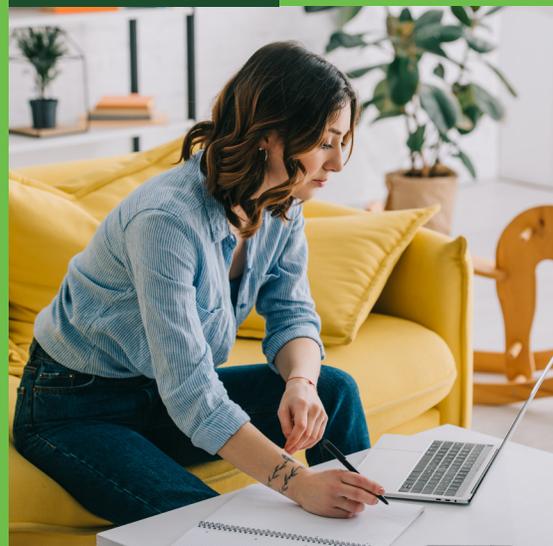
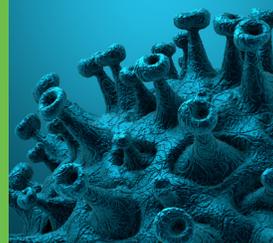


Littler European Employer COVID-19 Survey Report

September 2020



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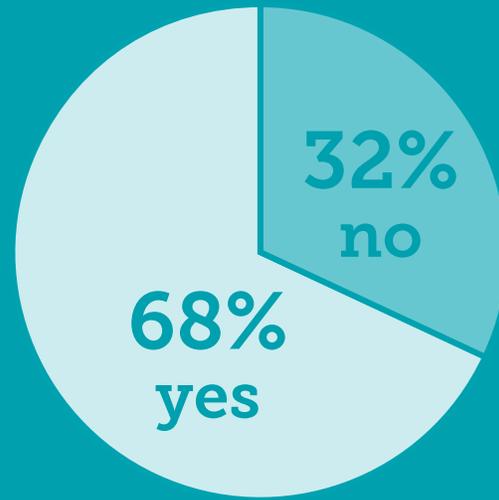


Executive Summary

Government-ordered office closures that swept much of Europe early in 2020 appear to have helped convince employers across the continent that workers could be just as productive remotely as they could while gathered in offices.

That revelation could have far-reaching implications for the future of the European workplace – and it's one of the key findings in the **Little European Employer COVID-19 Survey Report**. As the largest global labour and employment law firm, we polled more than 750 human resources executives and in-house attorneys to gauge how the COVID-19 pandemic is impacting European employers.

Organisations continuing remote work to keep employees safe



Remote Work

The survey, conducted from late July to early August, finds that roughly six months after the initial round of government stay-at-home orders, nearly 70 percent of employers are continuing remote work for employees unless their jobs require them to be in the workplace.

Three-quarters of companies are either changing remote-work policies to allow more employees to work from their homes or maintaining flexibility in granting work-from-home requests until COVID-19 subsides. Most respondents are requiring or considering requiring more employees to work remotely and 41 percent of those employers cite the increased productivity they've seen from remote workers as a reason.

Employee Wellbeing and Vacation Time

The survey results also reveal a growing recognition of the importance of workplace wellbeing, and of employers' responsibilities in supporting employees' mental health. However, wellbeing ranks behind numerous operational issues on a list of long-term changes employers expect the COVID-19 era to produce. With a wealth of studies demonstrating the need for improved employee mental health support – and the value that such support delivers in both performance and retention – employers have an opportunity to do more, starting with making mental wellbeing a greater priority.

Meanwhile, a third of employers responding to our survey have begun to see an uptick in vacation requests – a number that is likely to grow as workers all over the continent look to use pent up holiday time.

If requests do increase, those employers can expect new headaches. Among the employers already dealing with increased vacation-time requests, more than 80 percent say they are causing operational challenges either somewhat or to a great extent. The challenges of accommodating a flood of holiday requests without disrupting the business are compounded by the European Union Working Time Directive, which requires all companies to provide four weeks of paid leave per year.

Government Support and Workforce Reductions

While assistance from European governments has helped prevent widespread job losses in the early months of the pandemic, our survey results provide support for concerns that workforce reductions are on the horizon as those programs wind down. Among respondents who say their organisations have utilised a government-supported program – such as partial employment, short-term employment, wage subsidies or temporary layoffs – a strong majority (59 percent) say they will be forced to make workforce reductions without that support. Only 17 percent believe they could sustain their workforces without government aid.

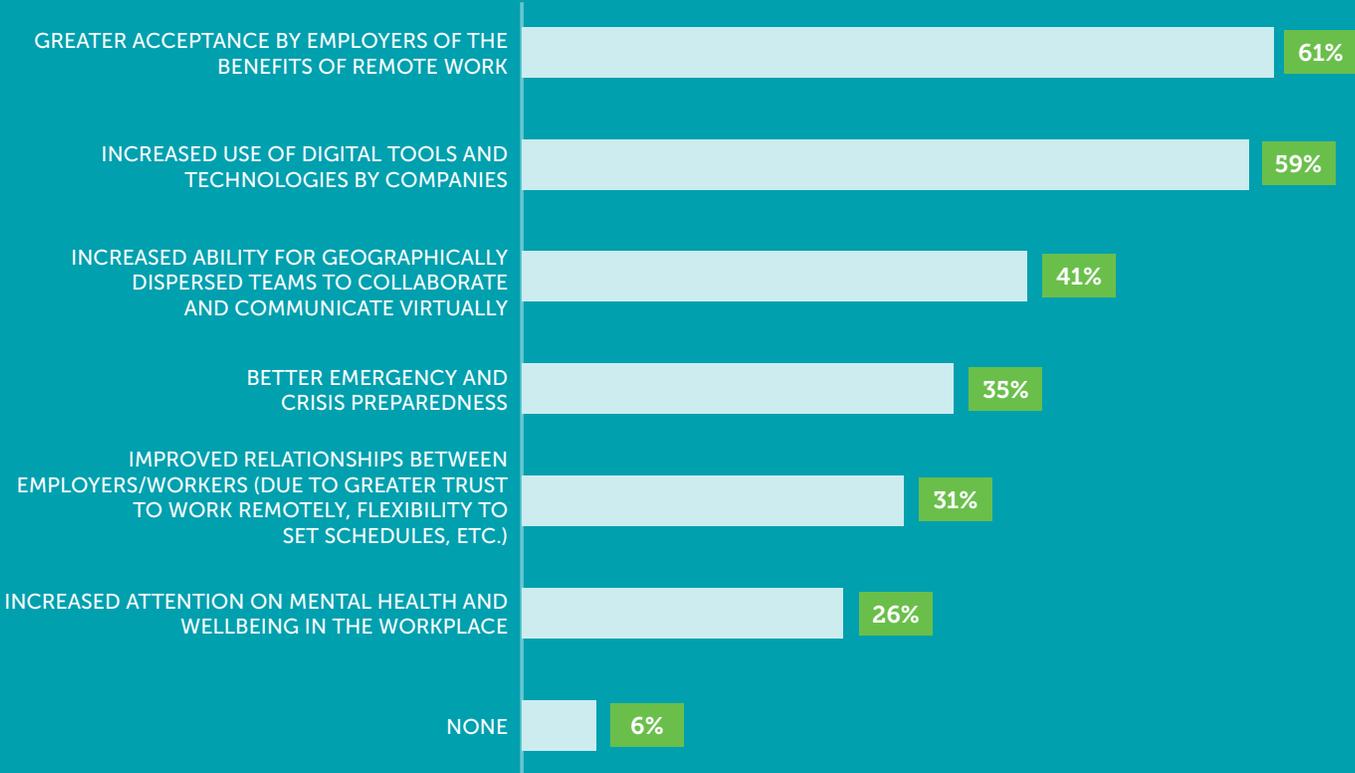
The survey results also indicate that reductions could come quickly. Nearly two-thirds of respondents (63 percent) say they would begin reductions as soon as the law allowed, prior to government programs expiring or within two weeks of their expiration.

The pages that follow include the full charts and analysis of the survey data. Some aggregate percentages do not equal 100 percent due to rounding or because respondents were invited to select more than one answer. Refer to page 27 for more detail on the survey methodology and a breakdown of respondent demographics.

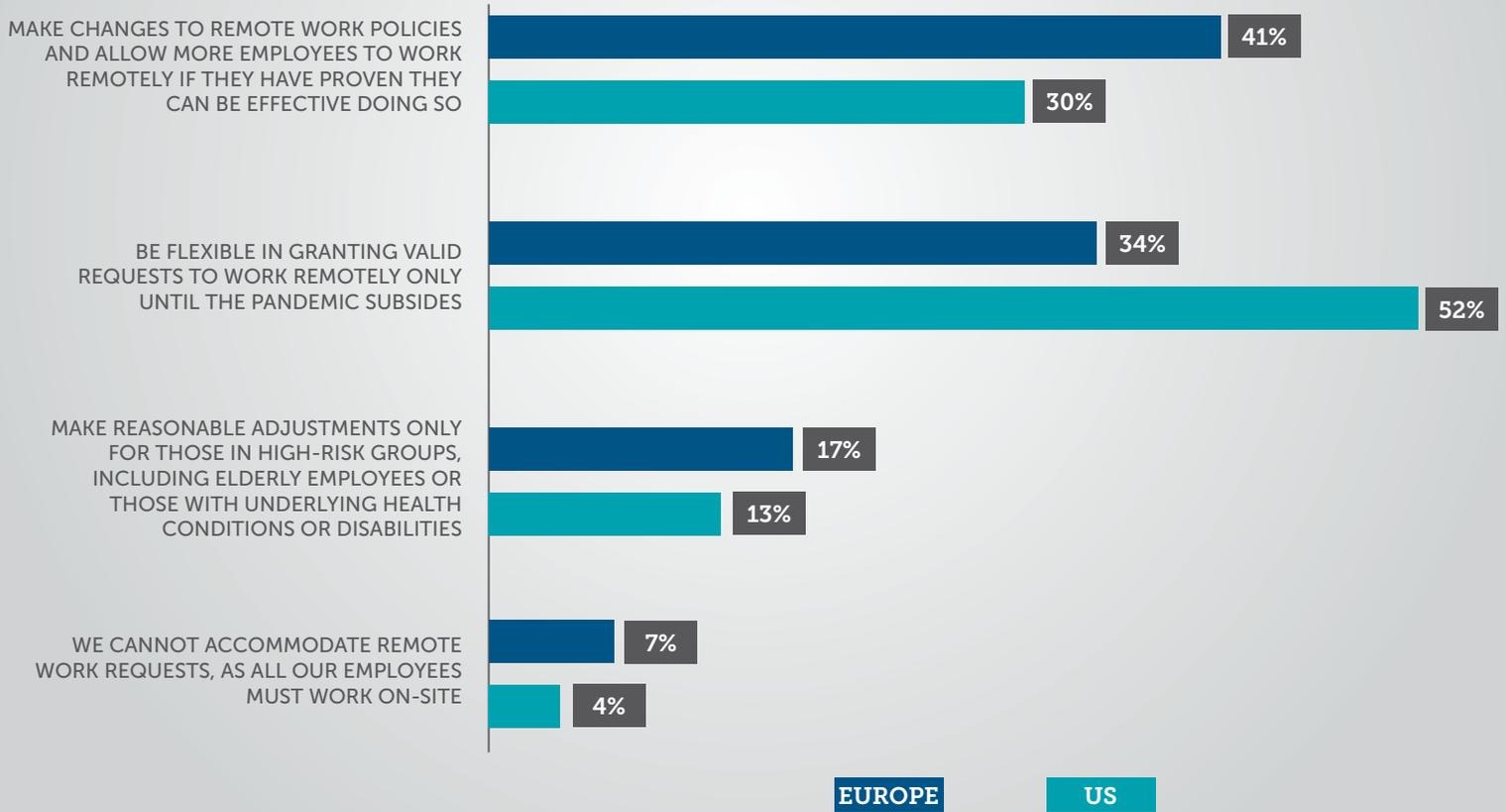
Disclaimer: Survey questions and their resulting findings cover issues that are governed by differing rules from European governments and certain actions may not be permissible depending on the country. The content does not convey or constitute legal advice, nor is it intended to be acted upon as such.

Remote Work

Which positive implications do you think the COVID-19 pandemic could have on the workplace over the long term? (Tick all that apply)



Which of the following best describes how your organisation is managing remote work requests (if offices have reopened) or how your organisation plans to manage these requests (once offices reopen)?



The sudden, deadly outbreak of COVID-19 early in the year forced many employers to adapt to a nearly universal remote workforce in a matter of days. That unforeseen shift created a host of challenges – from the critical, such as new cybersecurity vulnerabilities, to the mundane, such as how to outfit employees’ home offices and train them on video conferencing.

The abrupt shift to remote work also challenged a longstanding and widespread belief among corporate leadership: that employees would be less productive in a remote work environment. Six months into the pandemic, that belief has largely been proven unfounded by studies showing increased employee productivity stemming from COVID-19 imposed remote work.

The result may be a change in long-held perceptions about remote work, which our survey results appear to confirm. Respondents expect the top long-term, positive implication on the workplace stemming from the pandemic will be a greater acceptance of the benefits of remote work, selected by 61 percent of respondents. Reviewing the survey data by country, a larger portion of respondents in

the UK expect a long-term shift to acceptance of remote work (68 percent). This benefit was closely followed by the increased use of digital tools and technology (selected by 59 percent) – a practice driven largely by the need to support remote workforces – and the increased ability for digital teams to communicate and collaborate virtually (selected by 41 percent).

The survey results also indicate that employers are already moving to adapt. Asked how their organisations are managing work-from-home requests, or plan to manage them when offices reopen, 41 percent say they are making or will make changes to their remote-work policies to allow for greater flexibility – so long as employees have demonstrated their ability to work effectively from afar. The percentage of those viewing the shift to remote work as more of a long-term policy change was again higher in the UK (53 percent), as well as in Germany (52 percent).

That represents a contrast to the US, where only 30 percent of employers who responded to the [Littler COVID-19 Return to Work Survey](#), conducted in May, said they planned to change policies to allow workers to continue working remotely. And 50 percent of US respondents said they planned to remain flexible on remote work only until the pandemic subsides (compared to 34 percent of European respondents). The differences could indicate that US employers have not embraced a long-term shift to remote work on the level European employers have.

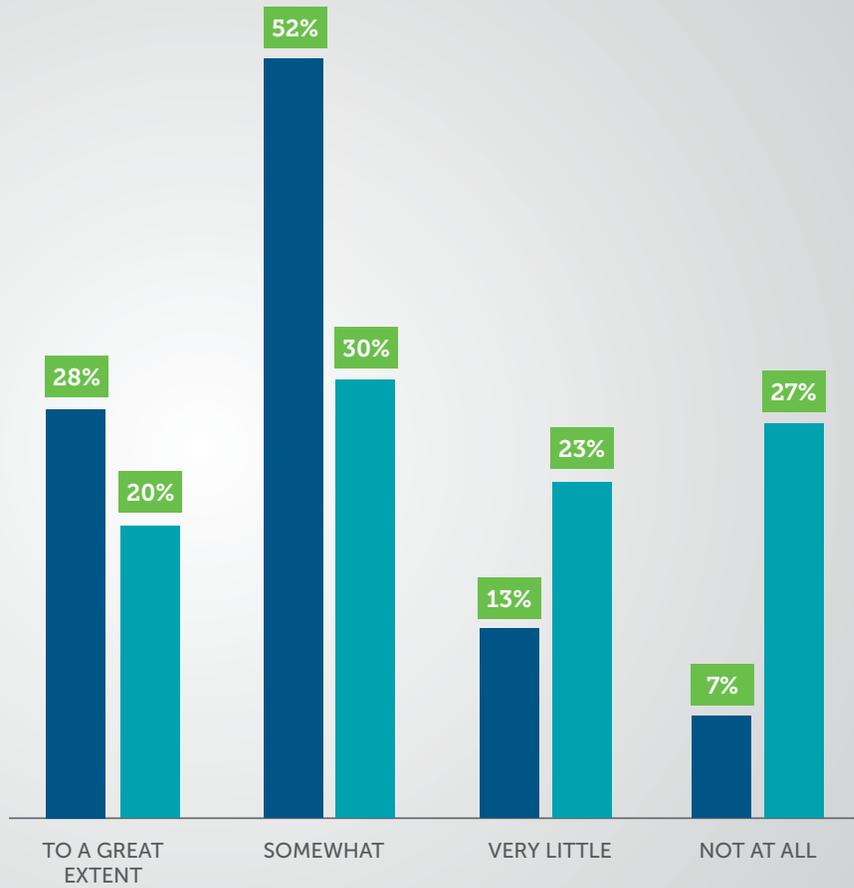
“Executives have come to see that their employees can be just as industrious working remotely, and now their task is to adapt to work-from-home arrangements over the long term. In order to do that they’ll need to rethink many of the policies and procedures that have governed office work for years. They must also recognise that many aspects of remote work are regulated by unique rules, and that the law in this area is beginning to evolve.”

Paul Quain, Littler Partner, UK



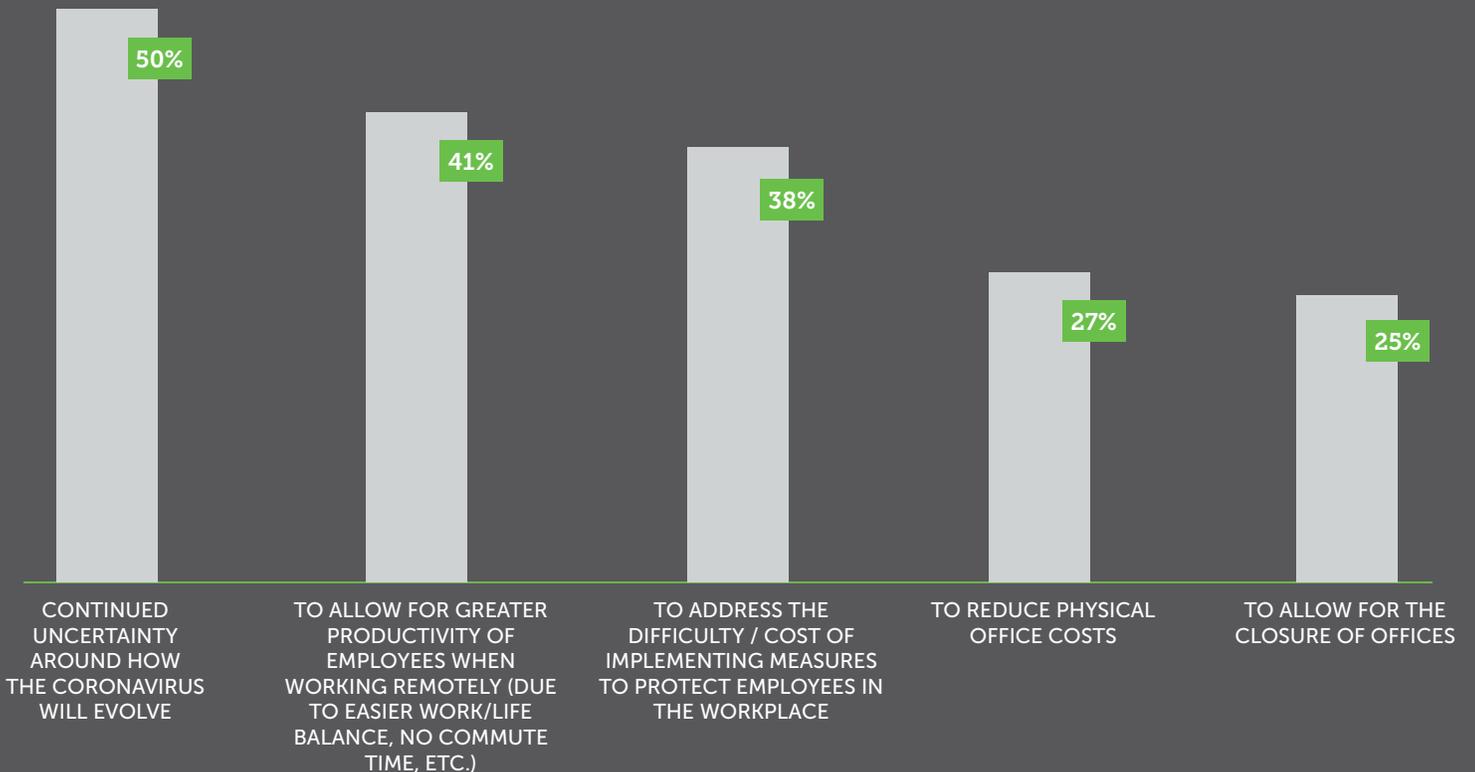
To what extent is your organisation requiring, or considering requiring, more employees to work remotely?

EUROPE
US



Which of the following represent reasons that your organisation is requiring, or considering requiring, more employees to work remotely? (Tick all that apply)

This question was only asked to respondents who are requiring, or considering requiring, more employees to work remotely



In another sign of greater acceptance by European employers of remote work, 80 percent of European respondents say they are requiring or considering requiring more employees to work remotely – either somewhat or to a great extent – compared to 50 percent in the US.

Interestingly, 41 percent of European employers say they are considering this shift in order to achieve greater productivity. Some of employers' moves to allow greater flexibility appear to be driven, at least in part, by the opportunity to reduce costs by shrinking their office footprints. But while that may be the first instinct of many managers, we have already seen business leaders backing away from plans to close offices en masse, once confronted with the legal challenges in doing so. And in the long term, executives are more likely to embrace remote work as a benefit that employees value and that employers have learned to manage.

“While continued uncertainty around COVID-19 understandably remains the most common reason for requiring more remote work, the fact that more than four in 10 employers believe remote work promotes greater productivity represents a remarkable shift in attitudes. As more employers offer flexible work options, matching that offering will quickly become more of a necessity for any employer competing for talent, particularly in a post-pandemic economic rebound.”

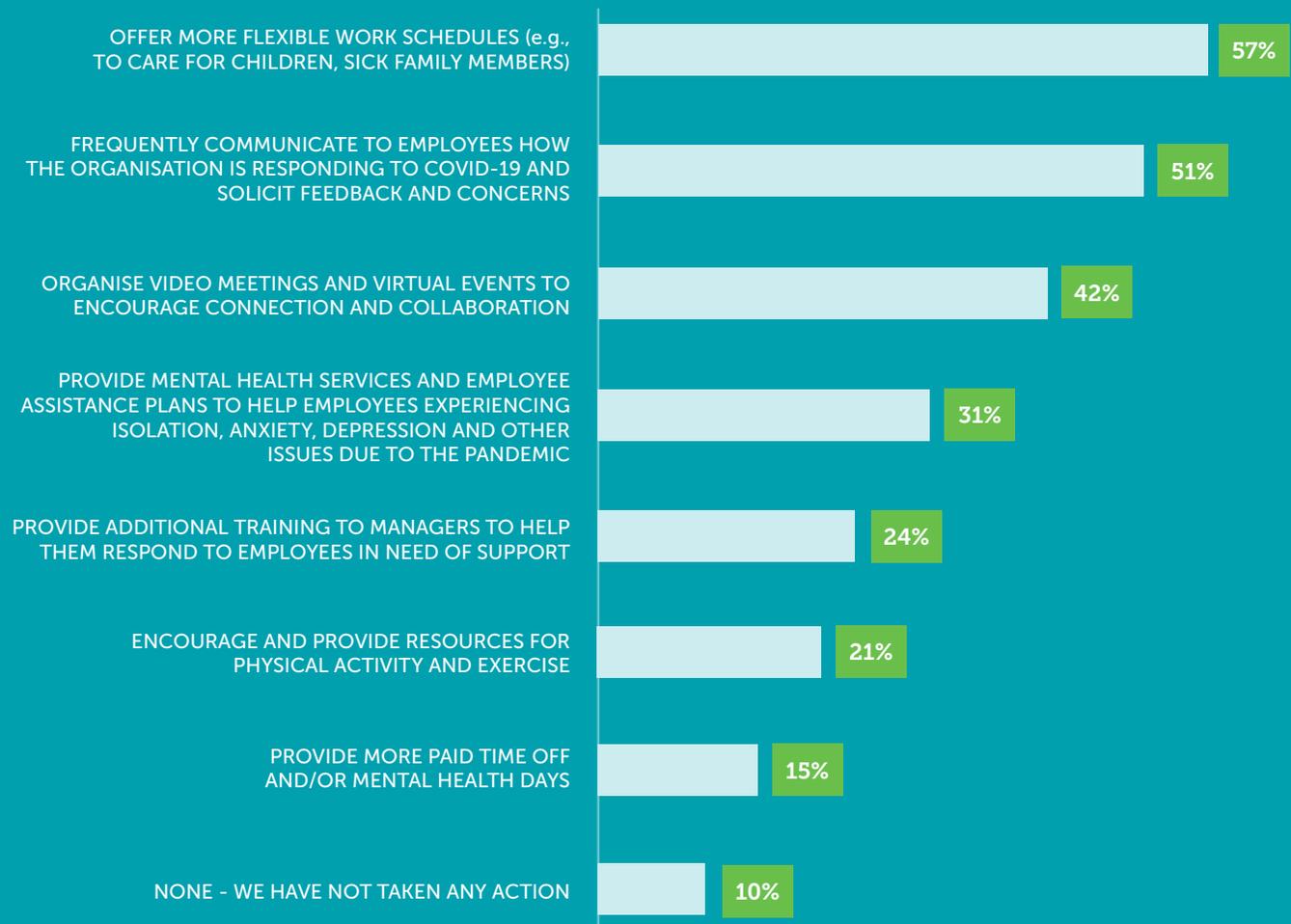
Anne-Valérie Michaux,
Little Partner, Belgium



Employee Wellbeing and Vacation Time

Encouragingly, 90 percent of European employers responding to our survey have taken some action to address their employees' mental health and wellbeing during the pandemic. More than half are offering more flexible work schedules to accommodate employees' personal needs (57 percent) and/or soliciting frequent feedback on their organisations' response to the pandemic (51 percent).

Which of the following actions, if any, has your organisation taken to address employee mental health and wellbeing during the COVID-19 pandemic? (Tick all that apply)



We saw an increasing focus on workplace mental health in the [Littler 2019 European Employer Survey](#) as more respondents indicated being “extremely concerned” about mental health than any other HR-related issue, including sexual harassment and equal pay. Employers’ recognition stems from a growing focus among researchers and clinicians on work’s relationship to mental health. For instance, a [2019 RAND Corporation study](#) found that 56 percent of British employees suffered at least one dimension of work-related stress.

The COVID-19 pandemic has inflicted a wave of new mental-health challenges. Fear for their own or their loved ones’ health and worry about their income and livelihoods were widespread in the early days of the epidemic. As it wore on, concerns arose about feelings of isolation for some, and about the pressures of juggling parenting and work duties in the same physical space for others.

Combined with the [earlier finding](#) that increased attention to mental health and wellbeing ranked last among the expected long-term implications of the pandemic – with only 26 percent predicting this outcome – this year’s survey findings suggest that employers’ actions on mental health have not yet caught up to their growing recognition of the issue.

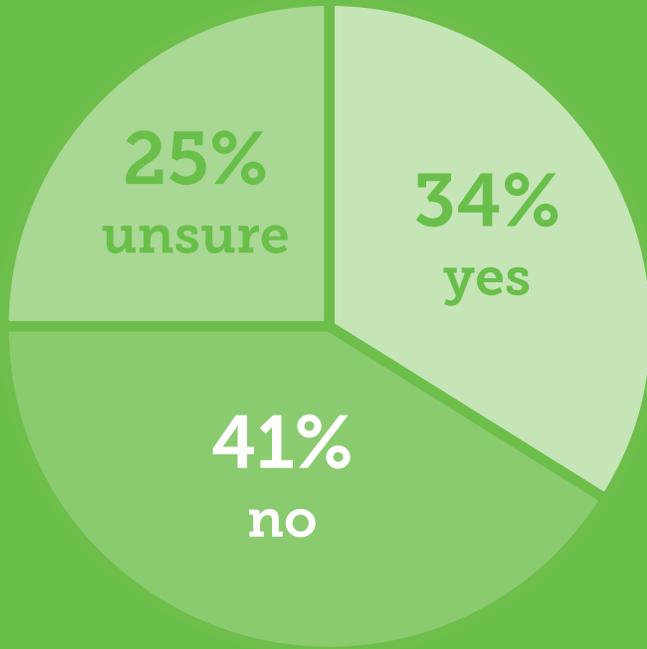
Fewer than a third of employers are providing mental health services and Employee Assistance Plans to those experiencing feelings of isolation, anxiety and depression. The survey results also showed a fair amount of variation by country – for instance 45 percent of UK employers are providing these services compared to only 15 percent in Germany.



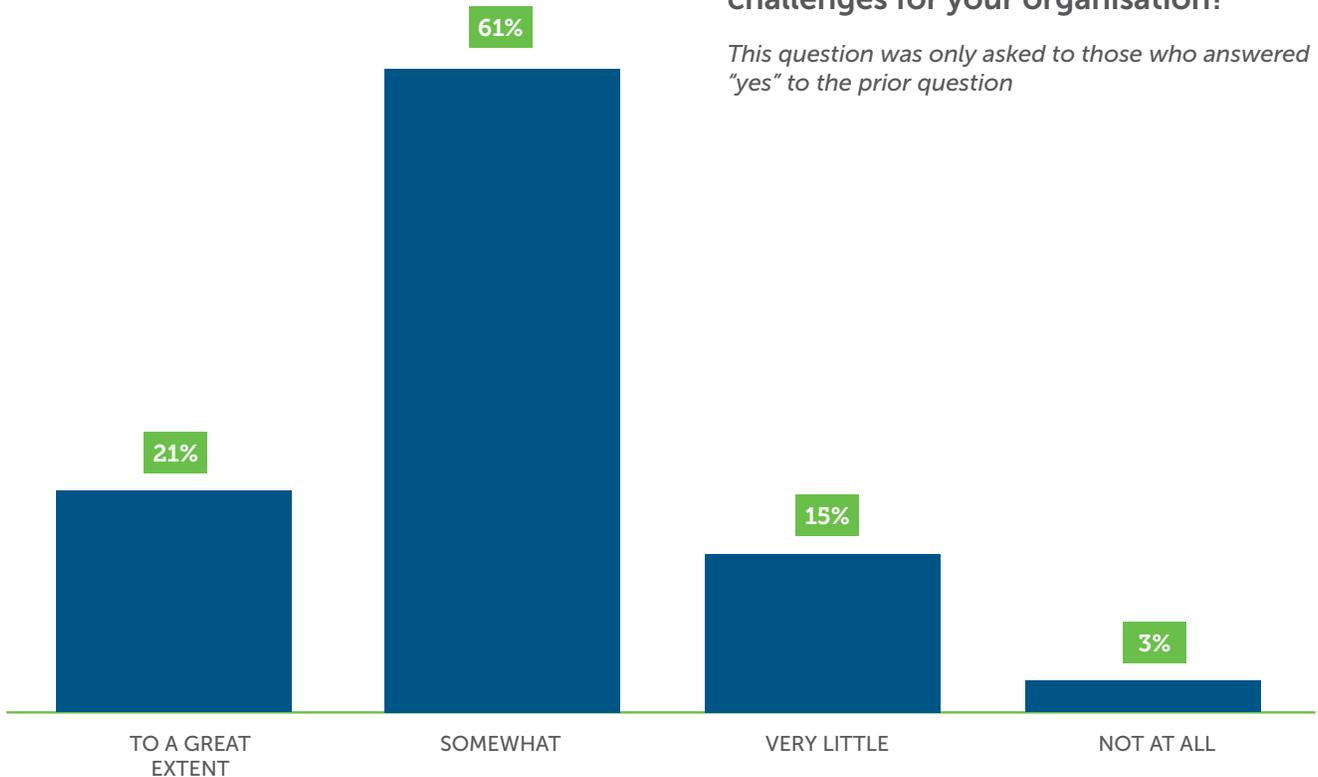
The survey results suggest a fairly high level of effort from employers to offer flexibility and listen to employees’ concerns to mitigate the pandemic’s impact on their wellbeing, but there is more that can be done. With the increased recognition of the importance of wellness to maintaining a productive and engaged workforce, employers can take additional steps, such as offering mental health services and training managers to help them spot these issues and support their teams.

**Stephan Swinkels, Coordinating Partner
International, Littler**





Has your organisation seen, or do you expect to see, an increase in requests from employees to take pent up paid vacation time as the economy opens up?



To what extent is this creating operational challenges for your organisation?

This question was only asked to those who answered "yes" to the prior question

Respondents completed our survey in the middle of the summer as countries around Europe, and the world, were reopening to more activities, including limited travel and tourism. Therefore, employers were justifiably growing concerned about being flooded with time-off requests as employees seek to use pent up vacation time in what's left of 2020. As we move closer to the end of the year, those concerns are bound to grow.

The dwindling timeframe is particularly consequential in the EU, where the Working Time Directive mandates a minimum of four weeks paid leave for all full-time employees – time that can only be carried over into the next year under certain additional conditions subject to EU member state laws. Further complicating matters, European countries regulate holiday time along a spectrum of rigidity. For instance, German law is generally highly protective of employee time off.

The UK is more favorable to employers, even allowing businesses to order an employee to take leave. In the past, very few companies have exercised that right, but under current circumstances employers may consider reminding employees that if they don't begin to use their holiday time, they may be required to take it. And in EU member states, management should consider encouraging staff to use holiday soon by reminding them that paid leave guaranteed by the Working Time Directive will only carry over into 2021 under certain additional conditions subject to EU member state laws.

With this backdrop, it's no wonder that more than a third of employers have seen or anticipate a surge in vacation requests. And given the compressed timeline, it's also not surprising that, among those who have or expect to see increased requests, 82 percent say the requests are creating operational challenges either somewhat or to a great extent. That rises to 90 percent in Germany, likely due to the web of restrictions employers face. The challenges associated with a vacation surge most likely relate to business continuity should large portions of the staff decide to take holiday simultaneously.

"Navigating varying regulations around vacation time, along with the unprecedented challenges brought on by COVID-19, puts employers in a tough situation with no clear best practice for managing paid leave in the final stretch of the year. Threading the needle between allowing employees to use their paid leave and creating as little disruption to the business as possible requires thoughtful planning, careful compliance with the law and proactive communication with employees."

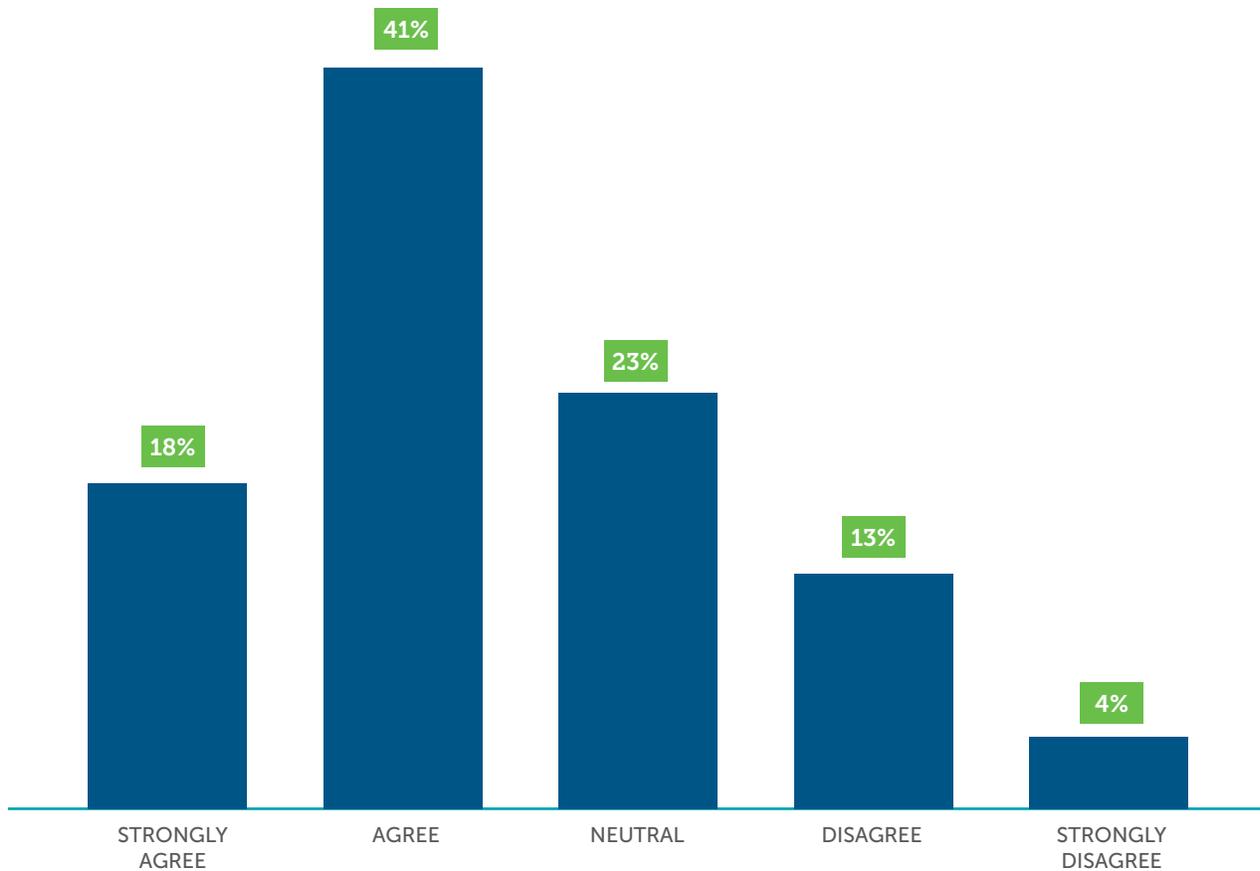
**Dr. Thorben Klopp, Littler partner,
Germany**

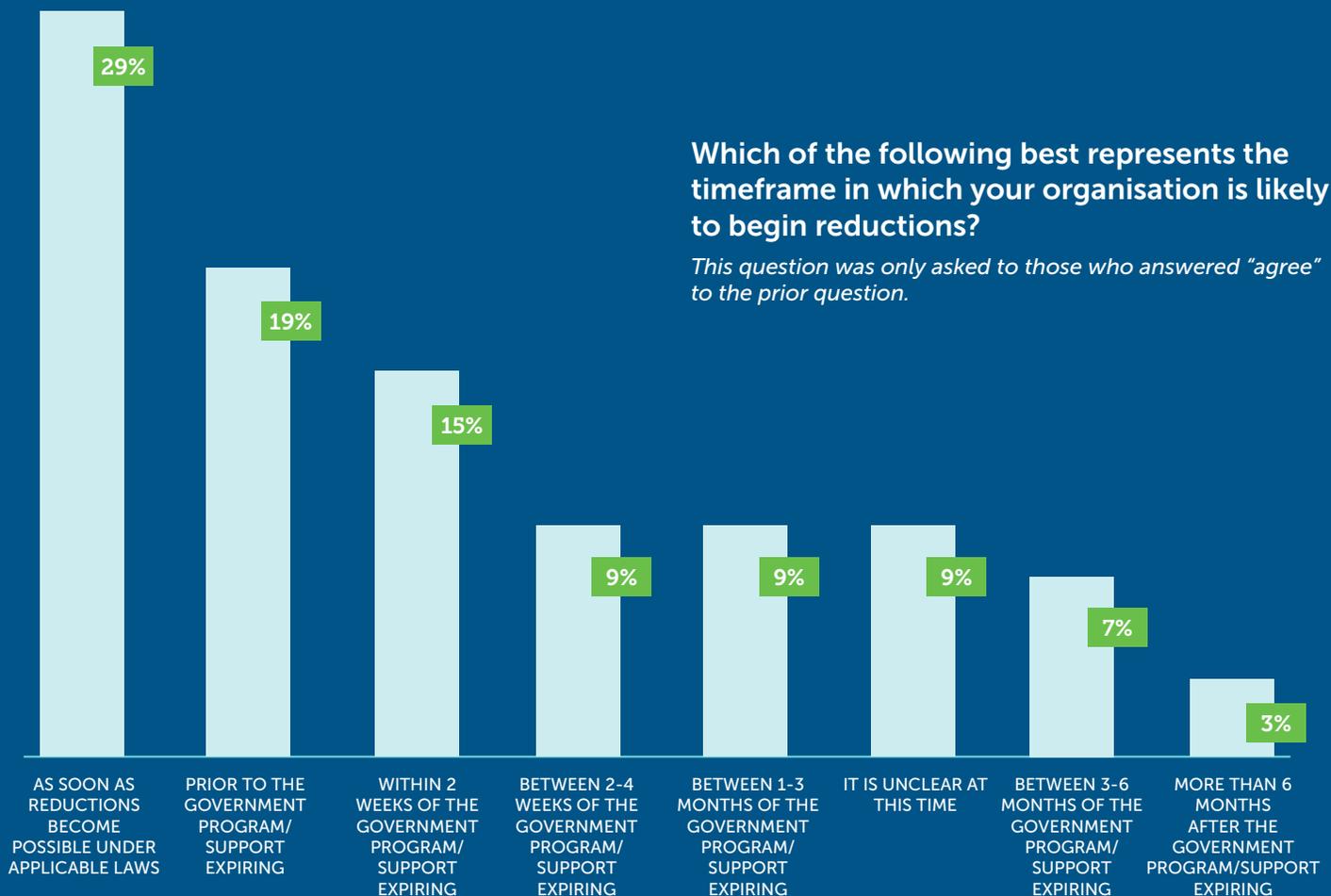


Government Support and Workforce Reductions

Please indicate the extent to which you agree with the following statement: **Once our government is no longer able to sustain a program that allows companies to reduce worker hours and/or avoid/minimise layoffs (with the government paying the majority of lost wages), my organisation will have to make workforce reductions.**

This question was only asked to those whose organisations have utilised such a government-supported program (such as Partial Employment, Short-Term Employment, Wage Subsidies or Temporary Layoffs).





Several European countries avoided or minimised layoffs during the early part of the pandemic through government-supported programs that provided billions to keep people employed. Some of these programs have taken Germany's short-term work program (or *Kurzarbeit*) as a model. Created during the 2008-2009 recession, the German model allows employees who otherwise would have been laid off or had their hours reduced to keep their jobs and receive much of their base pay from a government fund.

These government-backed wage subsidy programs managed to protect businesses from closure and prevent widespread job loss in the initial stage of the crisis. By May, the EU unemployment rate [stood at](#) 6.7 percent, essentially the [same level](#) as February (6.6 percent). This is in contrast to the US approach, which is more focused on supporting workers through unemployment benefits – the country's unemployment rate hit a [record high](#) at nearly 15 percent in April, far above the 3.5 percent rate in February.

While the European programs are credited with helping countries recover more quickly from economic crises, critics caution that this time around they may delay the inevitable job cuts and restructuring of already struggling companies. Our survey results support those concerns. For respondents whose organisations used government support, 59 percent say they will be forced to make workforce reductions when that support ends. Another 23 percent are unsure, leaving just 17 percent who believe they could sustain their workforces without government aid.

"As the pandemic's economic damage deepens and with no end to the crisis in sight, many European employers are forced to make tough decisions about potential workforce reductions. This is further complicated by the need to navigate legal requirements in place in the various countries in which they operate."

Guillaume Desmoulin, Littler partner,
France



The survey also indicates the reductions would come quickly: 63 percent of employers say they would begin reductions as soon as the law allowed, prior to government programs expiring or within two weeks of their expiration. Only 10 percent say they would wait three months or longer.

In late July, EU leaders agreed, after rancorous debate, to a [€750 billion spending package](#) to help address rising national debts and deficits as countries battle the COVID crisis. While some countries, such as Britain, have stuck to the expiration dates of their programs, others, such as Italy and Spain, have issued temporarily extensions (albeit generally with less funding available) to stave off workforce reductions. But as these programs were starting to wind down or change shape – and as new outbreaks began emerging across Europe – a [New York Times article](#) in late August warned that a “tsunami of job cuts is about to hit Europe as companies prepare to carry out sweeping downsizing plans to offset a collapse in business from the outbreak.”

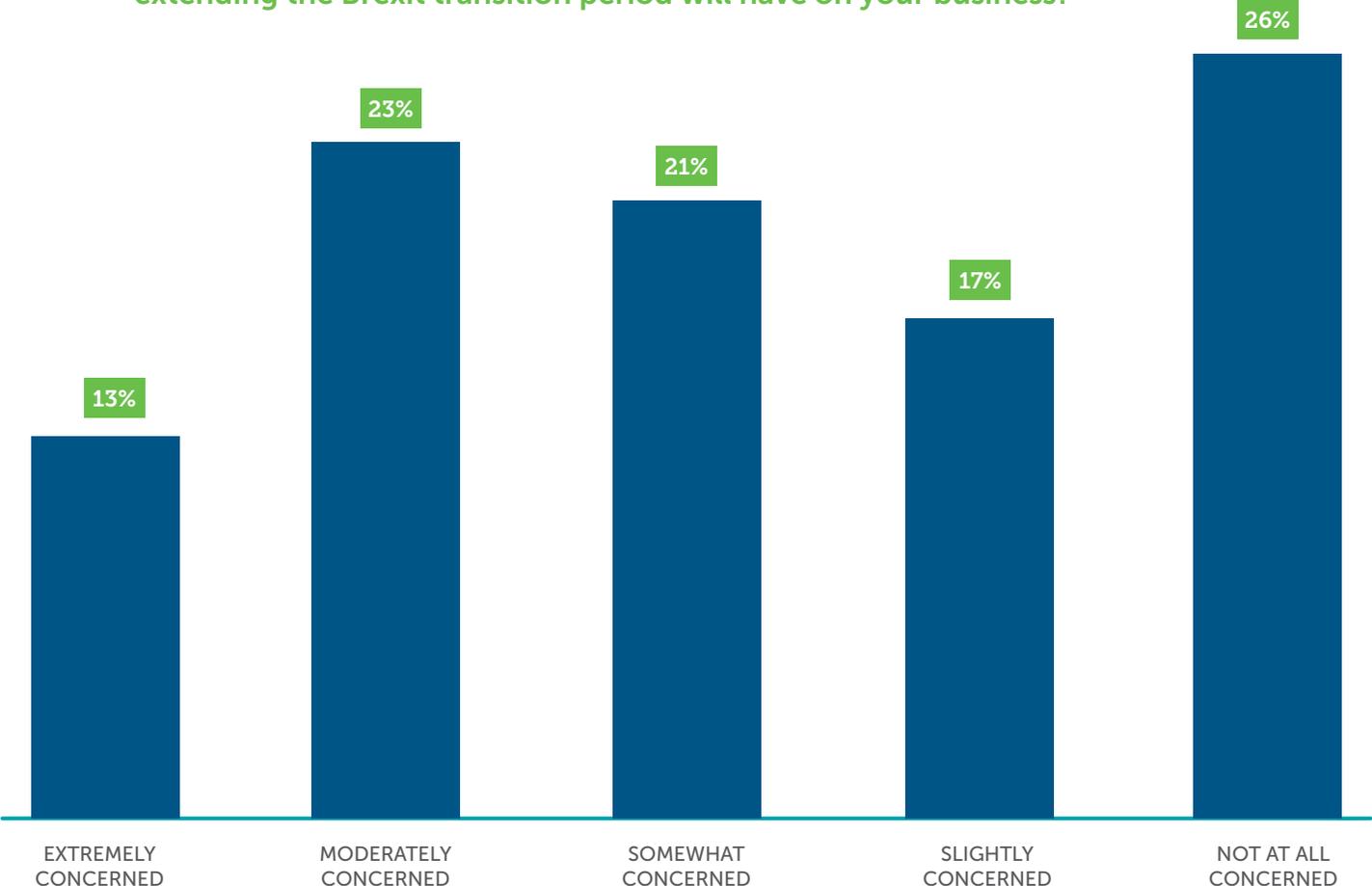
Country-Specific Results

The following questions were only asked to respondents who are based in the designated countries.

UK

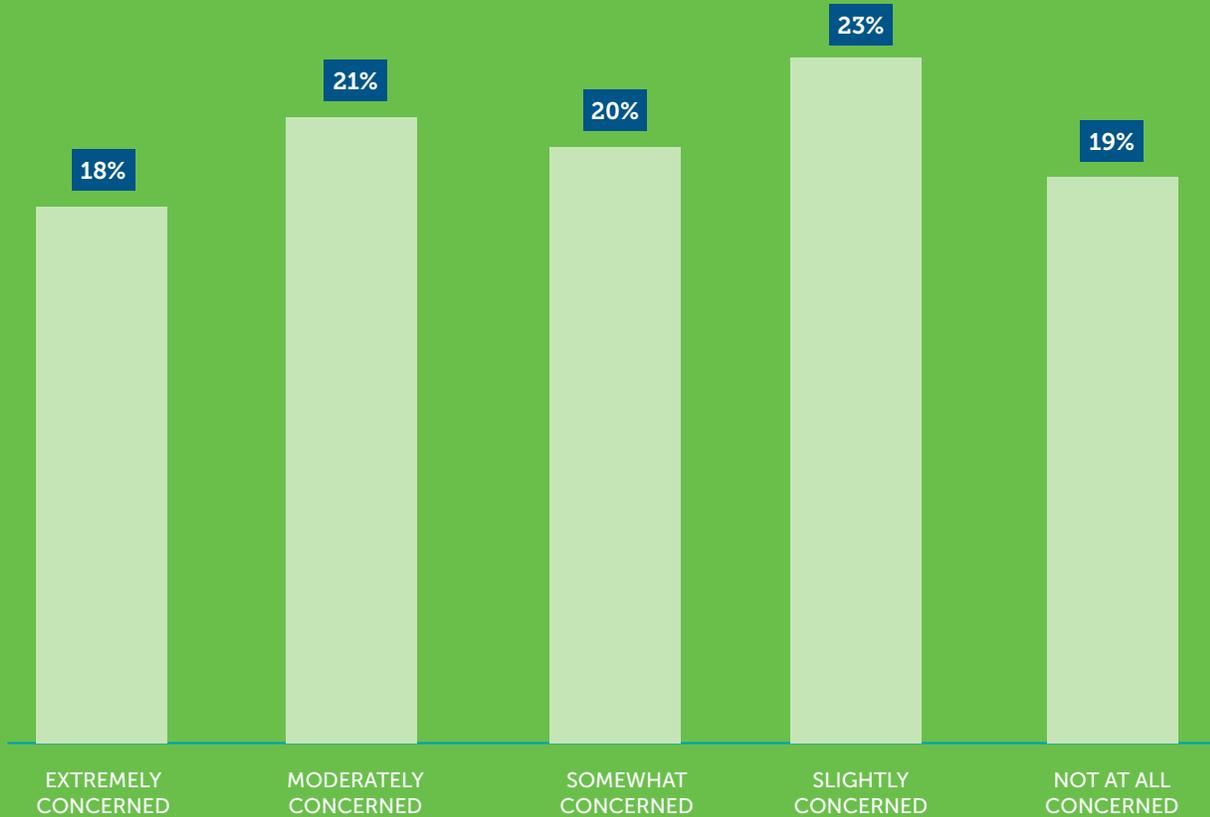
COVID-19's Impact on Brexit Transition

To what extent is your organisation concerned about the impact not extending the Brexit transition period will have on your business?



To what extent is your organisation concerned that not extending the Brexit transition period will impact the UK government's ability to finalise new Immigration Rules that would provide clarity about the process for employing non-UK citizens?

This question was only asked to respondents whose organisations employ workers outside of the UK and who are aware of their organisation's concerns in this area.



As the UK nears the end of its Brexit transition period on 31 December, speculation is growing over how the pandemic will impact that planned transition, including its associated new points-based immigration system and the EU Settlement Scheme (EUSS). The government has been intensely focused on managing the COVID-19 crisis in 2020, the year it had intended to focus primarily on the Brexit transition.

The new immigration system, along with the EUSS, essentially halt the free movement of EU citizens in and out of the UK starting 1 January 2021, at which point immigrants from the continent will be required to apply for visas in order to remain in the UK. The EUSS also requires EU citizens living in the UK to apply for permanent residency, or "settled status." Other European nations are implementing their own visa requirements for UK citizens working abroad.

The new requirements are likely to increase burdens on British employers, from auditing their workforces for EU citizens, to encouraging and ensuring those employees take the proper steps to enable them to stay in the UK, to footing the cost of visas for EU citizens starting next year.

But again, the virus has forced the Home Office to dedicate significant resources to COVID-19-related guidance and to managing the fallout from the pandemic. That calls into question the government's ability to produce adequate guidance on the EUSS, without which the effective date could be postponed. The uncertainty around whether or not the UK and the EU will reach a deal before the end of 2020, which may have an impact on the operation of the new immigration system, has also made planning ahead difficult for businesses.

Our survey indicates that most employers feel that the decision not to extend the Brexit transition period could harm their businesses. Only 26 percent say they are unconcerned about the transition period not being extended. More than a third of all respondents (36 percent) are either moderately or extremely concerned and that figure is highest for companies with between 501-1,000 employees (56 percent).

That vast majority (81 percent) of respondents who employ workers outside of the UK are concerned to some degree that the government may not be able to finalise and provide clarity on the new immigration rules.



"Keeping their businesses running during the pandemic has been an all-consuming challenge for most British employers. With only a few months remaining in the Brexit transition period, and no certainty over whether a UK-EU trade deal will be reached, HR and business leaders must also turn their attention to preparing for compliance with a new points-based immigration system. This includes auditing workforces to account for all individuals working abroad and for all EU citizens working in the UK."

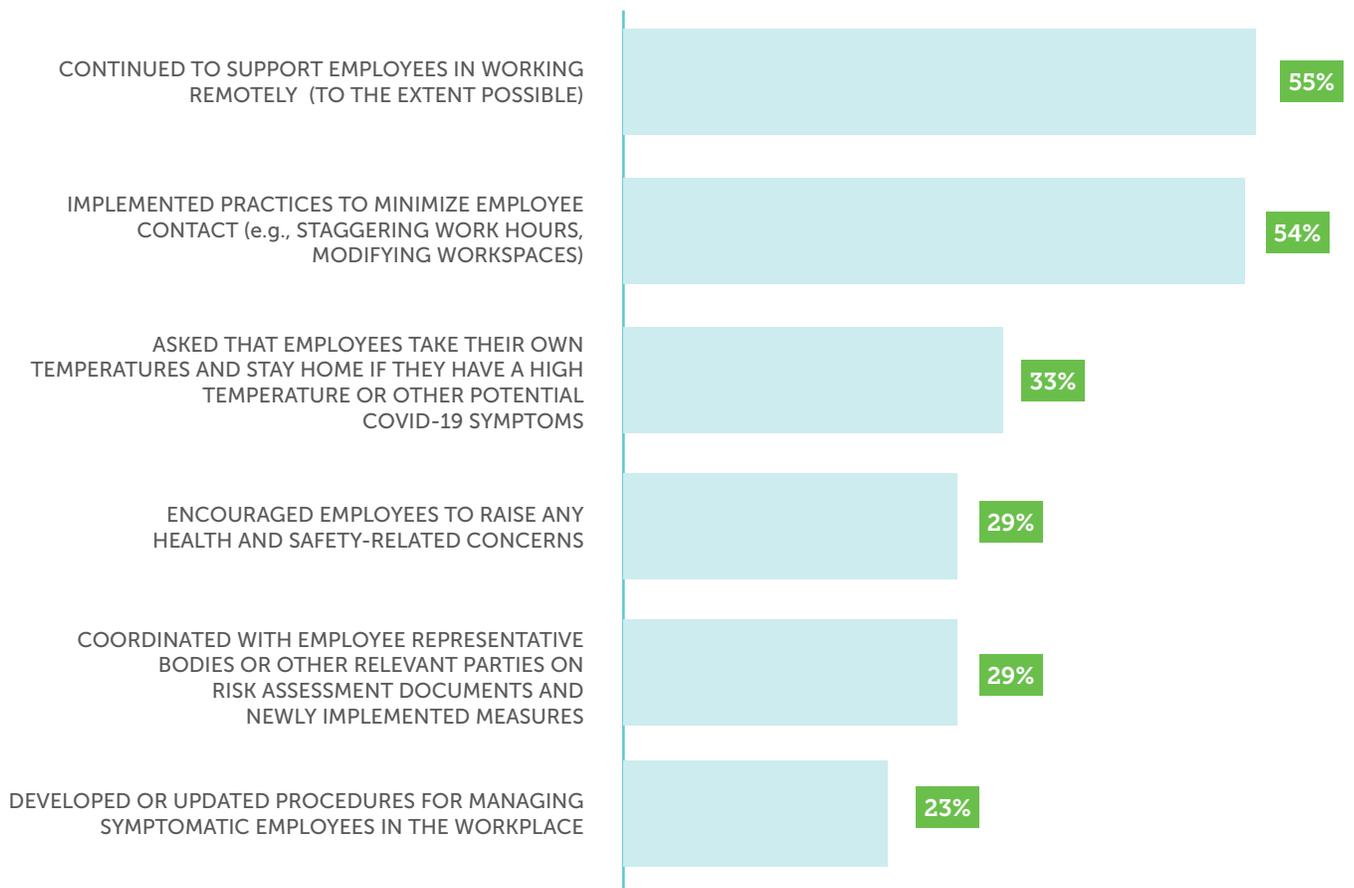
Sophie Vanhegan, Littler partner, UK



France

Compliance with the French Labor Ministry's National Protocol

What steps has your organisation taken to comply with the French Labor Ministry's guidance and protocols to protect employees from COVID-19 exposure? (Tick all that apply)



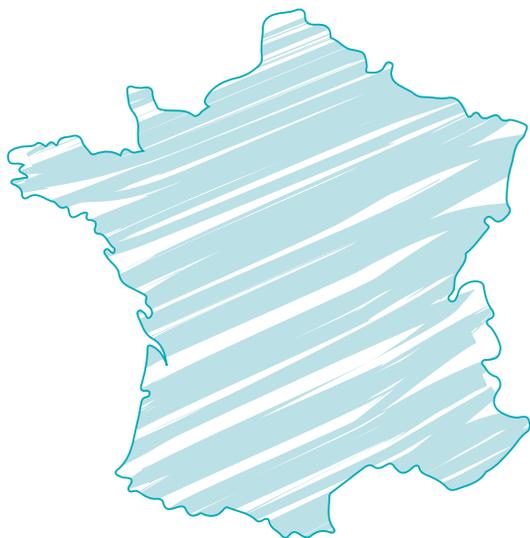
On 8 May, the French Labor Ministry published its National Protocol for Employers to Ensure the Health and Safety of the Employees after the End of the Lockdown (the "National Protocol"). It compelled employers to take responsibility for protecting the health and safety of French workers by implementing safety measures in the workplace, providing information and training, and adapting their organisations in particular ways.

The National Protocol also called on all employers to continue supporting remote work for any employees who could perform their roles outside of the workplace. For roles that required the employee's physical presence on the job site, the National Protocol required employers to stagger schedules and organise activities to ensure compliance with rules on physical distancing. In practice, that could mean measures such as varying hours or shifts to minimise the number of workers on site, resorting to part-time work at a level sufficient to sustain operations or modifying workspaces (e.g., by erecting plexiglass barriers between employees on a production line).

A fair portion of French employers who responded to our survey are largely taking those steps. More than half of respondents say they continue to support employees working remotely (55 percent) and/or are implementing practices to minimise contact by staggering schedules or modifying workspaces (54 percent).

A third or fewer of French employers are taking further measures such as asking employees to take their own temperatures and stay home if they show COVID-19 symptoms. That could be explained by the fact that so many employers continue to support employees working from home, obviating the need to take further measures in the workplace.

Employers who do need workers on site should carefully follow government safety requirements — even going beyond the National Protocol, which is likely [not sufficient](#).



"To mitigate risk and make employees feel safer, employers should conduct thorough and organised evaluations of every work unit in their companies to ensure safety precautions and rules are in place, that employees understand them and that they follow them."

Guillaume Desmoulin, Littler partner, France

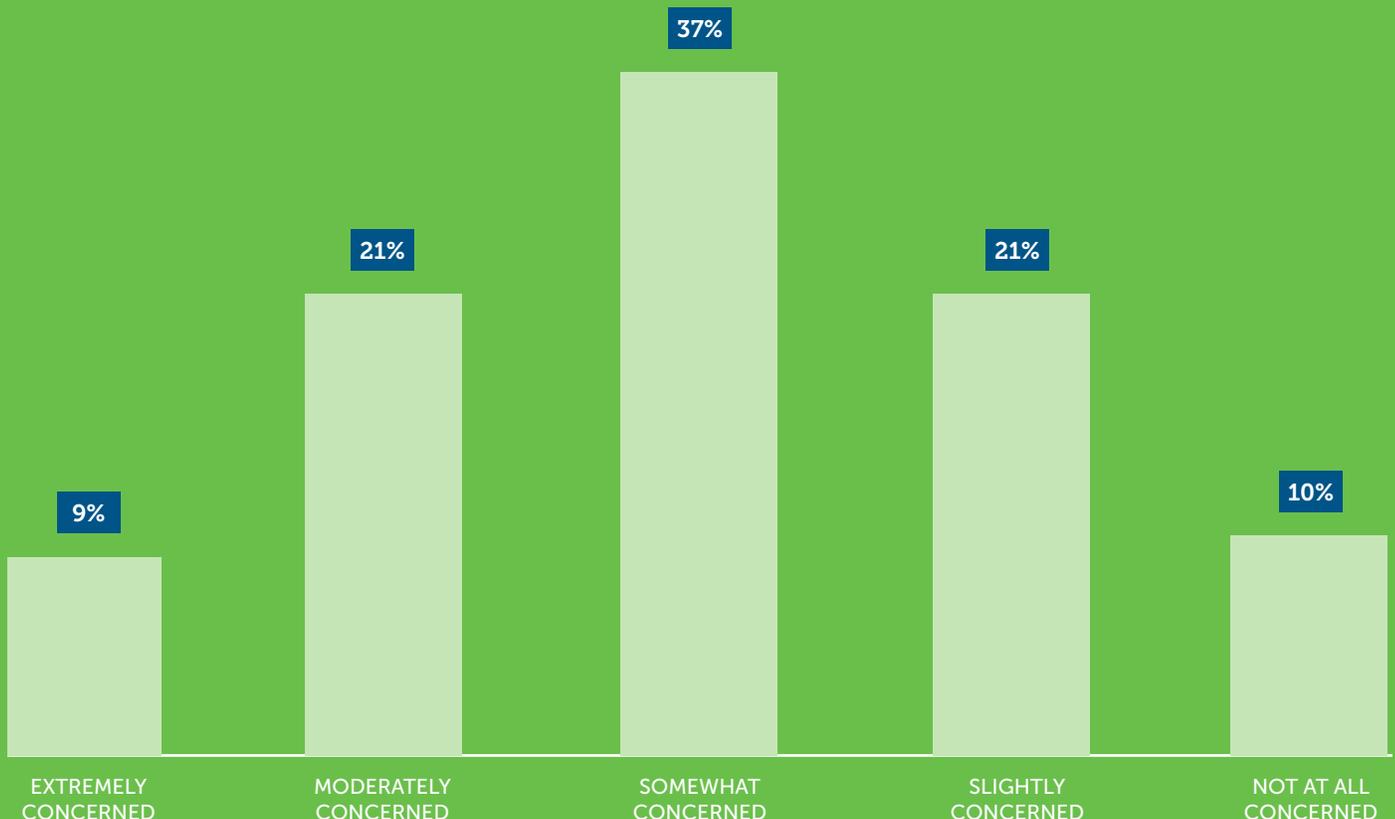


Germany

Mobile Work Presents Challenges

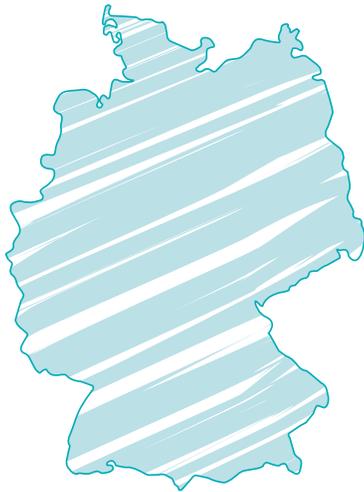
Employers in Germany setting up mobile work schemes must navigate a unique and somewhat rigid set of rules. German law doesn't permit employers to send an individual worker home against their will, but also doesn't give employees the right to demand remote work. Both parties must agree to mobile work, on an individual level or through works councils representing groups of employees. The German courts have also been very clear that employers are not permitted to make any decisions that impact an employee's private life, including their home.

To what extent are you concerned about legal challenges that may arise from implementing mobile work schemes in your business, in particular with regard to employee acceptance and works council involvement?



During Germany's government-imposed lockdown period, in the early days of the pandemic, employers found themselves in the difficult position of being prohibited from sanctioning employees who were underperforming while working at home. At the same time, the government did not require any Germans not to go to work, and most employers quickly shifted to mobile-work schemes. As the lockdown eased in May, many employees chose to continue working from home; as long as they were capable of performing their roles remotely, companies had no grounds to prohibit it or sanction the employees for refusing to go to their workplaces.

This scenario is fraught with potential legal pitfalls for German employers, and our survey shows their concern over potential challenges that may result. The vast majority of German respondents (90 percent) are concerned to some extent about potential legal challenges arising from implementation of mobile work schemes, in particular with regard to employee acceptance of those schemes and the involvement of works councils.



“Employers who aren’t concerned have likely not dealt with mobile work schemes – and the vast majority are right to be concerned about legal challenges in this area. Avoiding those challenges requires deep understanding of existing law, close attention to government guidance and thoughtful communication with employees, both at the individual level and through works councils.”

Dr. Thorben Klopp, Littler partner,
Germany

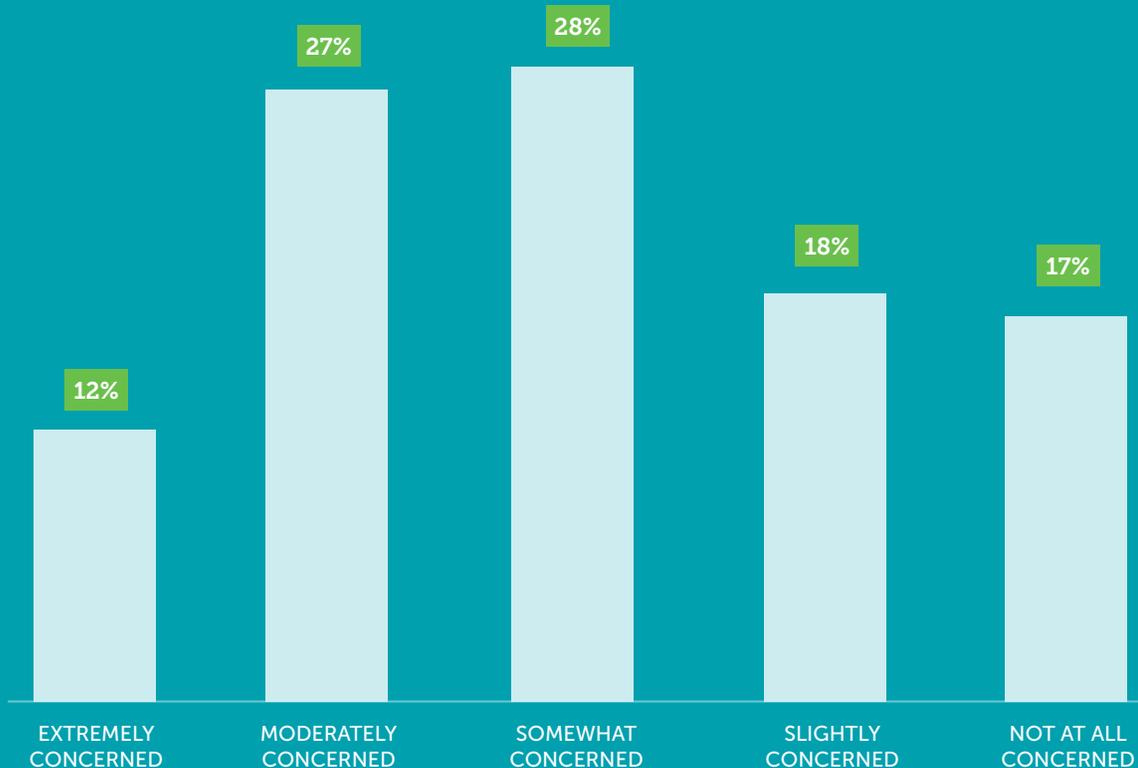


Italy

After suffering Europe’s first and deadliest coronavirus outbreak, and implementing its first nationwide lockdown, Italian lawmakers created several short-time work programs. These programs allowed companies to reduce employee working hours to zero per week while employees received up to 80 percent of their lost salary (with a cap of approximately €1,100 monthly) from the Italian Social Security Authority.

In March, Italy also declared a temporary ban on dismissals. During the moratorium, employers cannot implement individual or collective dismissals based on economic reasons; collective dismissals that started before 17 March were also suspended. Executives are excluded from the ban and employers may still dismiss employees for justified subjective reason or just cause, or for failure to pass the probationary period. The dismissal ban has since been extended multiple times, most recently by the August Decree, which holds it in place through 31 December.

To what extent are you concerned that the current dismissal ban in Italy – and any possible extensions thereof – will negatively impact your company’s ability to navigate the current COVID-19 economic crisis?



While respondents completed our survey before the latest extension, the results show that the vast majority of employers in Italy were already concerned with the effects of the dismissal ban on their companies. Most Italian respondents (83 percent) say they are concerned to some extent that the moratorium will negatively impact their company's ability to navigate the COVID-19 economic crisis. That concern is likely even higher now that the ban has been extended through year's end.

Taken together with the survey results indicating that the end of government support would quickly lead many European employers to make widespread workforce reductions, Italian employers' response to this question suggests that the country's dismissal ban could be delaying inevitable reductions employers will need to make once it is permissible by law.



"We see a relatively low financial impact from the dismissal ban in the short term, given that Italian employers who have a need to dismiss are likely currently accessing short-time work programs, thereby reducing the costs of retaining redundant employees. However, the organisational and long-term impact will likely be far greater. Companies need to move fast in reorganising due to the pandemic, and while many are already doing so abroad, in Italy, these processes have been frozen since March."

Carlo Majer, Littler partner, Italy



Methodology and Demographic Profile of Respondents

In late July and early August of 2020, 758 professionals completed Littler's European Employer COVID-19 Survey via an online survey tool.

Respondents primarily comprised HR professionals (64 percent) and in-house lawyers (32 percent) and represented a wide range of industries.

Respondents were based across Western Europe:

- United Kingdom (26 percent)
- France (19 percent)
- Italy (16 percent)
- Germany (14 percent)
- Spain (14 percent)
- Belgium (4 percent)
- Netherlands (3 percent)
- Poland (2 percent)
- Austria (1 percent)
- Ireland (1 percent)

Companies represented were of a variety of sizes:

- More than 10,000 employees (12 percent)
- 5,001 to 10,000 employees (7 percent)
- 1,001 to 5,000 employees (16 percent)
- 501 to 1,000 employees (13 percent)
- 101 to 500 employees (21 percent)
- One to 100 employees (31 percent)

About Littler Europe

Littler is the largest law practice in the world exclusively devoted to representing management in every aspect of labor and employment law. We serve as a single point of contact for our clients' global labor and employment needs, helping multinational employers to move their employees across borders, comply with local employee relations laws, and assist employers with such international issues as overseas privacy laws and applying company policies worldwide.

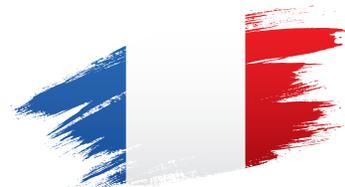
Our European legal services include 19 offices in the region's most robust economies, housing more than 300 local Littler attorneys who collaborate with our working partners in all European jurisdictions, as well as our attorneys in other regions of the world.



Austria



Belgium



France



Germany



Italy



Netherlands



Norway



Poland



United Kingdom

At Littler, we understand that workplace issues can't wait. With access to more than 1,500 employment attorneys in over 90 offices around the world, our clients don't have to. We aim to go beyond best practices, creating solutions that help clients navigate a complex business world. What's distinct about our approach? With deep experience and resources that are local, everywhere, we are fully focused on your business. With a diverse team of the brightest minds, we foster a culture that celebrates original thinking. And with powerful proprietary technology, we disrupt the status quo – delivering groundbreaking innovation that prepares employers not just for what's happening today, but for what's likely to happen tomorrow. For over 75 years, our firm has harnessed these strengths to offer fresh perspectives on each matter we advise, litigate, mediate, and negotiate. Because at Littler, we're fueled by ingenuity and inspired by you.

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