaboratives with sector partners to build talent pipeline – e.g., “preferred training partners”
- Upskill current employees (GoingPro, employer-led apprenticeships, on-the-job-training)
- Rethink 9-5 workday or event shifts – e.g., 4 shifts of 10 hours (vs. 5 days)
- Offer signing and retention bonuses, referral bonuses
  - Pay to interview?
- Offer hybrid or remote work options
  - Employees value flexibility!
  - View remote work @8% of the wage
- Offer flexible/half shifts for working moms
- Rethink PTO
- Rethink benefit offerings
- Rethink culture
  - Kids/dogs in workplace?

• **Remember: It's an employee market**



# To Make Matters Worse...



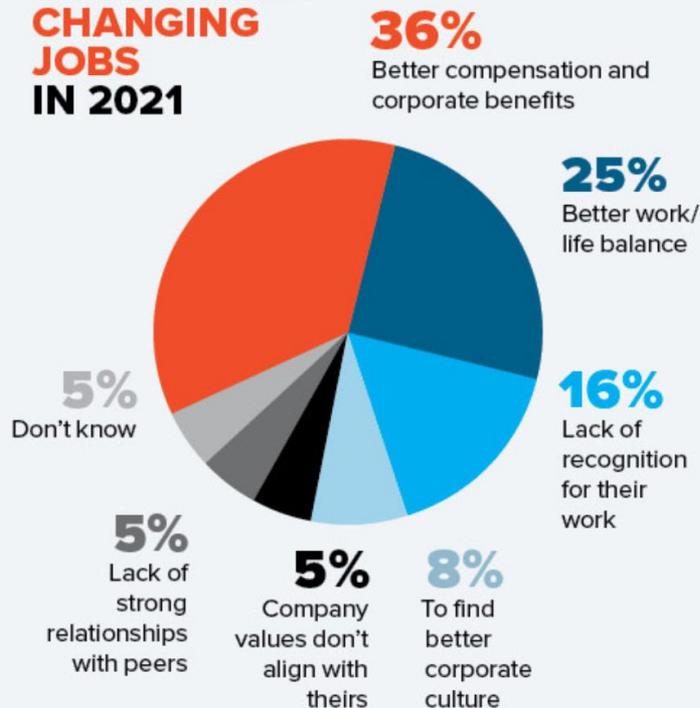
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# Turnover Tsunami Expected

## WHY EMPLOYEES ARE CONSIDERING CHANGING JOBS IN 2021



Source: *Engagement and Retention Report*, Achievers Workforce Institute, February 2021.



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- 1 in 4 employees plan to leave their employer as the pandemic subsides
  - Source: Nov. 2020 survey – Ipsos on behalf of Eagle Hill
- 2 in 5 US workers say they are actively looking for another job
  - Source: *American Workforce Roadmap Survey*, SHRM, 2021
- 52% of employees plan to look for a new job in 2021, an increase from 35% in 2020
  - Source: *Feb. 2021 Engagement and Retention Report*

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# How to Hold Onto the Workers You Have

Top reasons workers plan to STAY with their employers:

- 23% work/life balance
- 21% recognition for their work
- 19% compensation and corporate benefits
- 19% great working relationship with manager
- 7% company culture
- 7% don't know
- 6% company values align with their values



# Balancing a Remote and In-Person Work Environment



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# Audience Participation

**Our current situation can be described as:**

- A. All employees have been working on-site since the pandemic began
- B. There is a split of employees on-site vs. WFH
- C. All employees are WFH
- D. Other



# Audience Participation

**If your employees are still working remotely, will that change between now and Jan. 1?**

- A. Yes, in July or Aug.
- B. Yes, between Labor Day and the end of 2021
- C. Yes, sometime in 2022
- D. No
- E. Unsure



# Audience Participation

**If you plan to return to the office, will it be:**

- A. The employee's choice (flexible on whether to return/not)
- B. Hybrid (mix of employees working remote vs. in-person)
- C. 100% in-person/on-site
- D. Semi-remote (e.g., 2 days in-person, 3 days remote)
- E. Other

**Who is driving these decisions?**

- A. Leadership team
- B. Department heads
- C. Employees



# Audience Participation

Does your company have an active vaccine policy?

- A. Yes
- B. No
- C. Unsure

If yes, what are you doing?

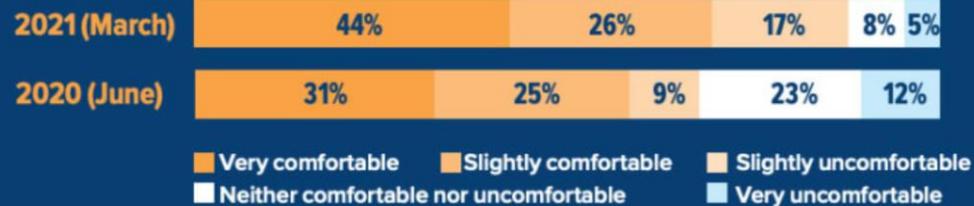
- A. Encouraging
- B. Incentivizing
- C. Mandating
- D. Giving information on how to access
- E. Collecting information on who has/hasn't received
- F. Other



# Back to the Office

## WORKPLACE COMFORT LEVELS RISING

As coronavirus vaccines become widely available and employers establish safety protocols, U.S. workers who are at their regular worksites feel more comfortable regarding their health and safety than earlier in the pandemic.



Source: COVID-19 & the Workplace: A Retrospective on the Pandemic One Year Later, SHRM, 2021.

- McKinsey: 25% of workers back to work in-person nationwide
- SHRM: 30% of white collar workers have returned to the office at least a few days/week
  - Expect to rise significantly by Labor Day
- Comfort levels rising



# Employees Crave Flexibility

## Summer 2021 SHRM Study:

- 70% of employed Americans would prefer to work remote on a part- or full-time basis if it were an option
- 35% would accept a salary reduction for this flexibility
- 20% would prefer to work from home in some capacity
- 7% would quit if they didn't have this option

## Prudential's Pulse of the American Worker Survey (March 2021):

- 68% of workers say having the ability to work remote *and* in-person is the ideal model
- 87% want to keep working remote at least one day/week
- 1 in 3 wouldn't want to work for an employer that required them to be onsite full-time
- 43% said they'd be nervous about job security if they worked remote and others returned



# What Makes Employees Comfortable

- People wearing PPE (58%)
  - Quality of safety policies/procedures (52%)
  - Amount of social distancing (48%)
- 80% say communication/transparency is key!
    - Following CDC/OSHA guidelines
    - Daily screenings
    - Stay home if sick
    - Enhanced cleaning
    - Policies on masks, social distancing, vaccines



# Communication is Key

- Employees:
  - What you're doing
  - Channel to report concerns
  - Preparedness & response plan
  - Workplace policies/practices to protect health/safety
  - Expectations of them
  - Contingency plans



- Customers/Vendors:
  - Expectations of them
  - How these expectations might impact the relationship

For both, if you make a mistake, own up to it:

- Communicate (what happened)
- Specify how you're making it right



# Professional Expectations Revisited

After a year of WFH, employees will need to be reminded of policies and expectations (new & old):

- Professional attire
- Start/end times and expectations
- Safety protocols/violations

New issues to think through:

- The handshake
- Social distancing
- Masks
- The fearful
- Mental health concerns
- Burn out
- Whether to focus on presenteeism
- Flexibility for new workday habits
- Insubordination
- Vaccination status questions & concerns

# Managing Through

- Hybrid work will likely be the “new normal,” so managers are facing new challenges
  - Keeping in person and WFH employees productive, engaged, thriving
- Need to set expectations early and often
  - Be accessible, provide clarity on priorities, milestones, performance goals, etc.
  - Set clear expectations on schedules, availability
  - Bring everyone together often either for in-person or virtual meetings/huddles
- Employee surveys might help keep a pulse on how it’s going (early indicators of issues)
- Create connectivity between in-person/WFH employees

# Questions?



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