

Pearl Meyer

Quick Poll



Quick Poll: How Coronavirus is
Affecting Broad-Based Pay and
Benefits



Introduction

Our Quick Poll survey series provides organizations with information on emerging topics and is designed to provide context for discussion and decision-making around pay, governance and employment issues.

This survey was open from 4/2/2020 to 4/6/2020 and reflects responses from 369 participants, including 182 publicly traded companies, 143 private firms, and 44 not-for-profit organizations. The data indicate that, like the COVID-19 pandemic itself, decisions regarding staff and pay remain very fluid.

Surprisingly, over 75% of participants indicated that they were an “essential” business, with operations continuing at some level during the crisis. Given that industry sectors are impacted in different ways by the pandemic, as expected, the effect this crisis has on pay and workforce decisions is different as well. With respect to pay, it appears that employers fall into one of three groups: one that has already taken action (less than a third), another that is still evaluating its options (about a third), and a third group that appears poised to stay the course (about half).

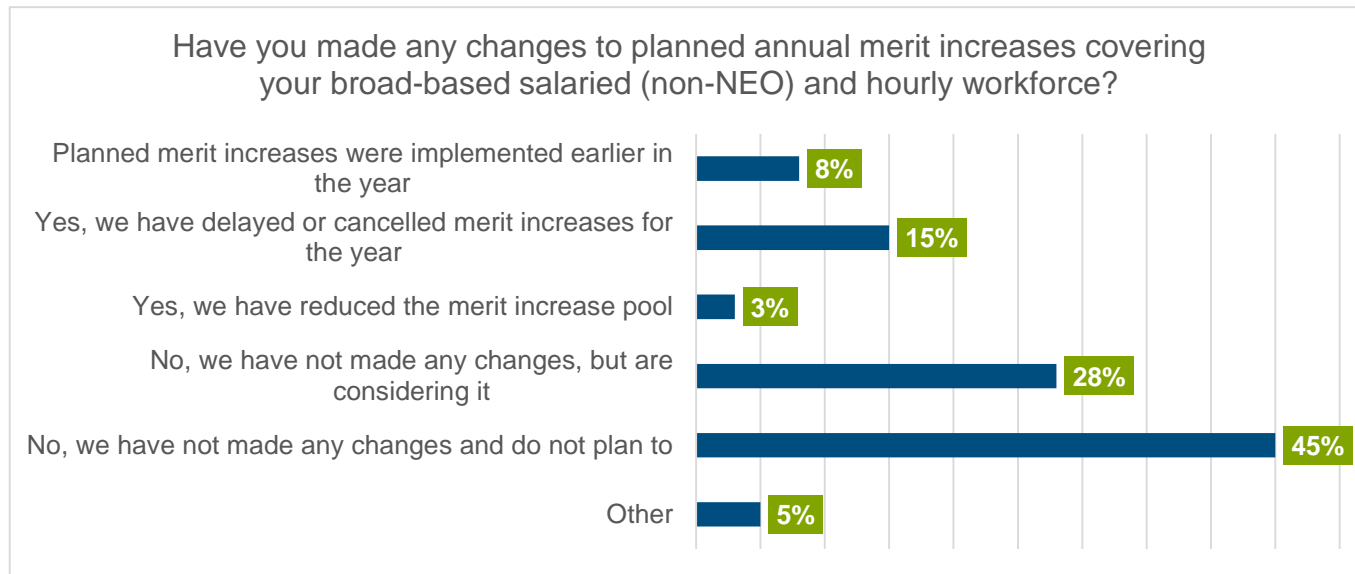
As we progress through uncharted and turbulent waters, we expect that the composition of these groups will change. However, given the uncertainty associated with the pandemic and the reach of the economic impact, it is difficult to project where organizations will be a few months or even a few weeks from now. As such, we will do our best to keep you informed.

We hope you find the information included in this report useful. If you have any questions or are interested in discussing these findings, please contact:

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Merit Increase Changes for Broad-based Workforce

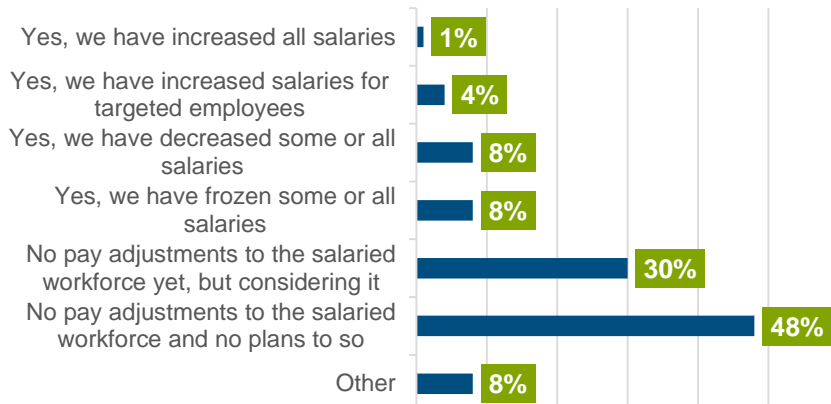
- As a result of the impact of COVID-19, 18% of respondents have either delayed, cancelled, or reduced planned merit increases
- Almost half (45%) have not and do not intend to change planned increases
- Yet, 28% of respondents appear to be further evaluating the effect of the pandemic and are considering changes to planned merit increases



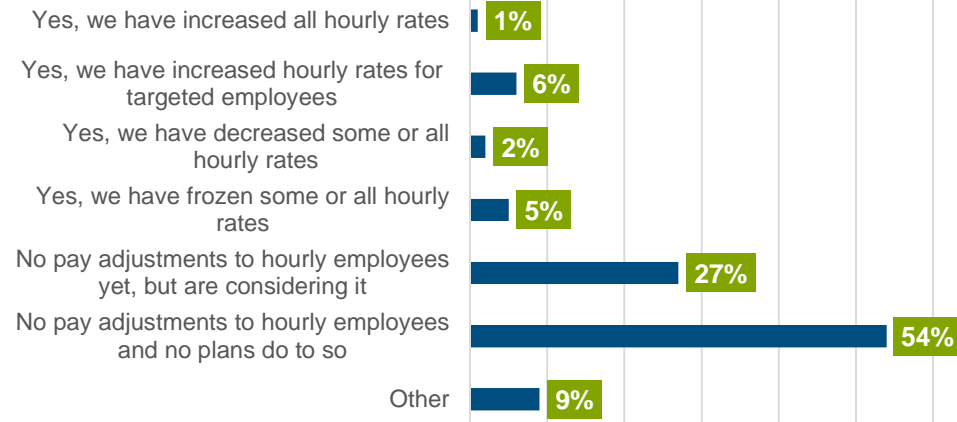
Other Base Salary Adjustments for the Broad-Based Workforce

- With the onset of any economic decline, controlling fixed costs becomes a critical consideration, which includes assessing how to manage payroll costs
- 16% of respondents have either decreased or frozen salaries, while only 7% have taken this action on pay for hourly employees
- At this point, about half of respondents have no plans to make any pay changes for salaried or hourly staff, while over a quarter have indicated that they are considering pay adjustments

Have you made any other base salary adjustments for your broad-based salaried (non-NEO) workforce?



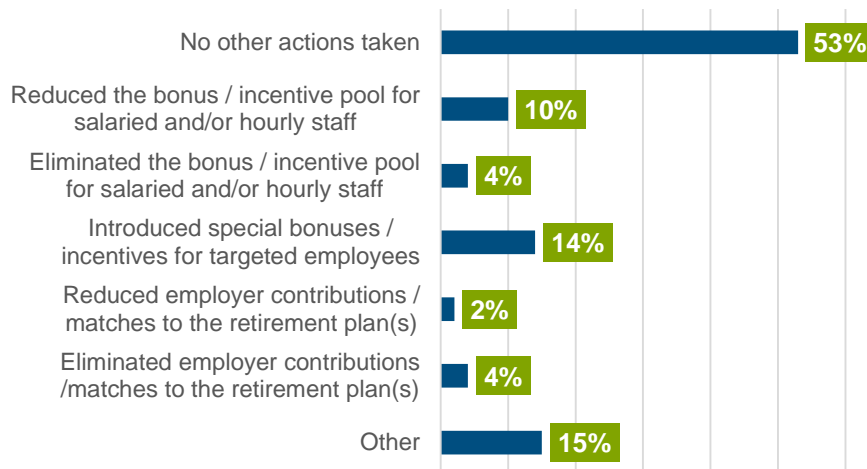
Have you made other pay adjustments for your hourly workforce?



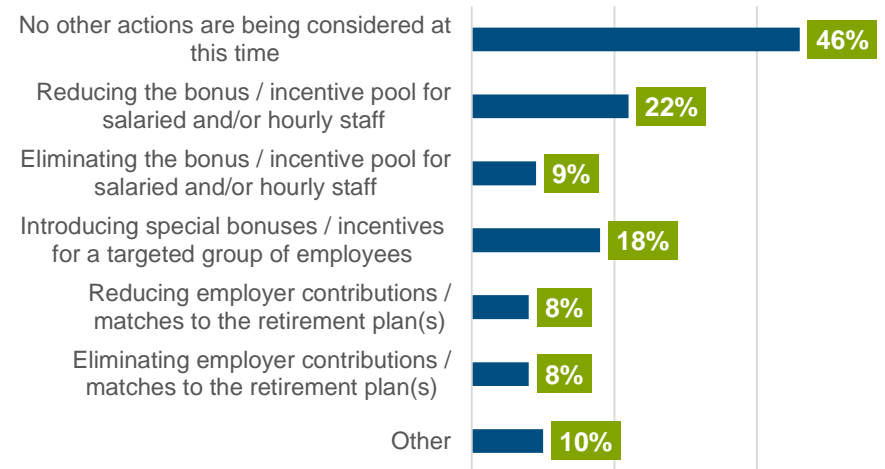
Other Compensation/Benefits Actions

- Over half of respondents (53%) have not taken other pay or benefit actions and about the same (46%) are not considering such changes
- However, 14% have either reduced or eliminated bonus/incentive pools for salaried and/or hourly staff, while another 31% are considering such action
- Impacts on staffing needs in unsettled conditions have likely led to 14% of respondents implementing special bonuses/incentives for targeted employees, with 18% considering this action
- Only 6% have reduced or eliminated employer contributions or matches to their retirement plan, while 16% are considering doing this

What other compensation/benefits actions have you taken?



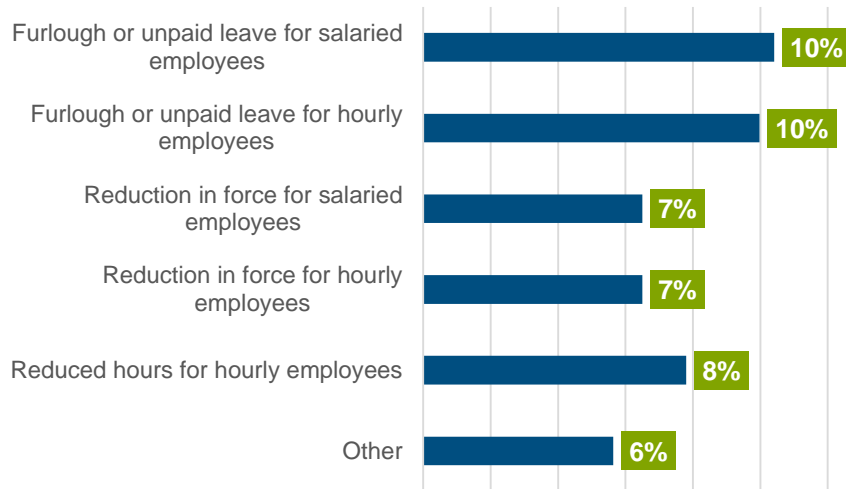
What additional compensation/benefits actions are you considering?



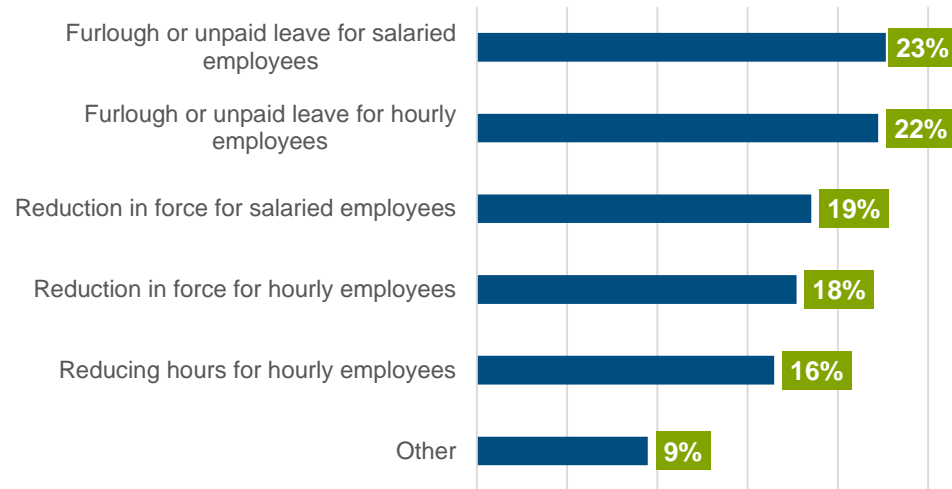
Workforce Actions

- 22% of respondents have taken staffing actions and almost a third (31%) are considering taking actions, while almost half (47%) have no plans to institute changes to staff levels or works schedules
- 17% of respondents have implemented a furlough or a reduction in force for both salaried and hourly employees; while about another 20% are considering such actions
- Almost 25% have either instituted or are considering a reduction in hours for hourly employees

What actions have you taken?

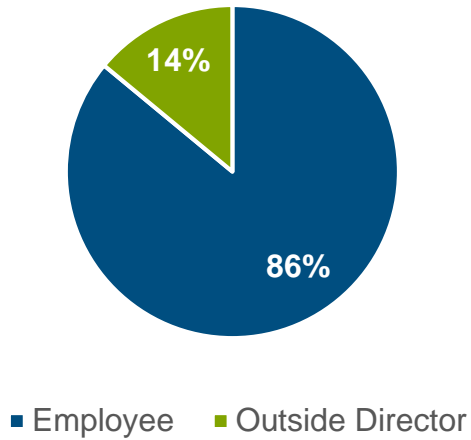


What actions are you considering?

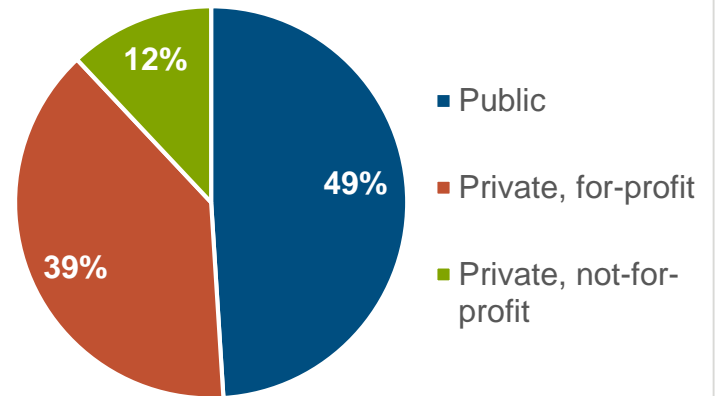


Respondent Demographics

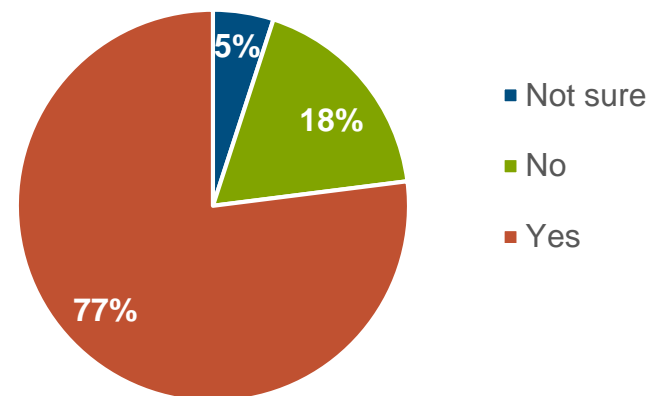
Role in Organization



Ownership



"Essential" Business





About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management on the alignment of executive compensation with business and leadership strategy, making pay programs a powerful catalyst for value creation and competitive advantage. Pearl Meyer's global clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private companies to the Fortune 500 and FTSE 350. The firm has offices in Atlanta, Boston, Charlotte, Chicago, Houston, London, Los Angeles, New York, Raleigh, and San Jose.