



# VOICE

Keeping Abreast with  
Human Resource Management



## Workforce Options in the COVID-19 Era

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We have received such high level of responses with persons sharing their experiences working remotely and suggesting we go deeper with the topic, that we will share some of those experiences in another issue. We thank you for your feedback and encourage you to continue sharing your experiences with us.

This week, we shall explore "Workforce Options in the COVID-19 era," as a number of companies have seen a reduction in the demand for their services and some have experienced a total shutdown. A search of the HR Literature speaks to various options available to companies, particularly in the USA, which are placed in three key categories: Furlough, Layoff and Reduction in Force/Termination. Furlough refers to employees who have been asked to work fewer hours or to take unpaid leave. An employee who has been furloughed cannot be asked to do any work for the employer, including answering the phone or responding to an email. Once the employee performs any work-related activity, the furlough is called off and the employee has to be paid. Dave Cote, former Chairman and CEO of Honeywell, indicated that when in 2008-2009, the company opted to furlough employees rather than lay them off, the company's phones and laptops were taken away to ensure that strict condition of no work was met (HBR, June 2013). Layoff is

a temporary separation from payroll because of low demand, however there is an expectation of recovery and the employee will be recalled for work. The employee may qualify for unemployment and employers often maintain their benefits. A Reduction in Force (RIF) is the permanent termination of employees or elimination of a position (HR Daily Newsletter, SHRM, March 23, 2020). Some companies however treat layoff as reduction in force.

A search of the Protection of Employment Acts, Labour Codes or Labour Contracts Acts, within the Caribbean reveals that employers have two key choices: Layoffs and Redundancy. Most Acts, however, make provisions for the employer to reduce the hours of work, with the consent of the employee, which could fit the definition of "furlough." The Commonwealth of Dominica Labour Contracts Act, Chapter 89:04: 8(3) defines Redundancy as "the loss of permanent employment arising out of the introduction of new methods of work, whether by automation, mechanization, rationalisation or re-organisation due to shortage of work, or in accordance with section 11 of the Protection of Employment Act. Section 11 makes provision for the termination of employees' contracts on various grounds including, compliance with the law, force majeure, act of God and reduced

operation due to economic conditions. Chapter 89:04:19(a) stipulates, "A week counts as a week of lay-off if an employee gets no pay of any kind from his employer that week, because although he is available for work, there is no work for him to do." These definitions are consistent among the other Caribbean countries. So, what options do companies in the Caribbean have with respect to their workforce as a result of COVID-19?

COVID-19 has impacted companies in many ways. Some companies have been able to move all their operations remotely and continue to meet their clients' needs. Some companies have been able to move some functions remotely while other functions do not lend themselves to remote work. Some companies have operated with a skeleton staff and others have temporarily ceased operations. All companies, no matter how they have been able to manage, have been impacted by COVID-19 and some are wondering how they will survive after COVID-19. There will be an after COVID-19, and so companies need to plan and prepare for that life. In a future Issue, we will cover the "Future of Work after COVID-19." Here are some options, to minimize the financial impact for companies and keep employees motivated and engaged:

1. Maintain Full Payroll – Companies, especially those who

have maintained an almost normal schedule of work, continue to pay full salaries to employees

2. **Reduced Hours** – Reduced hours, and consequently reduced pay is an option to be considered. This is provided for in the legislation. Most legislations provide for reduction of hours with the consent of the employees.
3. **Reduced Pay** – Employers can offer this, with agreement of the staff. Some employees may prefer a reduced pay than being laid off or made redundant. In 2009, in the wake of the Global Financial Crisis, KPMG offered employees to take a sabbatical for up to 3 months at 30% of their pay. Managers and owners should also accept a reduced pay to signal leadership from the top. The Management Team of a number of the multinational firms, including Delta Airlines, United Airlines, Ford, Dicks Sporting Goods are taking pay cuts. Itay Goldstein, Professor Finance at Wharton, while stating that the foregoing of salaries by the management team is largely symbolic, it sends a strong message to employees, that they are sharing the pain (Duffy, March 26, 2020, CNN Business). The St. Lucia Parliamentarians are taking a 75% salary cut (Loop News, April 23, 2020) and the Premier of Nevis has taken a 100% salary cut until the COVID-19 era ends (Jamaica Gleaner, April 27, 2020), in solidarity with the those who have lost their jobs and income due to COVID-19.
4. **Unpaid Leave** – Employers can offer employees unpaid vacation leave. Continuity of employment is protected by all the employment legislation examined.
5. **Lay Off** – This option is available to companies whose revenue has been significantly reduced, but who anticipates recovery following the COVID-19 era. The layoff period can vary to meet the

organisation's needs. There is a risk that employees may seek alternative employment during the layoff period. The Protection of Employment Act in Dominica allows for the employee to file for redundancy, if the lay off period exceeds 6 weeks. Most of the other legislation provides this option, after being laid off for twelve weeks. Employees, who are laid off are assured of continuity of service when re-employed. However, if they file for redundancy, continuity of employment is broken.

6. **Redirection of Operations** – Companies can redirect operations to meet other needs or enter new markets, and thus keep staff employed or revenue coming in. Angostura, based in Trinidad and Tobago and the producer of the world famous, Angostura Bitters, in light of the shortage of hand sanitisers, pledged to produce 25,000 hand sanitisers for distribution to hospitals, health centres and first responders. In Dominica, the Fort Young Hotel and Secret Bay, turned their kitchen to the "Kuodmen Kitchen," providing free meals for all "healthcare heroes," and they also offer the meal on sale to the public, with the proceeds used for the programme. Apple, Tesla, Under Armour, Hanes are some of the companies who have also redirected some of their operations to meet the needs arising from COVID-19. In a story, on the Dominica News Online (DNO), April 27, 2020, titled "From Beauty to Bread – a response to COVID-19-19," Nathalie Marshall-Joseph, the owner of G-Suite Salon, shares her journey into a new line of business, "Pass N Pick Up Yuh Specialty Bread," as both she and her husband were impacted by COVID-19.
7. **Reorganisation of the company** – This period provides a good opportunity for companies to

reassess their strategies and operations and to reorganize for greater efficiency and effectiveness, and to prepare the company to resume operations. The words from Dave Cote in dealing with the challenges of the recession occasioned by the Global Financial Crisis may be instructive in combatting the challenges from COVID-19. He stated, "I have been a leader during three recessions, and I've never heard a management team talk about how the choices they make during a downturn will affect performance during the recovery. But in 2008 and 2009, I kept reiterating that point: There will be a recovery, and we need to prepare for it." Indeed, there will be a recovery following COVID-19, and companies need to prepare for it.

8. **Risk Assessment and Business Continuity** – In line with the reorganization, companies should conduct a rigorous risk assessment and review or develop a Business Continuity Plan. COVID-19 has highlighted the critical need for such exercises. COVID-19 is a perfect example of a "Black Swan:" an event with almost a zero probability of occurring (hence the reason they are often missed) but one with monumental detrimental consequences.
9. **Retooling Staff** – The changes occasioned by COVID-19 may have revealed key gaps in operations and skills and competency gaps of employees. Now may be a good time to train and retool employees, so that they will be ready for work when the company resumes full operations.
10. **Redundancy** –The review of operations, restructuring, redirection, risk assessments and analysis will clearly reveal the choices to be taken and the decisions to be made with respect to redundancy of positions.

This time is one of great anxiety for employees and even employers. One of the mechanisms of reducing the anxiety and enhancing the ability to manage and even thrive in this time is effective, transparent and honest communication. This word has featured in every article so far. Communication, as we have already seen is the oil that keeps the engine of the organisation working effectively. Employers need to keep connected to employees and discuss the options available to the company. You may just be surprised that the employees will themselves have even better options for the company.

Communication with the trade unions, where employees are unionised is also critical. The Labour Commissioner would have to be notified, if, in some countries five or more, and other countries, ten or more, employees are to be made redundant.

We have compiled a document with the relevant section of the legislation, of a number of Caribbean countries, including the Turks and Caicos Islands, covering continuity of employment, termination due to redundancy and layoffs, which we will make available upon request.

We will feature an "Interview with Mr. Benoit Bardouille, the CEO of the Dominica Air and Sea Ports Authority (DASPA)," in Issue # 4. We look forward to hearing from you with comments on this article, suggestions for topics to be covered and sharing of your HR experience, especially during the COVID-19 era. Please feel free to share this Newsletter with your contacts.

Until next week, May God continue to Keep us in the Palm of His Hands.

Please send us your questions, comments and share your experience managing in the COVID-19- era at [info@vfinc.org](mailto:info@vfinc.org). You may also reach us by telephone; 1 767 275 0566/617 0566.

*"We made sure that any restructuring we agreed to during that period would be permanent – in other words, not solely in response to the recession, but rather, what was best for business efficiency and profitability over the long term – and, would have no impact on our ability to outperform in recovery."* **Dave Cote (2013) Former Chairman and CEO, Honeywell**

*"The secret of change is to focus all of your energy, not on fighting the old, but on building the new."* **Socrates**

*"Now is the time for us to look after the people who work for us. When a company steps up at a time like this, it builds loyalty commitment and long-lasting teams."* **Arjun Agarwal, CEO, Cinerama**