

COVID-19 Coronavirus Business Impact Broadcast Series

Labor and Employment Challenges for PE during COVID-19 Pandemic

APRIL 03, 2020

On April 3, 2020, Dechert's Private Equity group presented "Labor and Employment Challenges for PE during COVID-19 Pandemic," an episode of the firm's COVID-19 Coronavirus Business Impact Broadcast Series. The episode was hosted by Giovanni Russo (moderator), an M&A partner in the firm's Munich office; Nicolle Jacoby, a labor and employment partner in the firm's New York office; and Charles Wynn-Evans, a labor and employment partner in the firm's London office.

The presenters discussed the implementation of global shutdown orders, considerations for businesses managing remote workforces, and options for reducing operating costs, with particular emphasis on implications for private equity portfolio companies.



HIGHLIGHTS FROM THE EPISODE

Implementation of Shutdown Orders

During the last several weeks, a large number of shutdown orders have been issued by governments all over the world, attempting to halt the spread of COVID-19. In the U.S., most states and the District of Columbia have issued executive orders shutting down non-essential businesses. The distinction between essential and non-essential is not always clear and many businesses must make a judgement as to whether they are covered by the relevant order. Some European governments have taken a different approach, ordering the closure of specific public-facing business.

Key Considerations for Managing a Remote Workforce

As a result of shutdown orders, many employers are working through real-time issues as they transition to a largely, if not exclusively, remote workforce. In the U.S., employers are largely focused on managing timekeeping and related overtime risk, data security and COVID-19 specific phishing scams, managing the allocation of work, and reviewing new laws that provide for paid leave related to COVID-19. In the UK and in Germany, employers are attentive to similar issues and are also focused on data protection compliance, ensuring business information confidentiality and safe working arrangements.

Options for Reducing Operating Costs

COVID-19 and related shutdown orders have had a major impact on the liquidity of many portfolio company businesses, and many are looking at how they can reduce operating costs, other than through layoffs. In the U.S., employers have a number of available options, subject to complying with any applicable individual employment contracts or collective bargaining agreements and applicable state and federal employment laws. Available options include pay cuts, reducing working hours and furloughs, each with its own discrete issues to evaluate. The UK recently announced the Coronavirus Job Retention Scheme, which broadly provides that the Government will reimburse employers for a proportion of the regular pay of furloughed employees, subject to a cap. Germany provides a similar arrangement through the Short-Time Work Scheme for employees whose hours have been reduced.

[dechert.com](https://www.dechert.com)

Attorney advertising. Prior results do not guarantee a similar outcome.

Dechert
LLP