

UpSkill America at the Aspen Institute Economic Opportunities Program

How Companies Transformed During 2020 and the Impact on Frontline Workers

March 2021

Study Sections

1. About UpSkill America and Our Study
2. 2020's Impact on Market Demand, Employment, and HR Practices
3. Skill Needs for Frontline Workers
4. Worker Supports

About UpSkill America and Our Study

Section 1

About UpSkill America

Upskill America is an initiative at the Aspen Institute Economic Opportunities Program. We are an employer-led movement that promotes training and advancement practices to help workers progress in their careers and attain better-paying jobs.

A key focus of the Upskill movement is the need to assist frontline and entry-level workers, who are disproportionately women and people of color.

About Our Study

- In 2020, we received funding from Strada Education Network and Walmart.org to conduct a 12-month, 3-phase study.
- The focus of the study is to learn how the pandemic and heightened attention on racial inequities have influenced companies' employment, education, and short- and long-term training plans for the months and years ahead.

Key Study Questions

- In today's rapidly changing business environment and economy, what are the workforce skill needs that are increasingly important?
- In what ways are these skill needs affecting a range of employment practices, including education and training programs for frontline workers?
- How has the current context - the pandemic and heightened attention on racial inequities - influenced businesses' workplace hiring practices as well as plans to support career advancement for frontline workers?
- What types of employee concerns have surfaced regarding what they are facing in the workplace and at home? What are the ways that businesses are helping to support employees' needs?

Study Results to Date

This deck highlights:

1. Findings from a nationwide survey, fielded in January 2021. 340 business leaders shared how major events of 2020 are influencing:
 - The types of new skills needed by frontline workers
 - Employer funded education and training programs and other workplace supports for frontline workers
 - Strategies to enhance racial equity and inclusion in the workplace

2. Information from our Fall 2020 interviews with 16 business leaders
 - We conducted 45-minute interviews with 16 leaders from a diverse set of businesses and industry associations
 - Utilized publicly available data and interviews with business leaders to inform context

Who Did We Learn From?

- Survey respondents and interviewees include executive and senior leaders who are responsible for:
 - hiring,
 - training and development,
 - supporting employee engagement, and
 - diversity, equity and inclusion efforts.
- Industries represented include: business services, education and training, healthcare, hospitality, IT, manufacturing, nonprofit sector, and retail and restaurants.

About Survey Respondents

UpSkill America partnered with Training Industry, Inc. to field a national survey in January 2021.

- Upskill America and Training Industry promoted the survey to business members within our networks.
- Partners, such as the Upskill America Leadership Circle and FSG, assisted with survey outreach and promotion efforts.
- 340 business representatives responded to the survey.
 - Survey respondents are not representative of all companies with U.S.-based operations, but each respondent provided a unique perspective from a senior leadership position about how their company has responded to events in 2020.
 - The survey was anonymous, and therefore we cannot confirm that the responses are from 340 unique businesses.

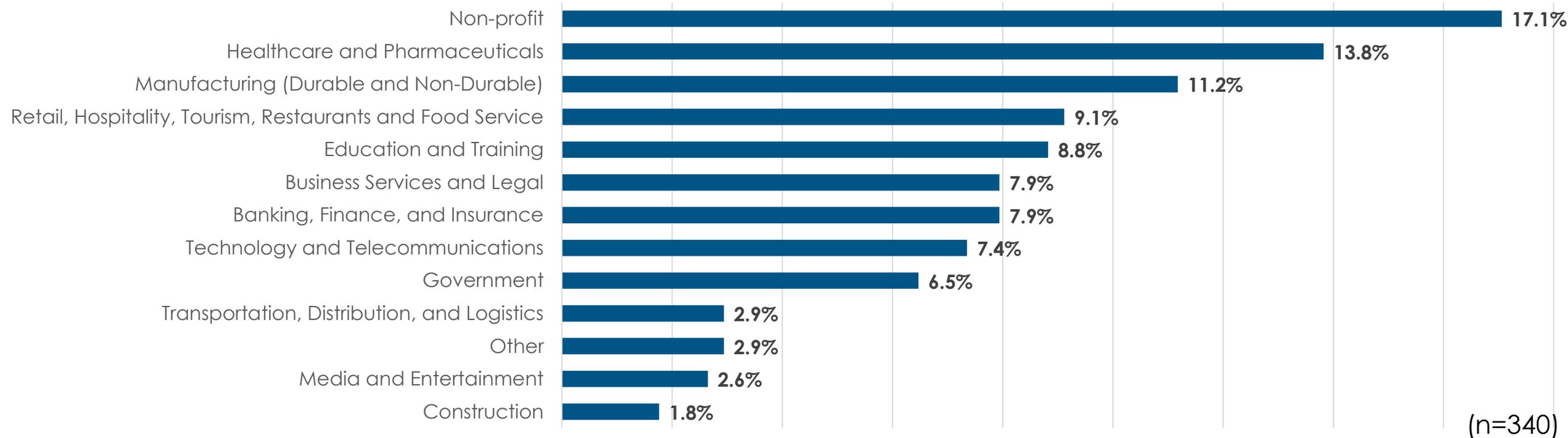
Primary Industry

The following slides describe survey respondents' primary industries. Highlights include:

- A little over ½ of the respondents work in the nonprofit, healthcare, manufacturing or retail, restaurant, and hospitality sector.
 - A higher proportion of respondents working in these sectors reported that their companies employ frontline workers in comparison to respondents working in other industries.

Primary Industry

Primary Industry of Respondents



Note: "Other" industries include aerospace, landscaping, mining, natural resources, and security

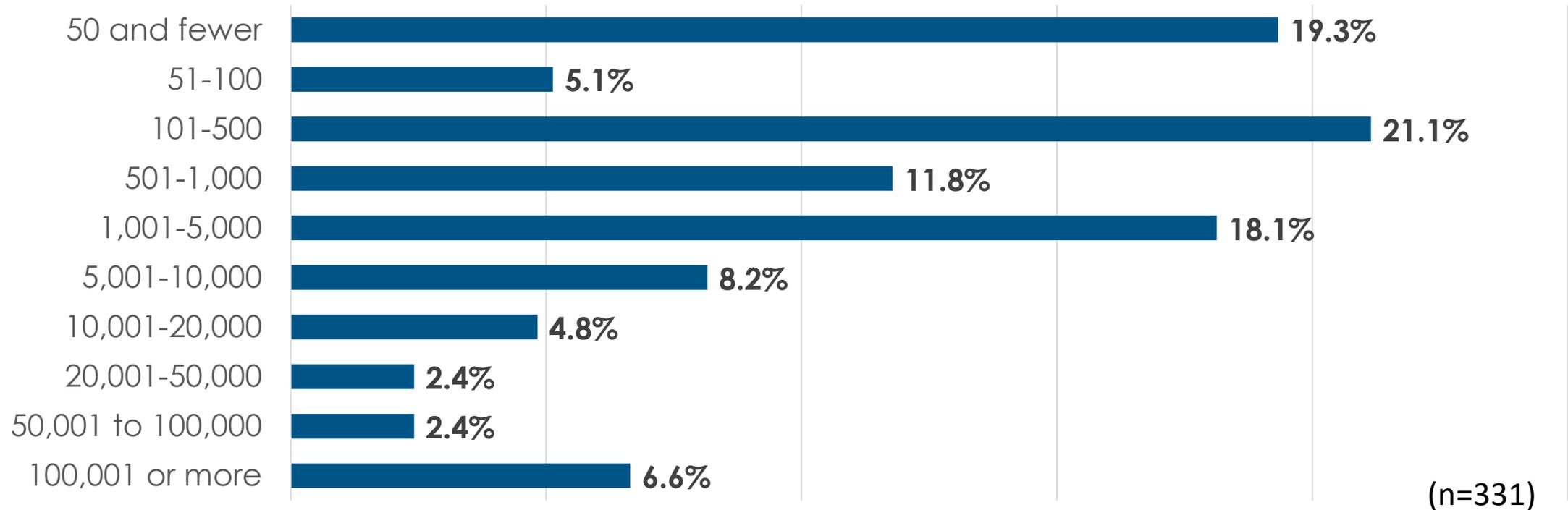
Business Size & Frontline Workforce

The following slides describe the business size and proportion of the workforce that is composed of frontline workers. Highlights include:

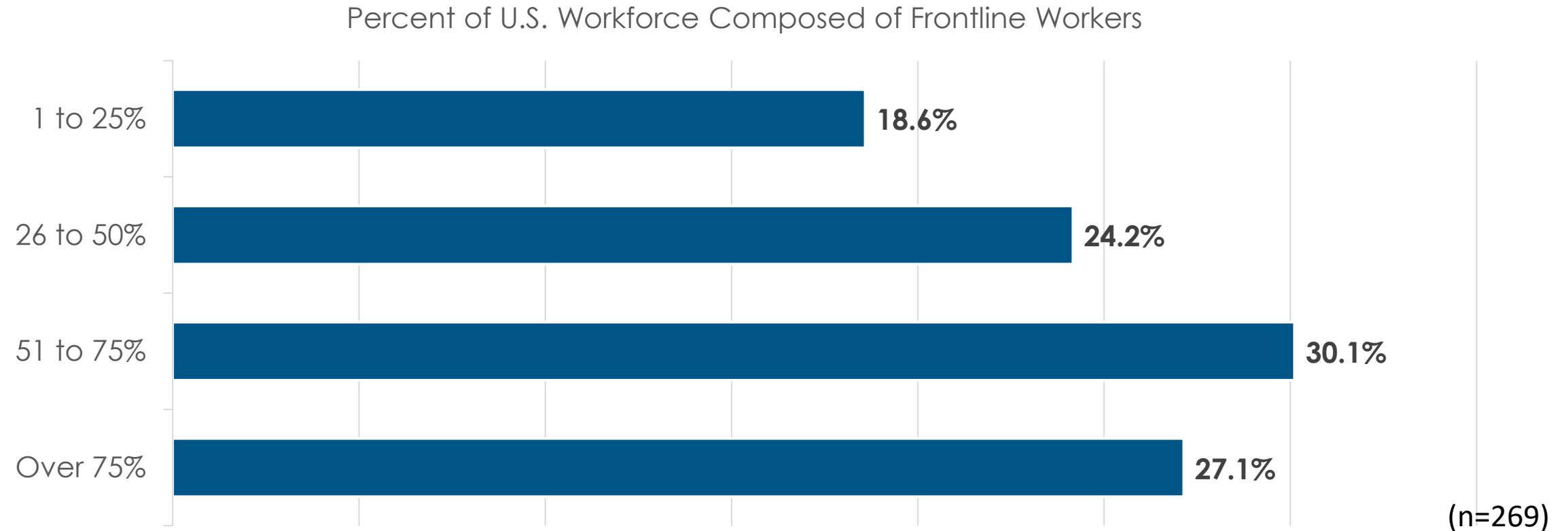
- Almost half of respondents (45.5%) work for a company that employs fewer than 500 employees.
- 85% of respondents (n=269) work for companies that employ frontline workers in the United States.
 - Of these respondents, 57% reported that frontline workers represent more than half of their workforce

Business Size

Number of U.S.-Based Employees



% of U.S. Workforce Composed of Frontline Workers



2020's Impact on Business Demand, Employment, and HR Practices

Section 2

2020 Year In Review – The Economy, COVID-19, and Racial Injustice

- January 2020: The national Unemployment Rate was 3.6%.
 - (Rates varied by age, gender, race and ethnicity and education)
- January 20: The first COVID-19 diagnosis in the U.S.
- March 19: California issued stay at home orders to its 40 million residents.
 - Other states or local jurisdictions soon followed
- March 27: President Trump signs the \$2.2 Trillion CARES Act to provide economic assistance for workers and families and small businesses, and to preserve jobs.
- April: 20.5 million people lost their jobs, sending the Unemployment Rate to 14.7%.
 - (Rates varied by age, gender, race and ethnicity and education)
- Spring 2020: Workers of color (Black, Latino, Asian American and other non-whites) account for 43% of all essential workers.

2020 Year In Review – The Economy, COVID-19, and Racial Injustice

- Spring: Schools closed, sending nearly 93% of households with school-age children into some form of distance learning.
- May 25: George Floyd was murdered, further highlighting racial injustice and prompting weeks of protests calling for justice for this and other police killings of Black men and women.
- September: The national Unemployment Rate had declined to 7.9% as more Americans returned to the workforce throughout the summer.
 - Rates varied by age, gender, race and ethnicity, and education
- By the fall of 2020, U.S. residents had seen schools closed, colleges emptied, bars, restaurants, hotels, shops and other businesses shuttered, sports cancelled, and office buildings abandoned
- Many families have endeavored to live, study and work from home, waiting for things to return to “normal.”
 - Poverty, food insecurity, and homelessness have skyrocketed, with experiences varying by age, gender, race and ethnicity and education
- By the end of 2020, cases surged and 360,000 U.S. residents had died of COVID-19.
 - People of color have disproportionately experienced health impacts of the COVID-19 pandemic

COVID-19's Influence on Businesses

“Everything from the basic corporate functions, to how we produce our product, to how we sell and interact with our customers, all of this has challenged us to re-conceive and revisit all of our underlying assumptions. It has also put a spotlight on new things that we never thought about previously. We’ve gotten a lot more agile in ways that we had never been before.”

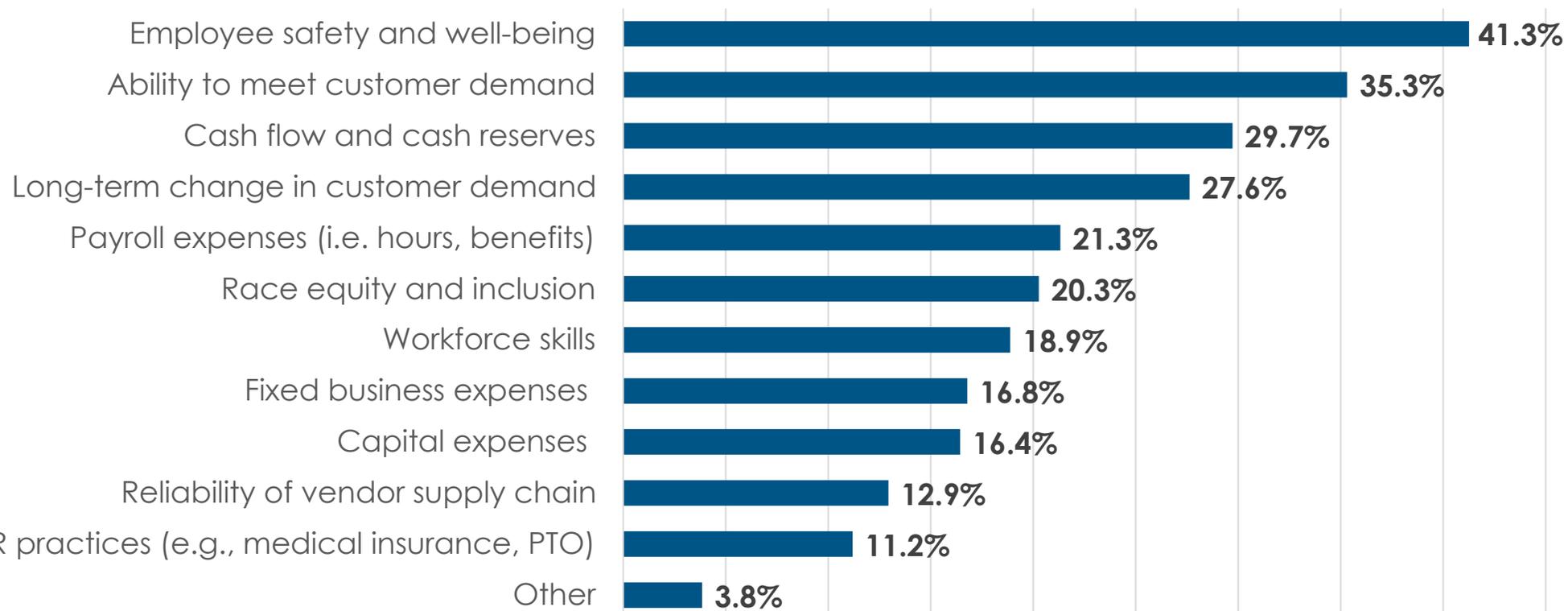
– A business leader from manufacturing

COVID-19's Influence on Businesses

“We’ve been turned on our head, but we realized we like the view upside down and we don’t want to go back.”

– A business leader from a Fortune-100 technology company

Top-Ranked Business Concerns



Top-ranked concerns: employee safety and well-being and several concerns related to financial stability of the business

“Other” concerns include: ability to recruit workers to fill ‘open’ jobs, ability to retain workers who have caregiving responsibilities, and ability to increase worker pay

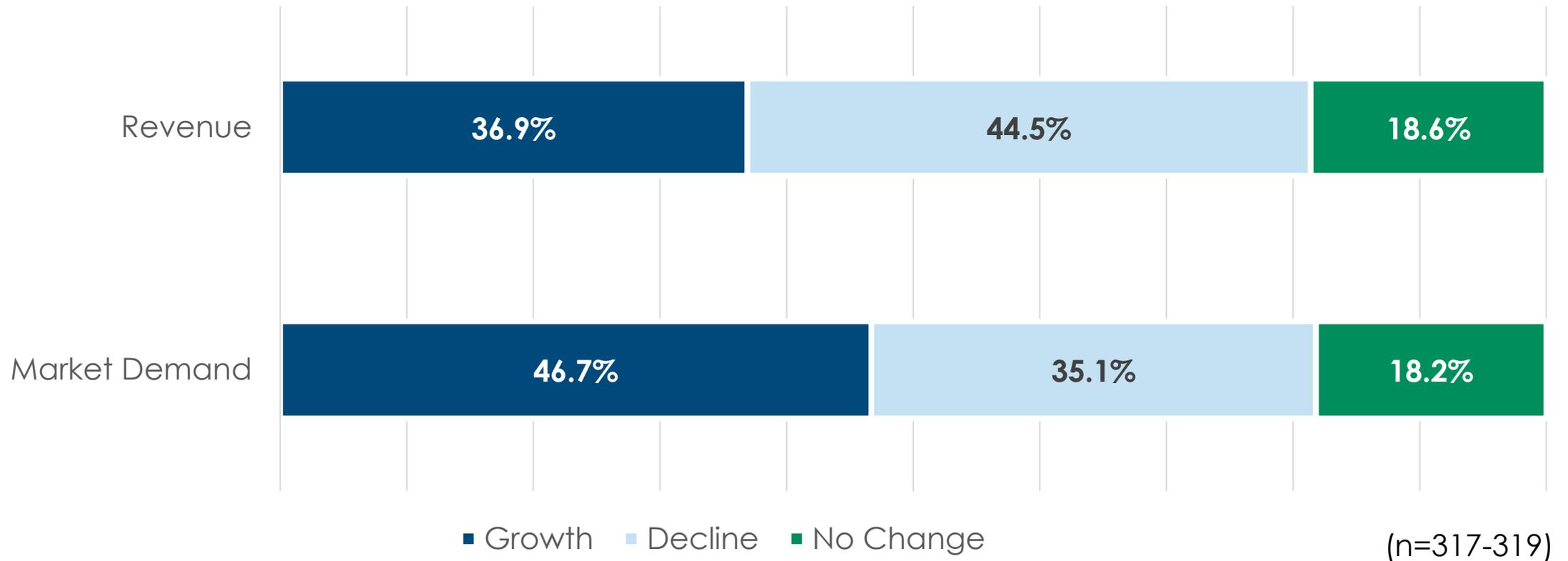
(n=286)

2020's Impact on Market Demand & Revenue

Both survey respondents and interview participants reported a mix of experiences with respect to business growth & customer demand during 2020.

- Essential healthcare and retail businesses are struggling to keep up with demand.
- Manufacturing leaders reported varying levels of customer demand.
- Professional services and IT businesses were able to remain stable or grow after transitioning to remote work.

2020's Impact on Market Demand and Revenue

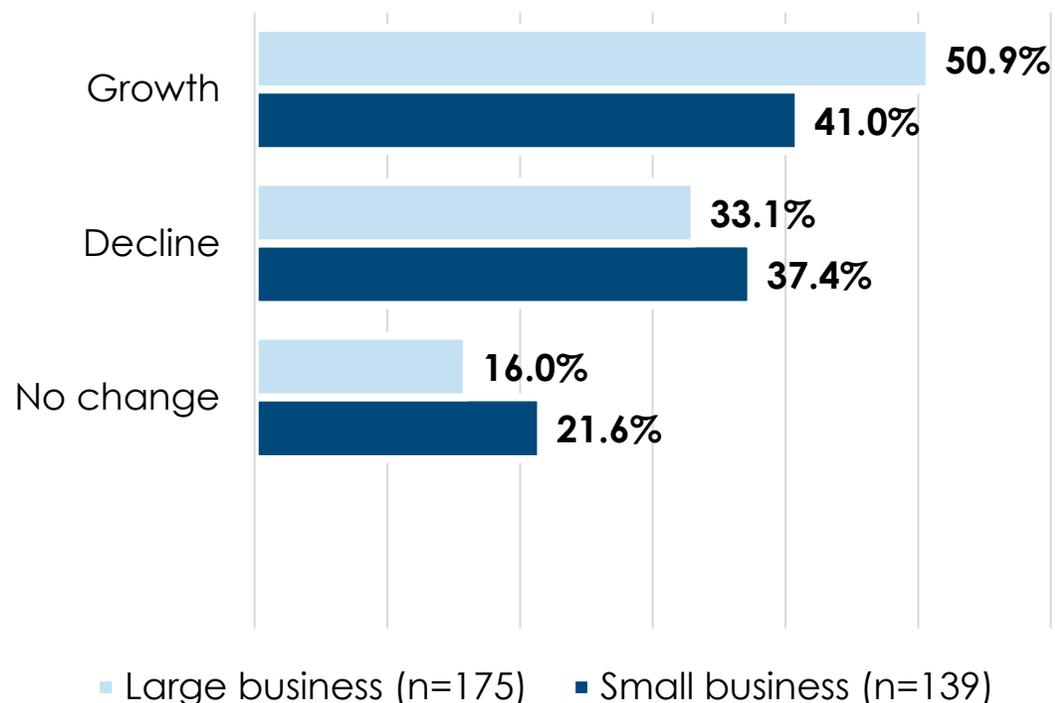


2020's Impact on Market Demand & Revenue, Cont'd

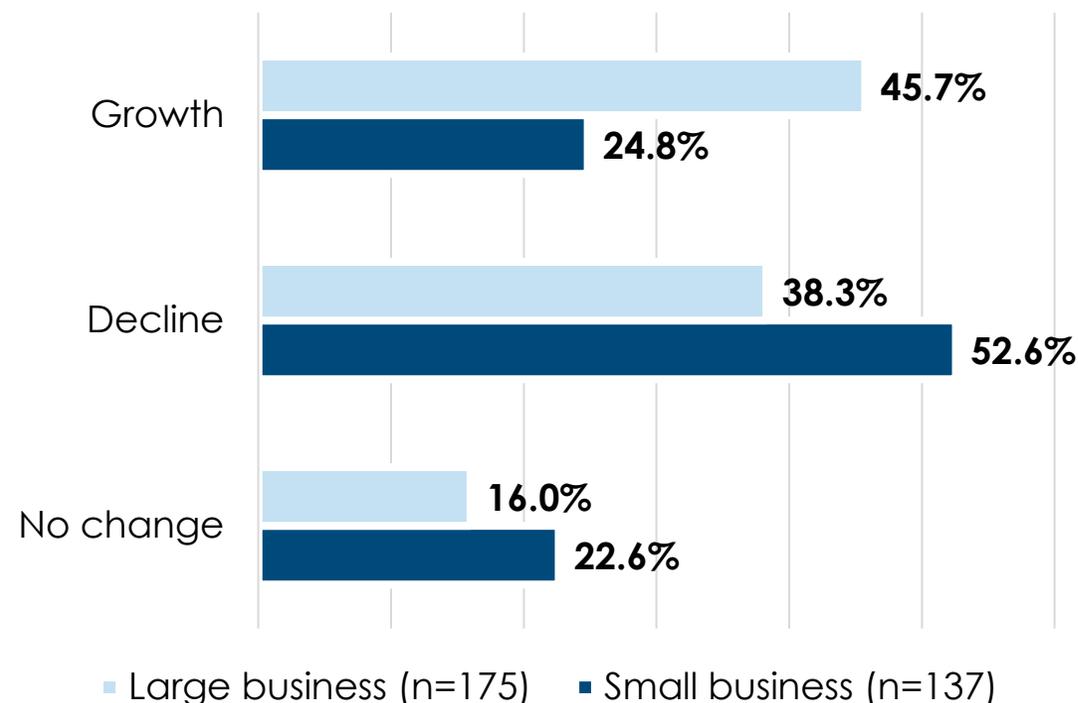
Larger businesses with 500+ employees fared better than smaller businesses. (see the following slide)

2020's Impact on Market Demand & Revenue, Cont'd

Market Demand (2020 compared to 2019)



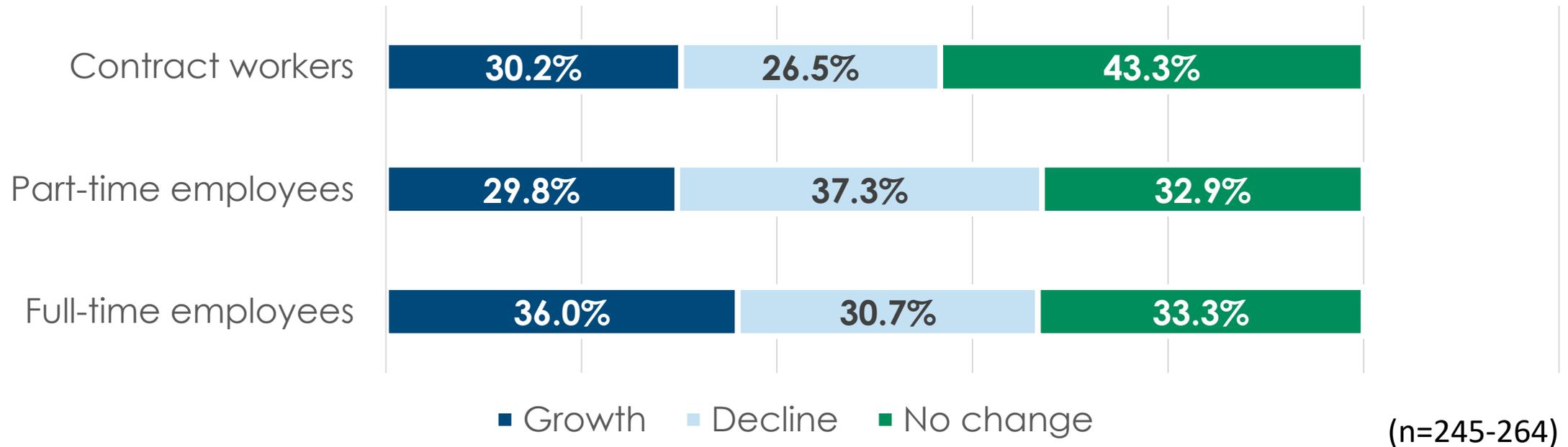
Revenue (2020 compared to 2019)



Respondents who answered "Don't Know" were excluded from this analysis.

2020's Impact on Frontline Worker Headcount

About a third of the respondents who work for companies that employ frontline workers reported a growth in FLW headcount in 2020.

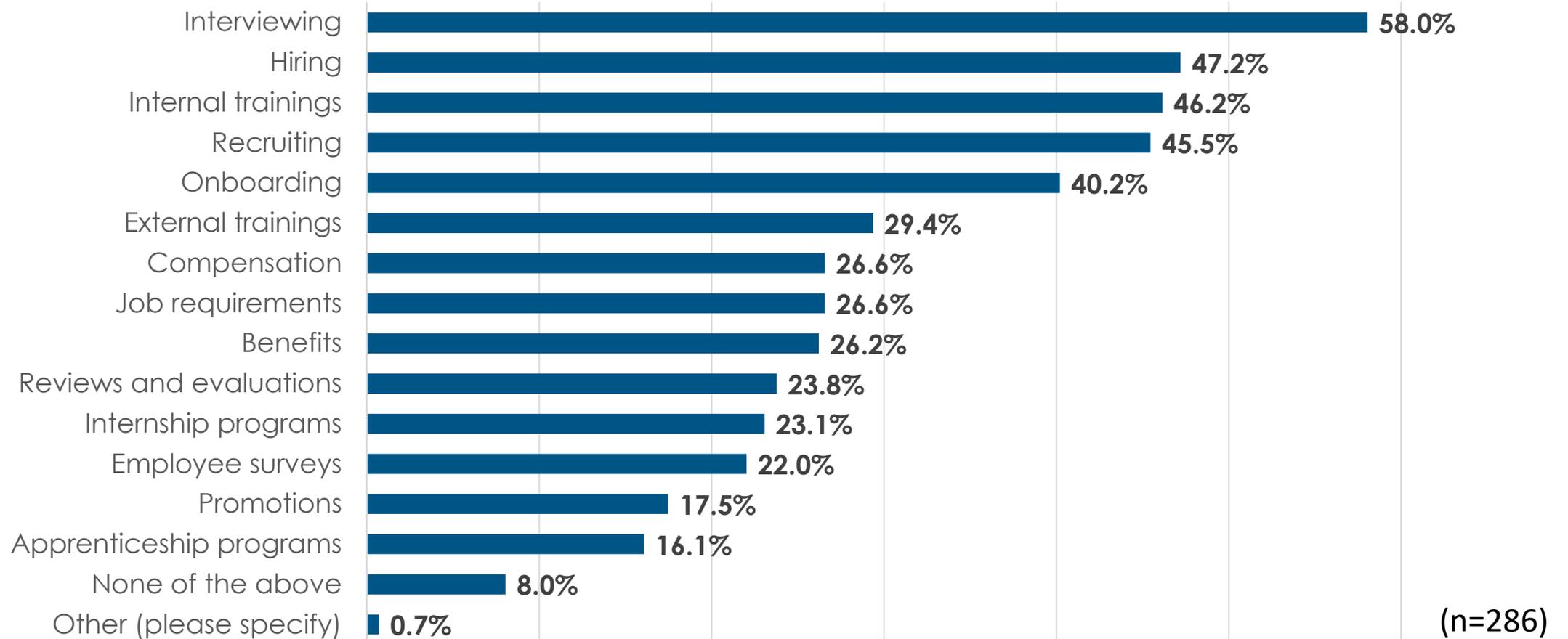


2020's Impact on HR practices

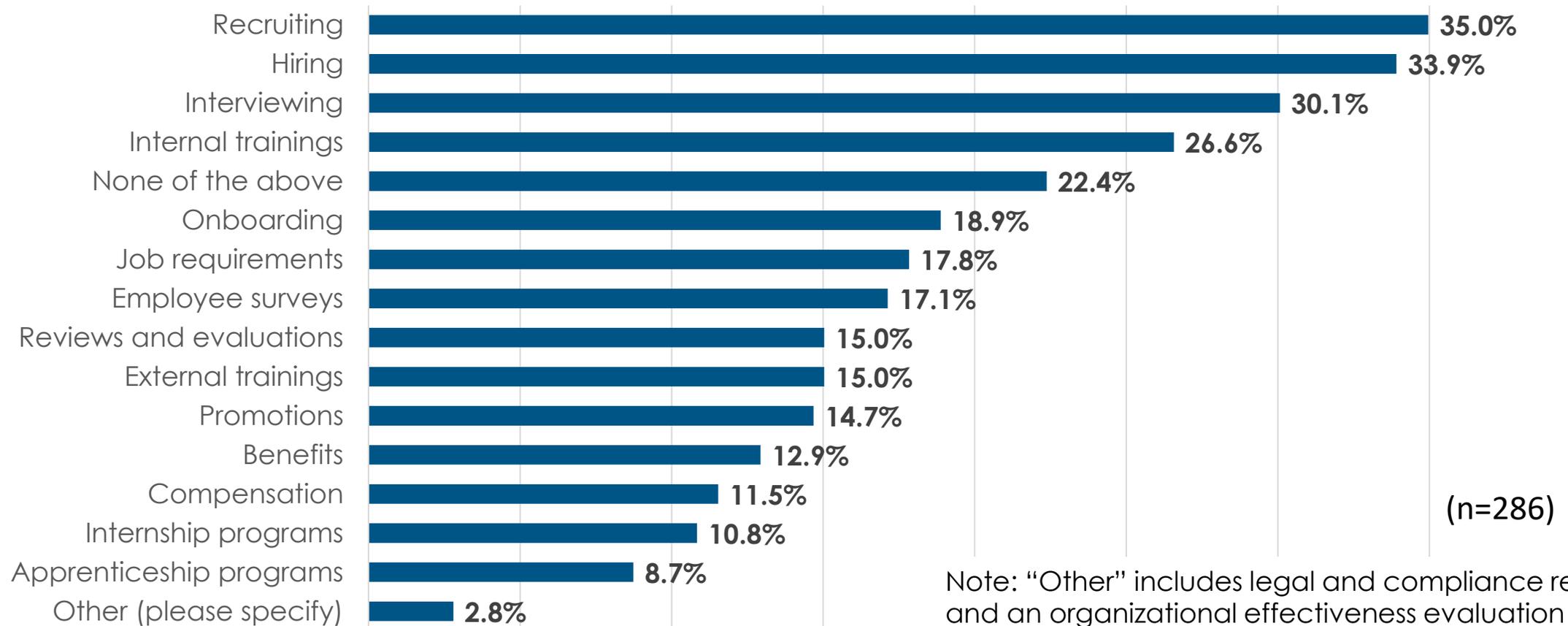
The events of 2020 substantially influenced businesses' HR practices – especially in the areas of:

- Recruiting
 - Interviewing
 - Hiring
 - Training
- 35% of respondents reported making changes to their recruiting processes and 33.9% changed hiring processes to address racial inequality in the workplace.
 - Almost half of respondents (46%) reported making changes to their internal training practices because of the pandemic.
 - 27% of respondents made changes to internal training practices in response to racial inequities.
 - Almost a quarter of survey respondents (22%) reported that no HR-related practices were changed in 2020 due to heightened attention to racial inequities.

Which HR practices/processes has your company changed in 2020 due to the pandemic? Check all that apply.

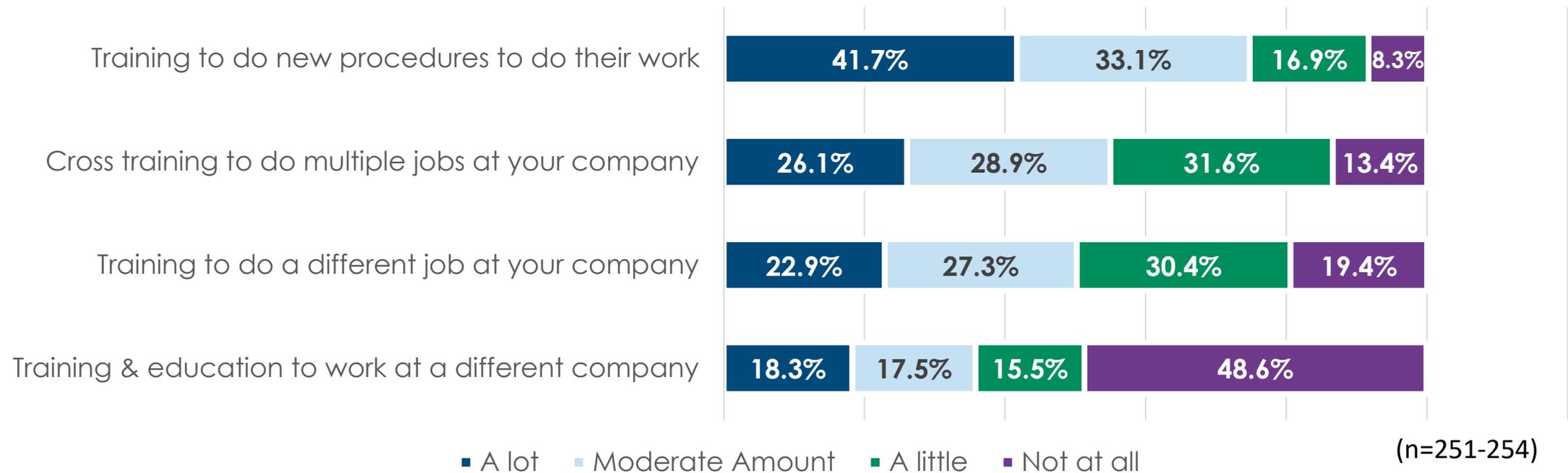


Which HR practices/processes has your company changed in 2020 due to heightened attention to employment inequities for workers of color?



COVID-19's Influence on Training

To what degree has the pandemic influenced your company's use of the following types of training?



Outstanding Questions for 2021

- When asked if their business plans to increase overall headcount in 2021,
 - 18% responded “Don’t Know.”
 - A quarter answered that they don’t anticipate increasing their overall headcount in 2021.
 - More than half (58%) were more optimistic that they would increase employee headcount this year.
- Uncertainty was a term frequently used in interviews to describe the near-term business climate. As one interviewee from the hotel and tourism industry noted, *“I’ve never seen a crystal ball so cloudy before.”*

Outstanding Questions for 2021

Nationally and locally, many questions that impact business operations and staffing remain open:

- When it will be safe to ease restrictions in the workplace?
- How will vaccine rollout occur?
- Will the most recent stimulus package be enough to help the most struggling businesses survive?
- Will the energy and urgency around addressing inequities in employment remain?

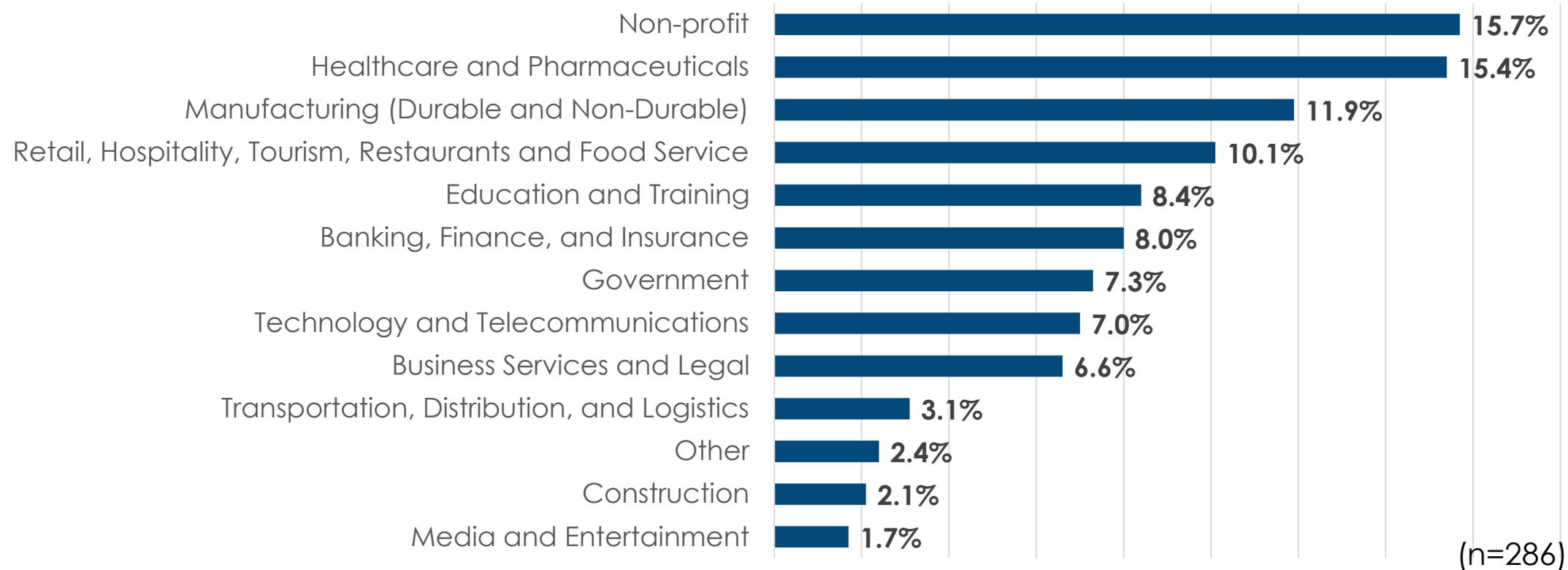
Skill Needs for Frontline Workers

Section 3

Who Are Frontline Workers?

- We define frontline workers as either hourly or salaried workers who are in production or customer facing roles and who earn less than \$60,000 per year.
- This section includes data from the 286 respondents whose companies employ frontline workers.

Primary Industry of Respondents that Employ Frontline Workers

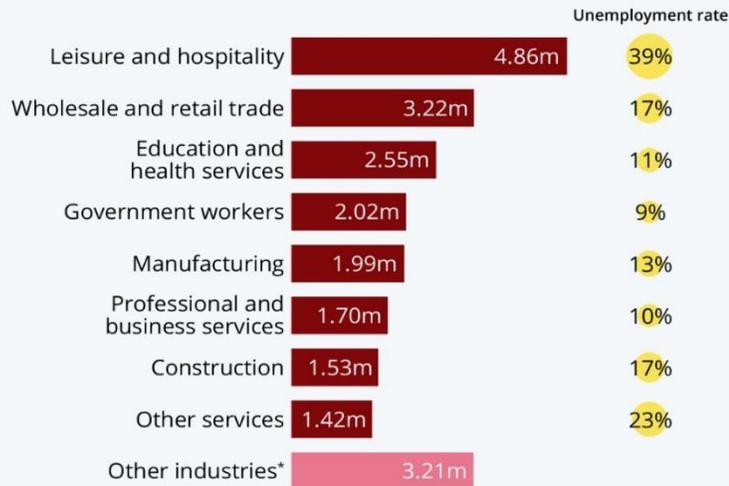


Survey results indicate that FLW are employed in a broad range of industries, and are heavily represented in the nonprofit, healthcare, manufacturing, and retail, restaurant, and hospitality sectors.

Industries & Frontline Workers Most Impacted by COVID-19

The Industries Worst Affected by the COVID-19 Job Crisis

Number of unemployed persons aged 16 and over in the U.S. in April 2020, by industry



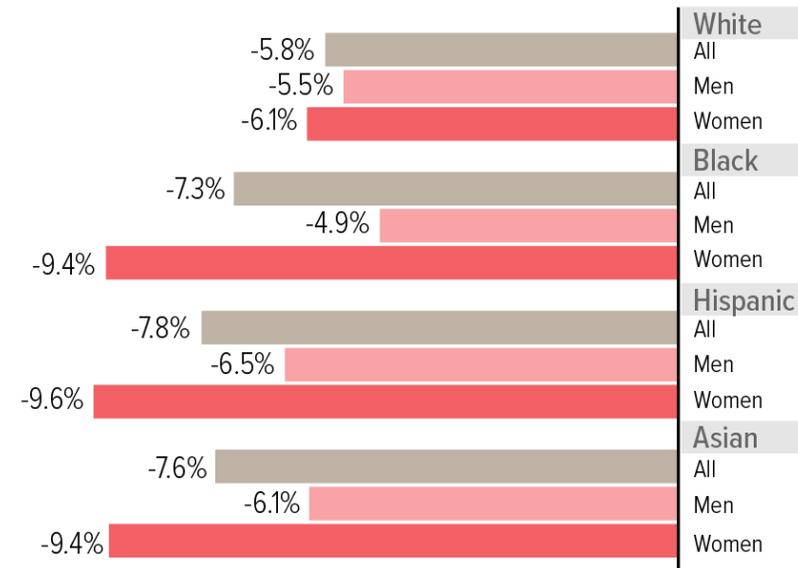
* incl. persons with no previous work experience and persons whose last job was in the U.S. Armed Forces

Source: Bureau of Labor Statistics



Workers of Color, Especially Women, Likelier to Lose Jobs in Current Recession

Employment losses by race/ethnicity and sex, Feb. 2020-Jan. 2021

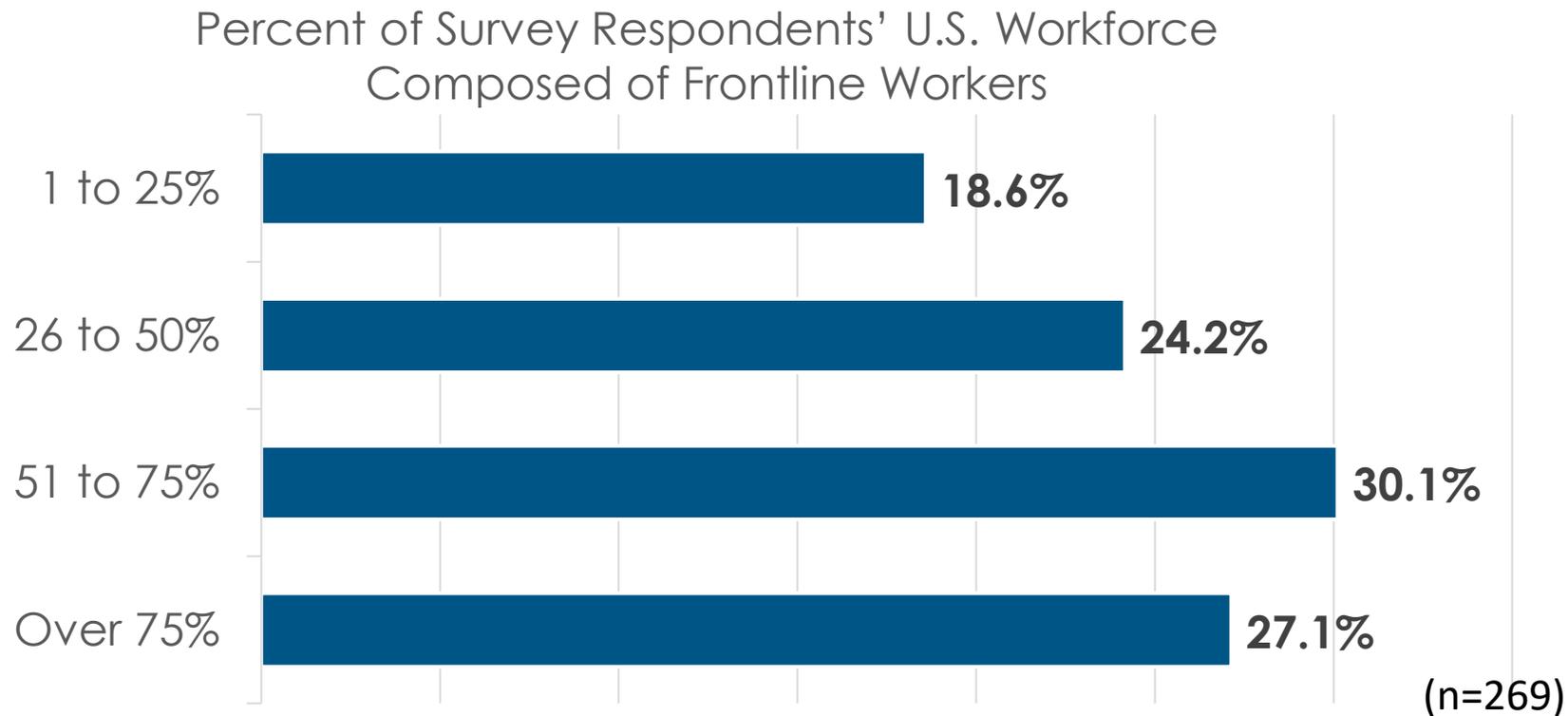


Note: Data are for people age 20 and older and are not seasonally adjusted.

Source: CBPP analysis of Bureau of Labor Statistics data

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

Industries that Employ Frontline Workers, Cont'd



57% of survey respondents reported that frontline workers make up more than half of their workforce

Impact of COVID-19 on Frontline Worker Skill Needs

Foundational skill needs – such as problem-solving and teamwork – and customer service skills grew in importance during 2020.

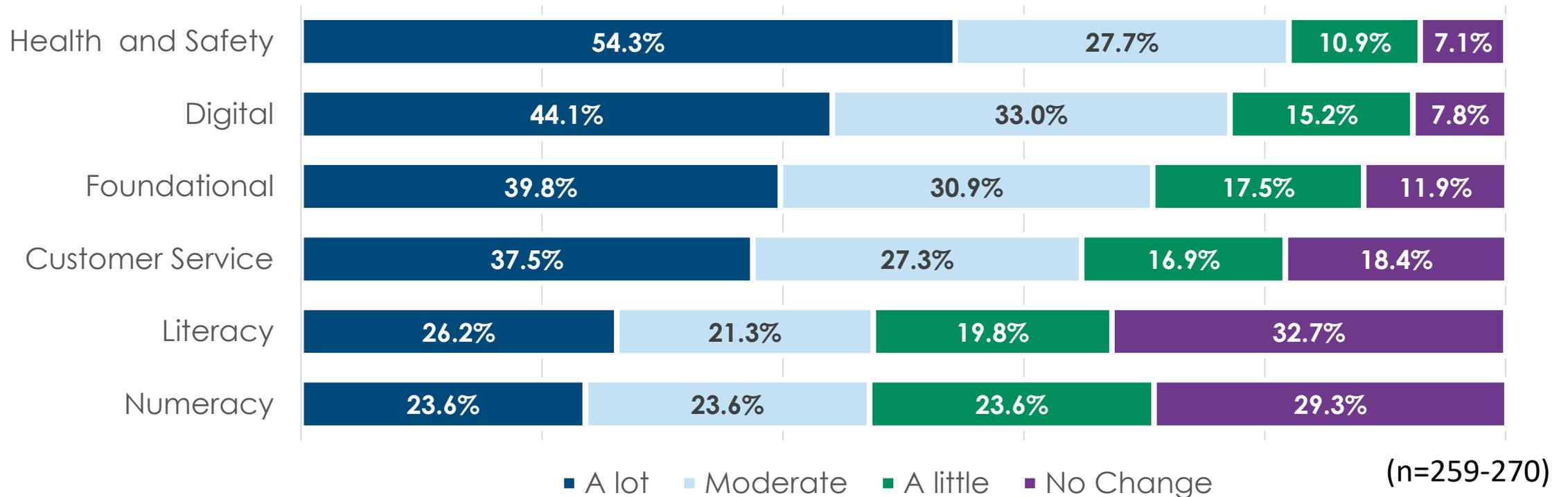
- New and evolving procedures because of COVID-19 – e.g., cleanliness standards, workstation set-ups, social distancing and PPE requirements) were a major influence on skill needs.
- Interviewees noted that operating with leaner teams and interacting with customers in a new and at times stressful environment are influencing skill needs.

Our survey data indicates that the pandemic also accelerated the need for frontline workers to build strong digital skill sets.

- 77.1% of respondents said the need for digital skills during 2020 had increased either a lot or a moderate amount.

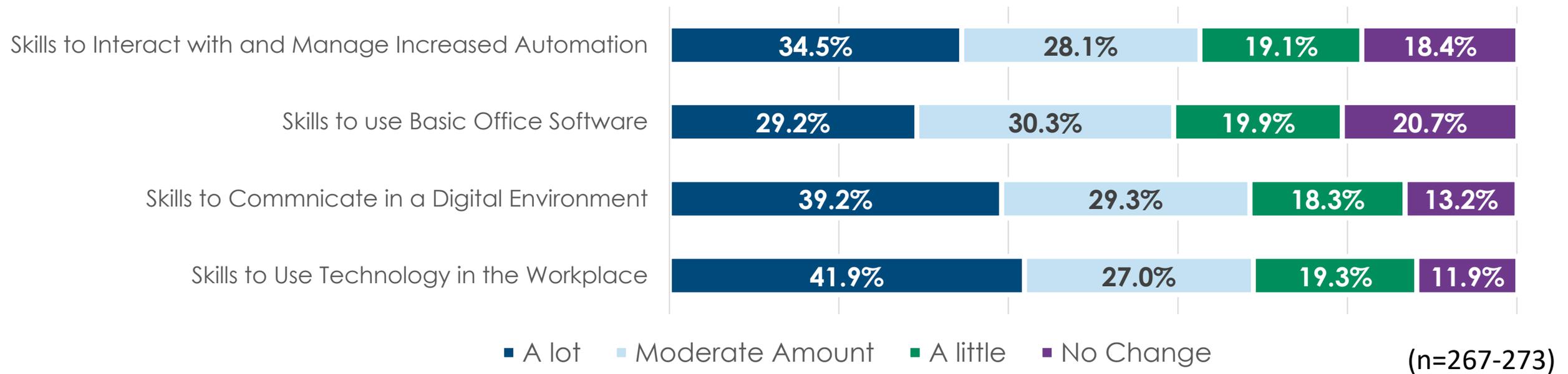
Frontline Worker Skill Needs

To what extent have recent events impacted the following skill needs for frontline workers based in the U.S.?



Digital Skill Needs for Frontline Workers

Please rate the extent to which recent events have influenced the following specific digital skills needed by your company's U.S.-based frontline workers.



Digital Skill Needs for Frontline Workers

Interviewees provided industry-specific examples of digital skill needs for frontline workers:

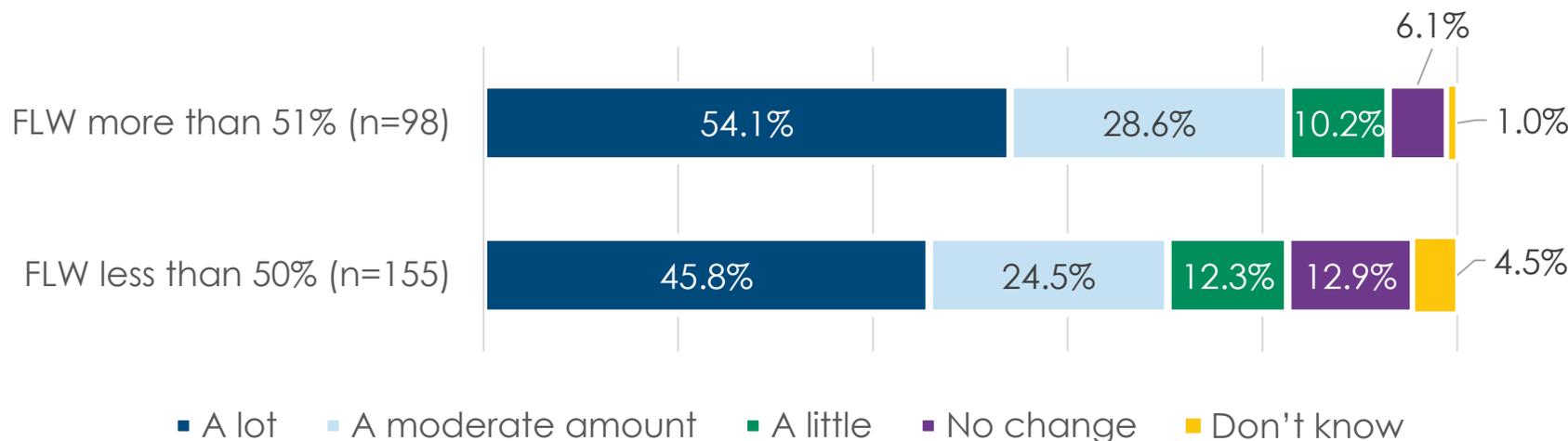
- In **healthcare**: The uptake of telehealth is a trend that will likely continue. To deliver telehealth, digital skills are needed for a range of provider staff – clinicians, IT staff, operations. Skills identified include virtual rooming of patients, remotely assessing social determinants of health, providing empathy in a remote environment, and supporting the reading of diagnostics from medical equipment in patients' homes.
- In **manufacturing**: Digital skill needs that were important before the pandemic may become increasingly important if manufacturers transition to more precision/smart manufacturing practices. There are needs for strong digital analytics skills for CNA machine operators, robotics maintenance, etc.
- In **professional services and sales occupations**: One leader said “virtual communication is a completely different ballgame. We used to teach public speaking and how to present, but that looks different virtually. Some adapted quickly while some are struggling – particularly those who thrive off the energy in the room. The video platform has changed the way you approach the most basic tasks

Trends in Frontline Worker Skill Needs

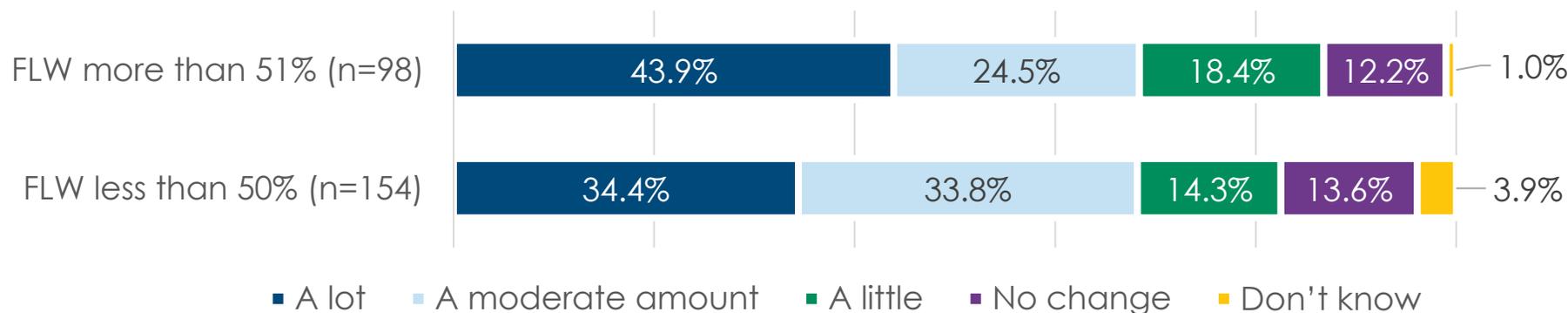
Companies with more than 50% of the workforce composed of frontline workers identified the following skill needs as most important:

- Health and safety skills (54% compared to 46%)
- Foundational skills (44% compared to 34%)

Health and Safety Skills



Foundational Skills

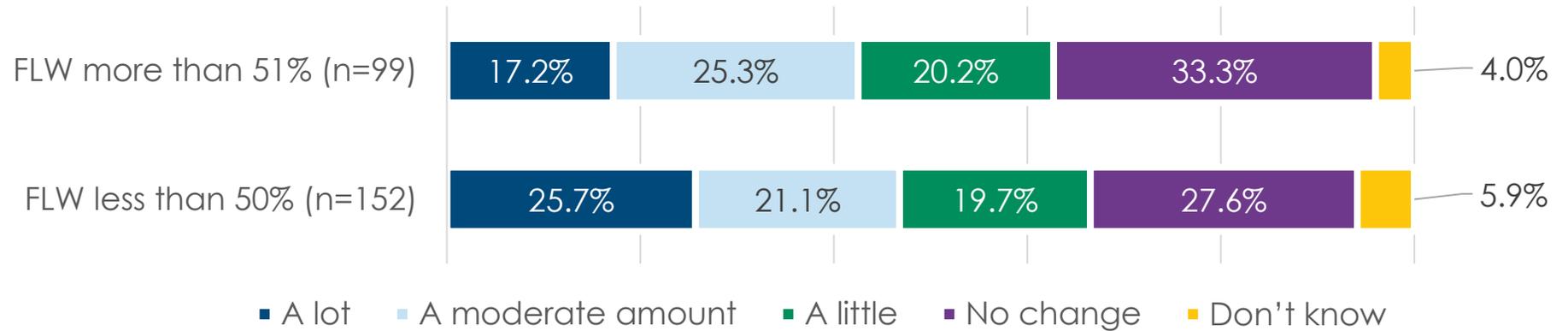


Trends in Frontline Worker Skill Needs

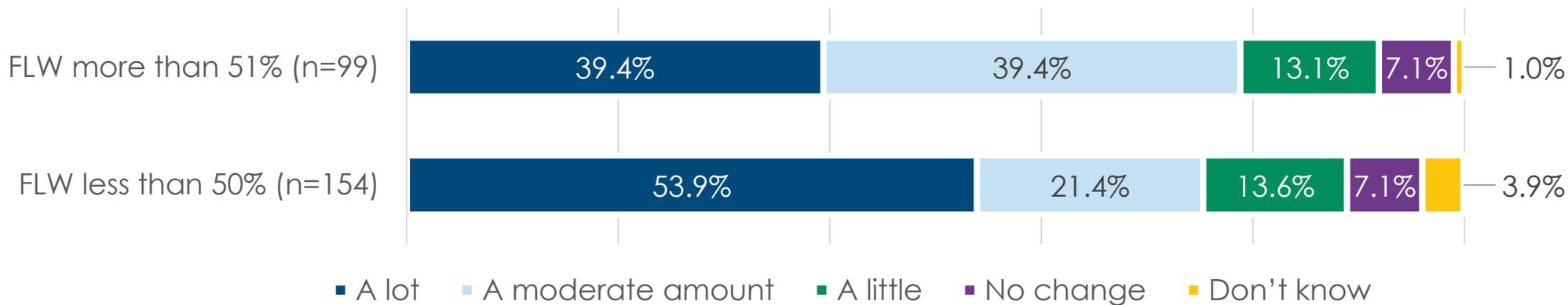
Companies with less than 50% of the workforce composed of frontline workers identified the following skill needs as most important:

- Digital skills (54% compared to 39%)
- Literacy and English language skills (26% compared to 17%)

Literacy and English Language Skills

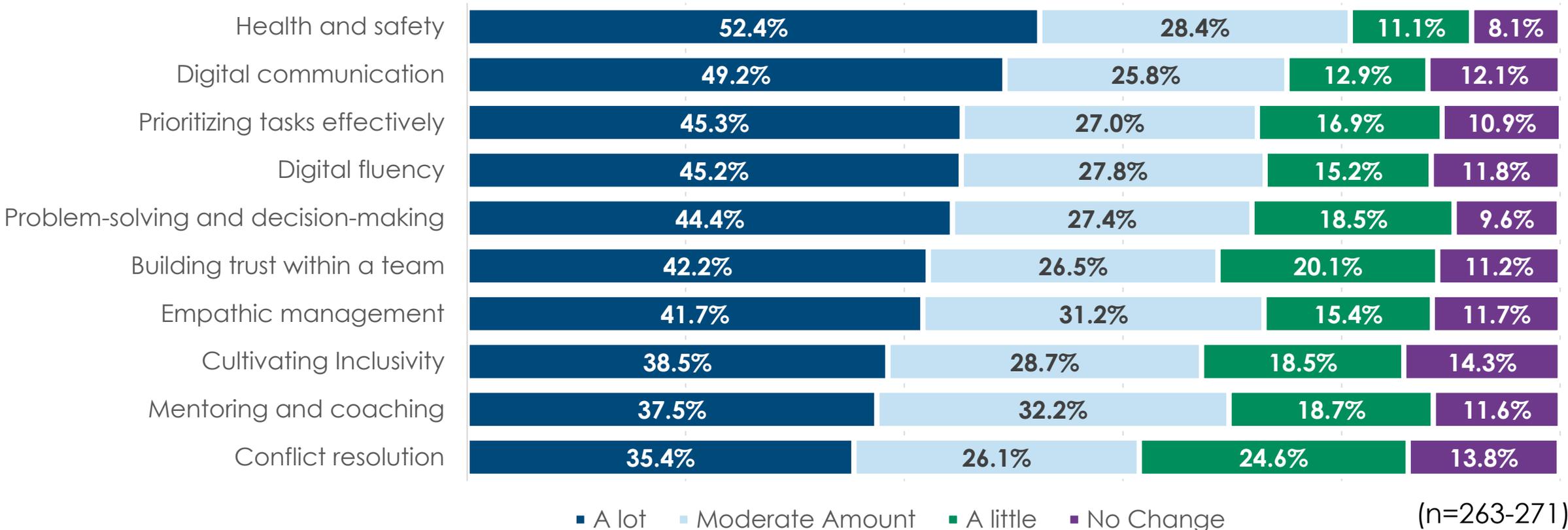


Digital Skills



Managers of Frontline Workers – Skill Needs

To what extent have recent events increased the skill needs for managers of frontline workers?



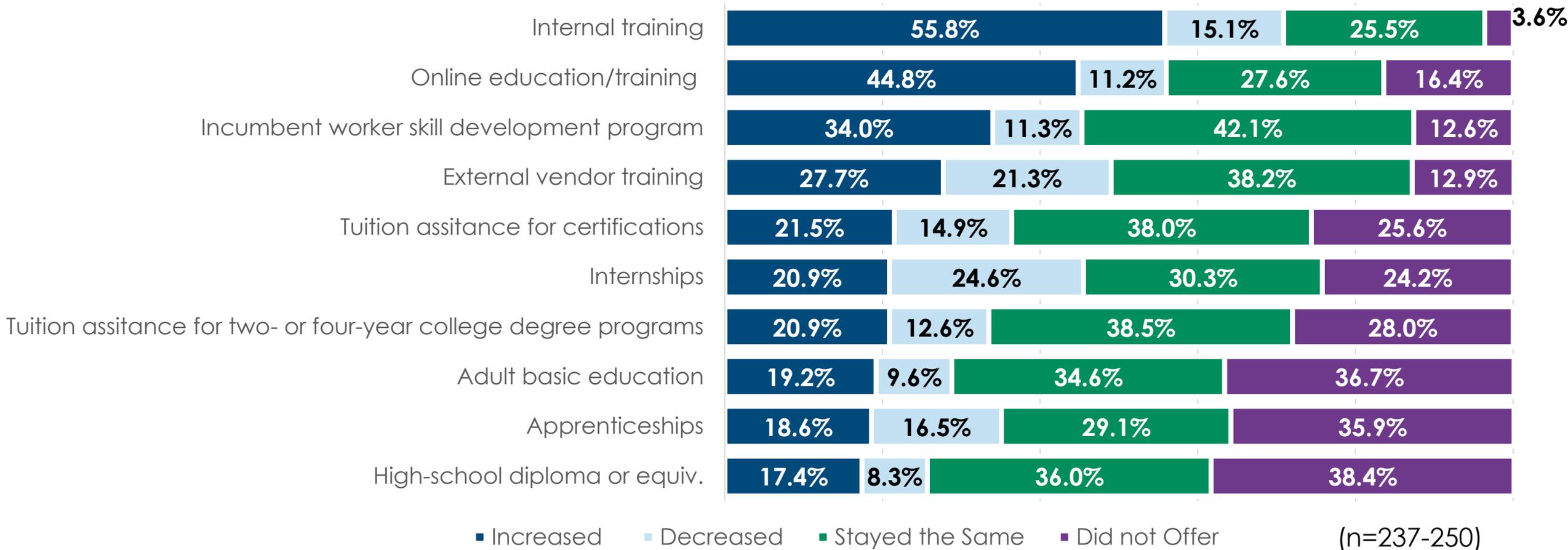
Managers of Frontline Workers – Skill Needs

One leader shared: “New skills needed now include listening skills—most of our leaders were 70% talking and 30% listening, but that doesn’t work now. Understanding people’s world view and where they are coming from, how to ask questions and be curious, all of that is important. People are struggling with childcare, sick family, etc. Leaders can’t assume their issues are the same that others are facing.” – A business leader from a Fortune-500 professional services firm

Interview participants identified the following managerial skills as especially important:

- Organization skills to plan and prioritize work in teams – especially when everyone is operating with minimal slack.
- Communication skills, for explaining new protocols as well as to motivate and engage their team, in both physical and virtual environments.
- Strong empathy and listening skills.

In calendar year 2020, did your company's U.S.-based frontline workers' participation in training or education programs increase, decrease, or stay the same?



Status of Education and Training Programs

Worker participation in internal training increased during 2020. Interviewees noted the following reasons for increased enrollment in internal education and training programs:

- A technology leader from a Fortune-100 firm noted, *“COVID-19 has accelerated the need for internal career mobility. Betting on internal candidates pays off more than the gamble of bringing on someone new.”*
- Other interviewees noted that some workers – such as those who were furloughed – had more time to enroll in education programs and used this as an opportunity to expand their education and skills in case they needed to prepare for another occupation.
- Courses that were formerly in-person are now virtual and accessible to a wider group of employees.

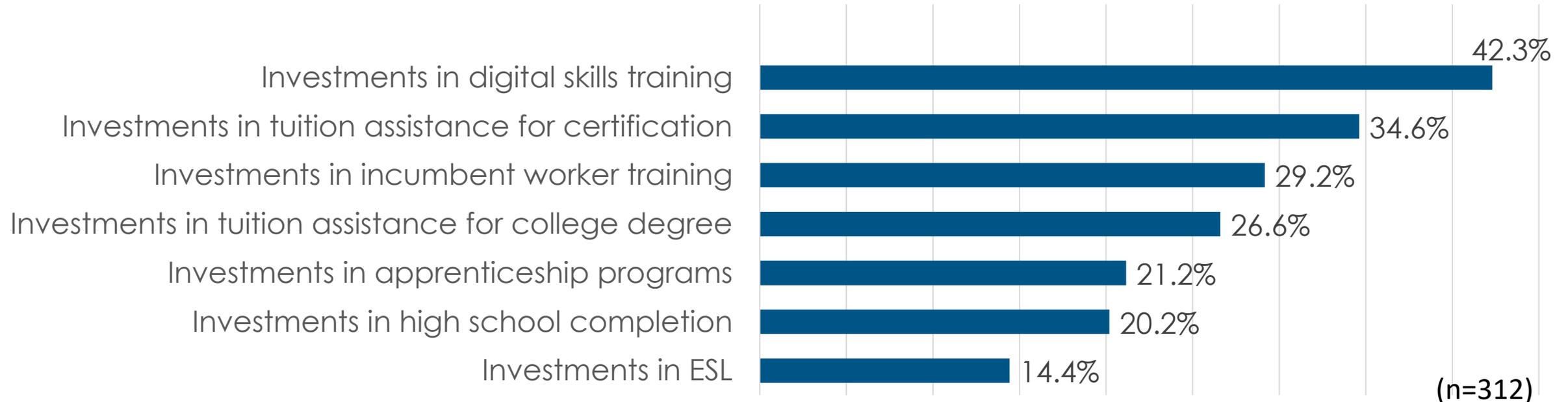
Status of Education and Training Programs

Interviewees shared important considerations to support worker success in education and training programs:

- **Financial assistance** – Offering scholarships, tuition disbursement and other subsidized education offerings (e.g., paying employees for time spent learning) to encourage employee enrollment and persistence
- **Accessibility** – Virtual offerings and supporting workers' access to computers and internet; also employees more likely to be able to enroll in courses that meet their personal needs and schedules
- **Flexibility** – Multiple on-ramps to a range of certificates for employees who are at different levels of education and experience
- **Coaching Supports** – to help employees persist in education programs and to help employees understand and be exposed to a breadth of career path options
- **Supportive Services** – Transportation, technology access, and other wrap-around supports to aid employee persistence and retention

Looking Ahead

From a national policy perspective, survey respondents identified that the following investments would be the most helpful to help frontline workers grow within their company:



Outstanding Questions for 2021

- With worker health and safety being the #1 priority of respondents, will employers require or incentivize workers to receive a vaccine?
- What can be done to help those who have been most impacted and left the workforce – women and young adults – re-enter?
- Will there be wider acceptance for skills-based hiring?
- Will Congress make a significant investment in job training, and will such an investment place an emphasis on digital skills as respondents suggest?

Worker Supports

Section 4

How Frontline Workers Have Been Impacted by Events in 2020

“People matter like they have never mattered before in business.” – A business leader from a technology services firm

“We’re now asking, ‘Are you okay? What’s the well-being of you and your loved ones?’” – A business leader from a professional services firm

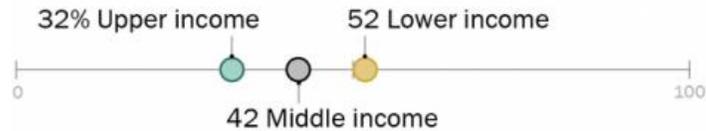
“It’s a shame if you work in food service and you go home hungry—that doesn’t make any sense. This year has really shown us that we need to do better.” – A business leader from a food and beverage retailer

How Frontline Workers Have Been Impacted by Events in 2020

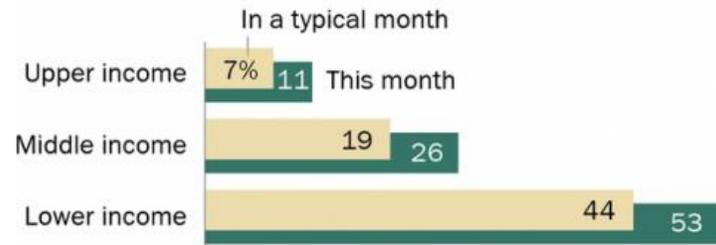
Economic fallout from COVID-19 is hitting lower-income adults harder

% saying ...

They or someone in their household has lost a job or taken a pay cut due to the coronavirus outbreak

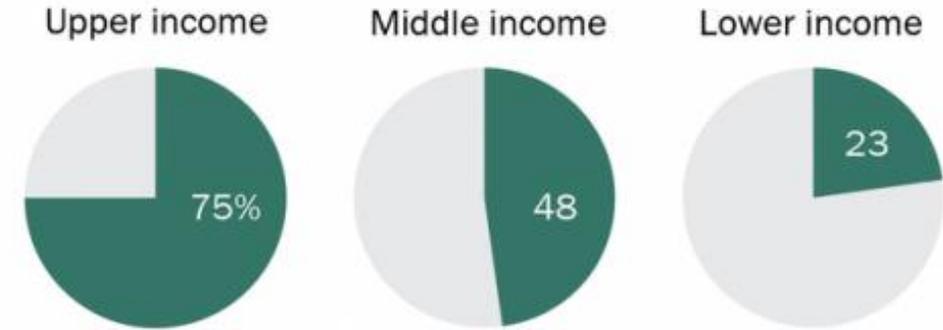


They cannot pay all of their bills in full ...



Source: Pew Research Center

They have rainy day funds that would cover their expenses for three months in case of emergency

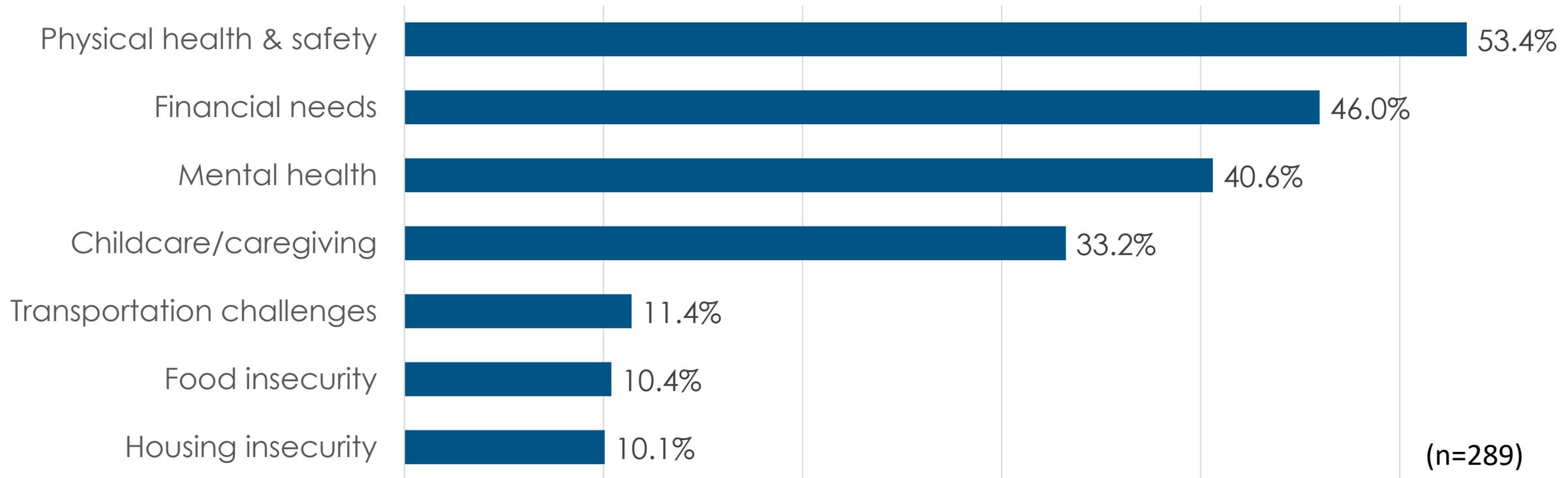


Note: Family income tiers are based on adjusted 2018 earnings. Source: Survey of U.S. adults conducted April 7-12, 2020. "About Half of Lower-Income Americans Report Household Job or Wage Loss Due to COVID-19"

PEW RESEARCH CENTER

Worker Needs

What do you understand to be the most pressing concerns for your company's U.S.-based frontline workers? Please select up to 3.



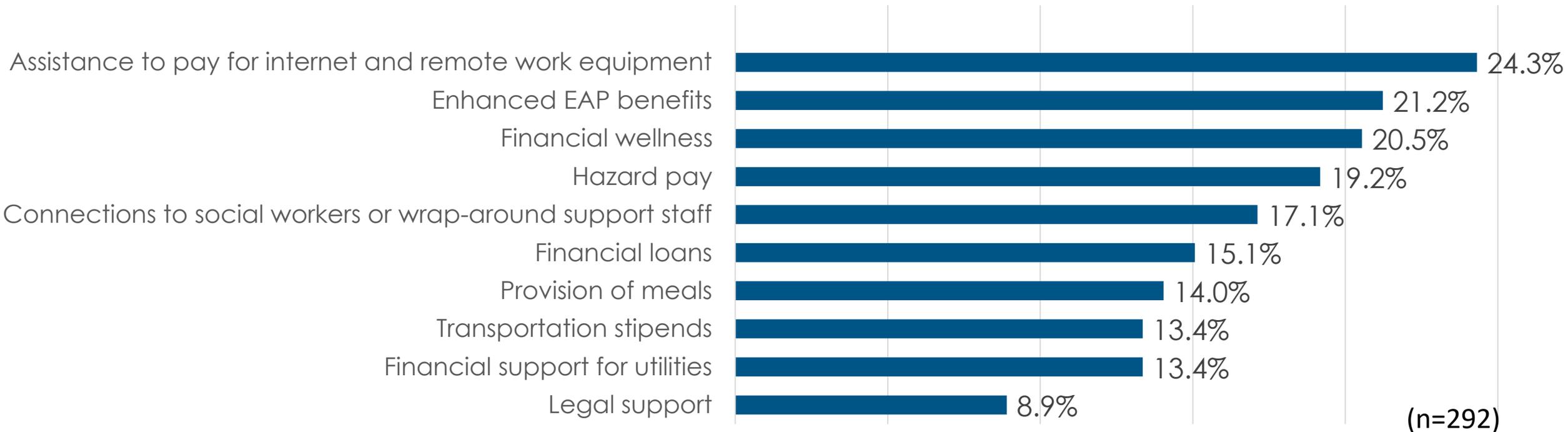
Supports – Health and Safety

What health and safety supports has your company offered to help U.S.-based frontline workers during these challenging and uncertain times?
Check all that apply.



Supports – Financial Security and Other

What financial security and other supports has your company offered to help U.S.-based frontline workers during these challenging and uncertain times?
Check all that apply.



Supports – Childcare

What caregiving supports has your company offered to help U.S.-based frontline workers during these challenging and uncertain times?
Check all that apply.



Outstanding Questions for 2021

For frontline workers, 2020 represented a year of:

- Increased risk of sickness
- Increased caregiving responsibilities
- Financial loss
- Looming eviction crisis

Outstanding questions include:

- Will employers be accommodating to essential workers once the threat of COVID subsides?
- What will the new normal for work-life balance look like?
- Will the return to the workplace exacerbate inequities (young adults, parents)?
- What is going to happen to city centers if workers don't return to the office?