



SNAPSHOT SURVEY RESULTS ON HR PRACTICES IN COPING WITH COVID19

Webinar on 28 April 2020

Presented by Ms. Hoa Nguyen
Senior Principal, Human Capital Solutions

Preface

Recently, COVID19 has become a worldwide top concern during the past few months. Recognizing the serious impact of this pandemic on current business situation, and to support clients to come up with suitable solutions to overcome this current crisis, Talentnet has conducted a Snapshot Survey from 30 March to 10 April 2020 to collect information on HR Practices of organizations in coping with COVID19.

The survey has attracted participation of 172 clients from various industries, published on 15 April 2020 and its result is a consolidation of many useful and important information on HR practices in coping with COVID19 of our survey participants.

Talentnet would like to express our sincere thanks to our clients who have spent valuable time to complete this survey. Your trust and companion are the treasures that we always cherish. Your support for this survey contributes a lot to our Vietnam HR community, and we look forward to receiving your continuous support in the future.

On behalf of Talentnet Corporation

Tieu Yen Trinh – CEO

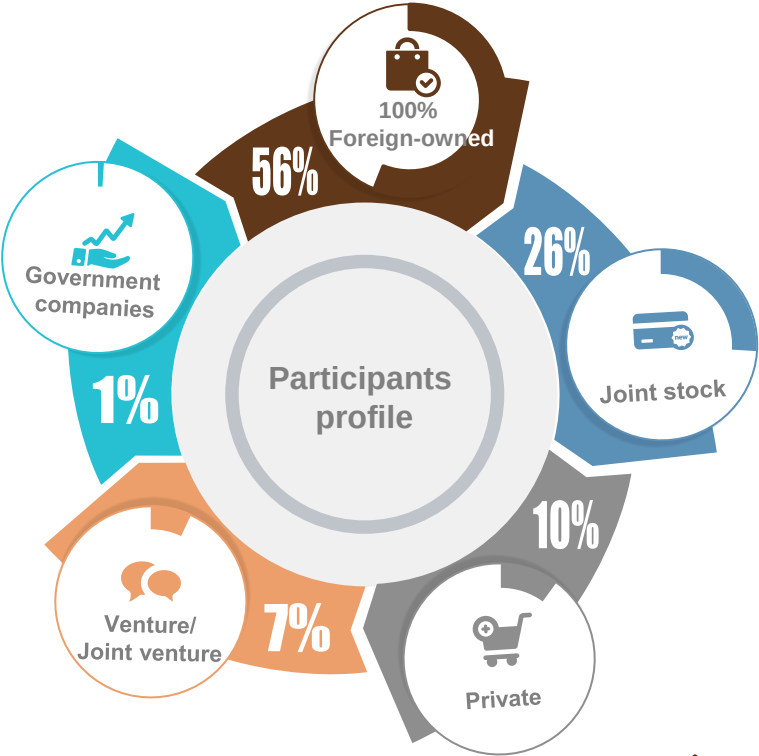
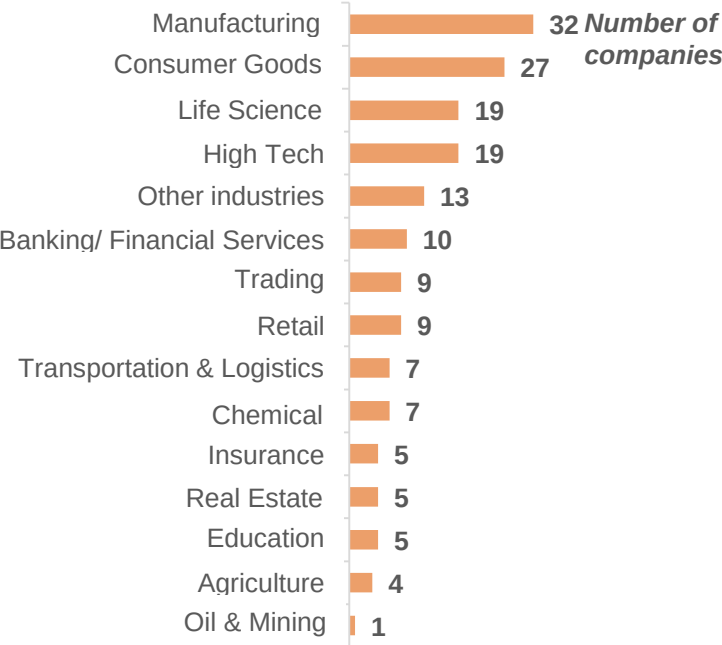
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Participants Profile

Participants Profile

Industries and type of companies

63% of participants are foreign-owned companies and most of the data comes from companies operating in Manufacturing, Consumer Goods, Life Science, and High tech industries.



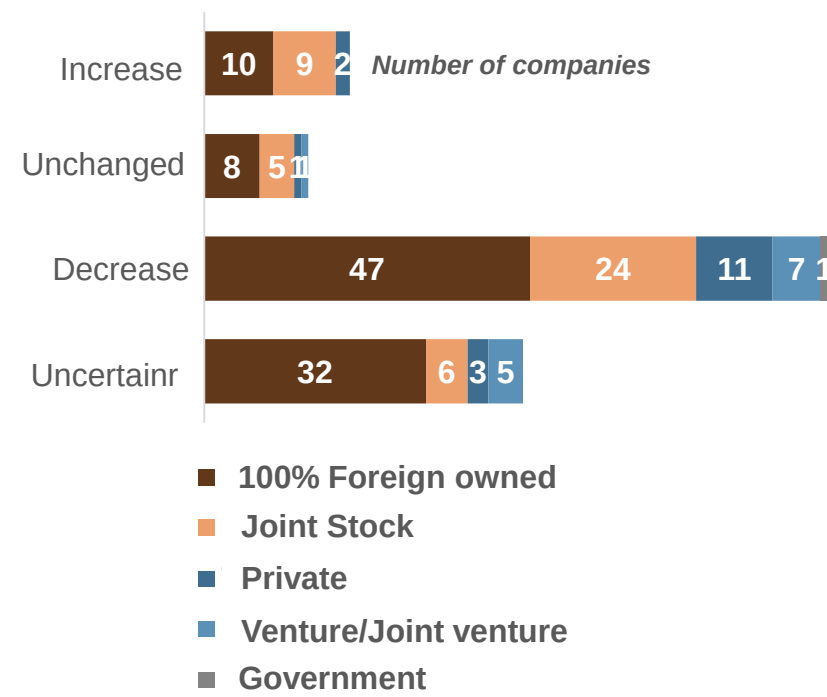
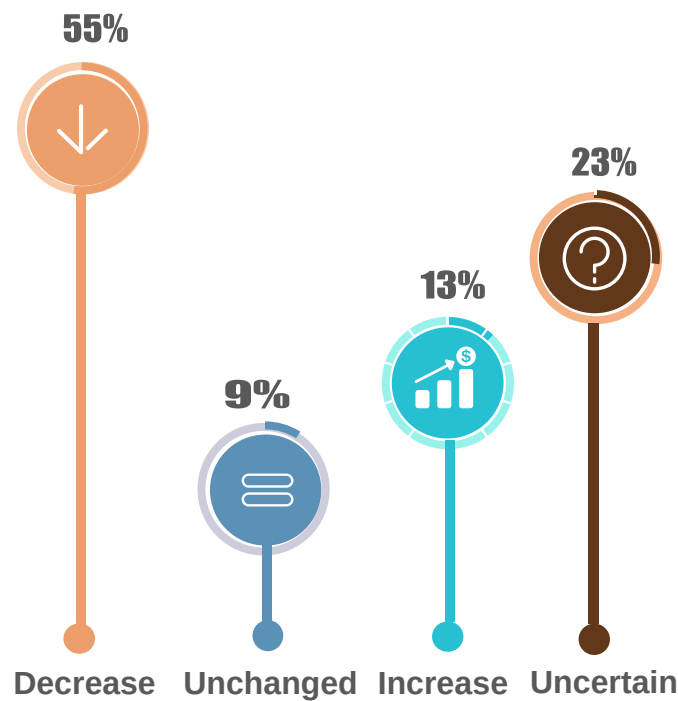
Note: Other industries include Construction, Tourism, Media

/02

Revenue Forecast for 2020

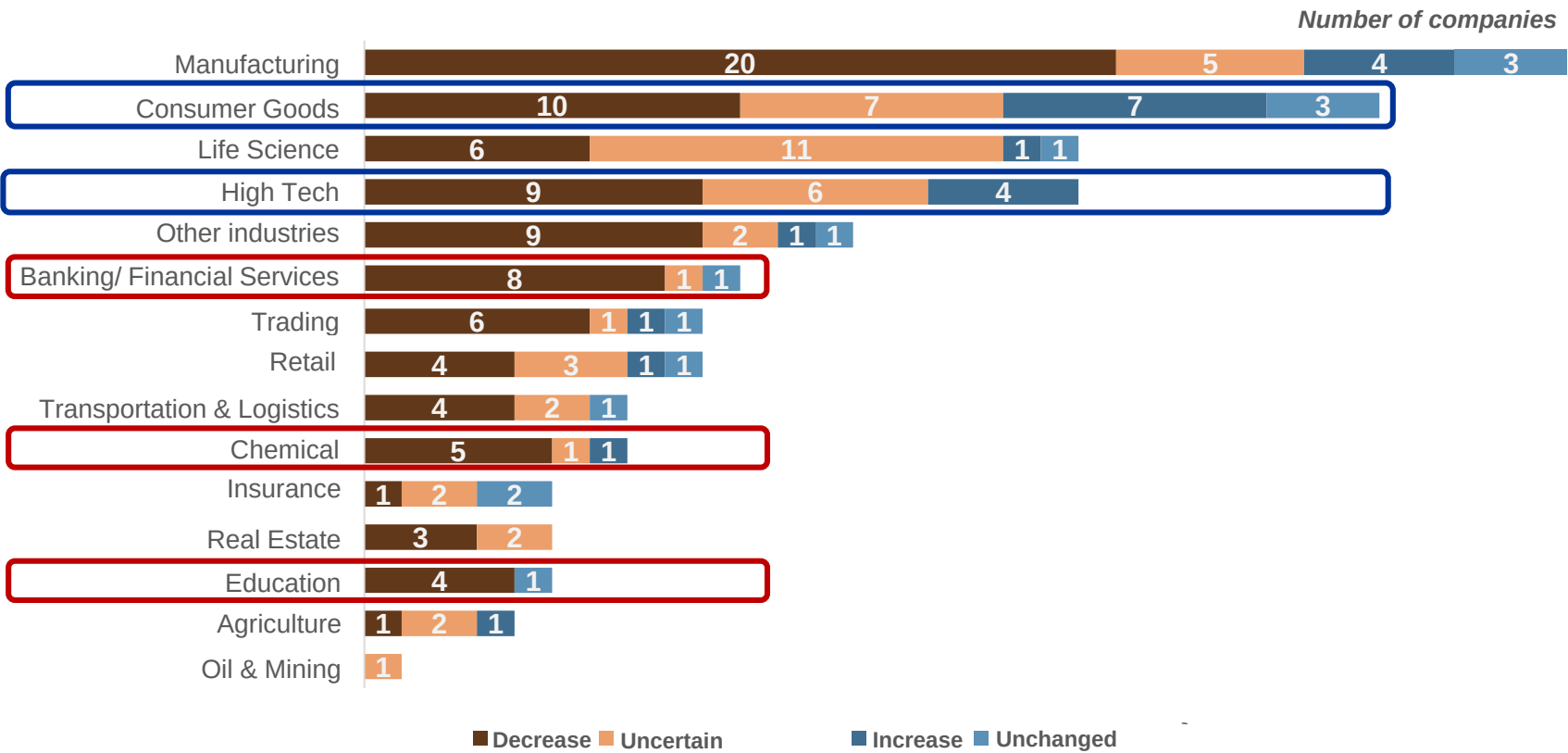
Revenue variation forecast due to Covid19

55% of companies predict a reduction in revenue, only 13% of companies predict that 2020 revenue will grow



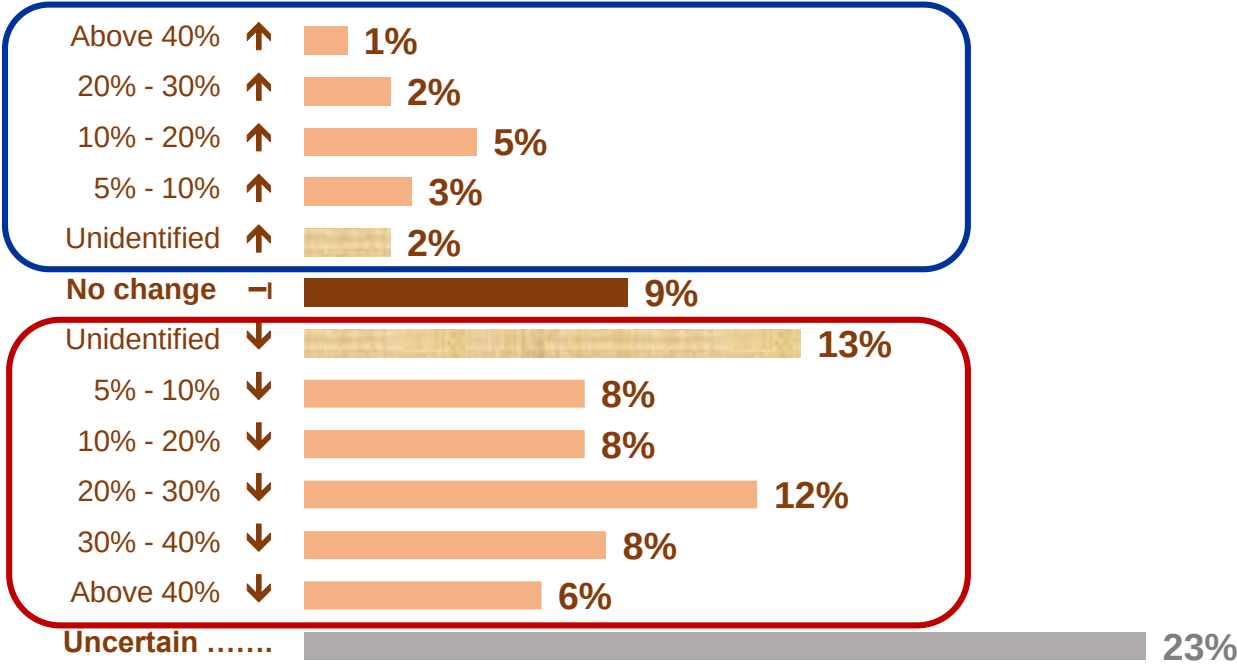
Revenue variation forecast due to Covid19

Revenue increase/decrease forecast by industry



Revenue variation forecast due to Covid19

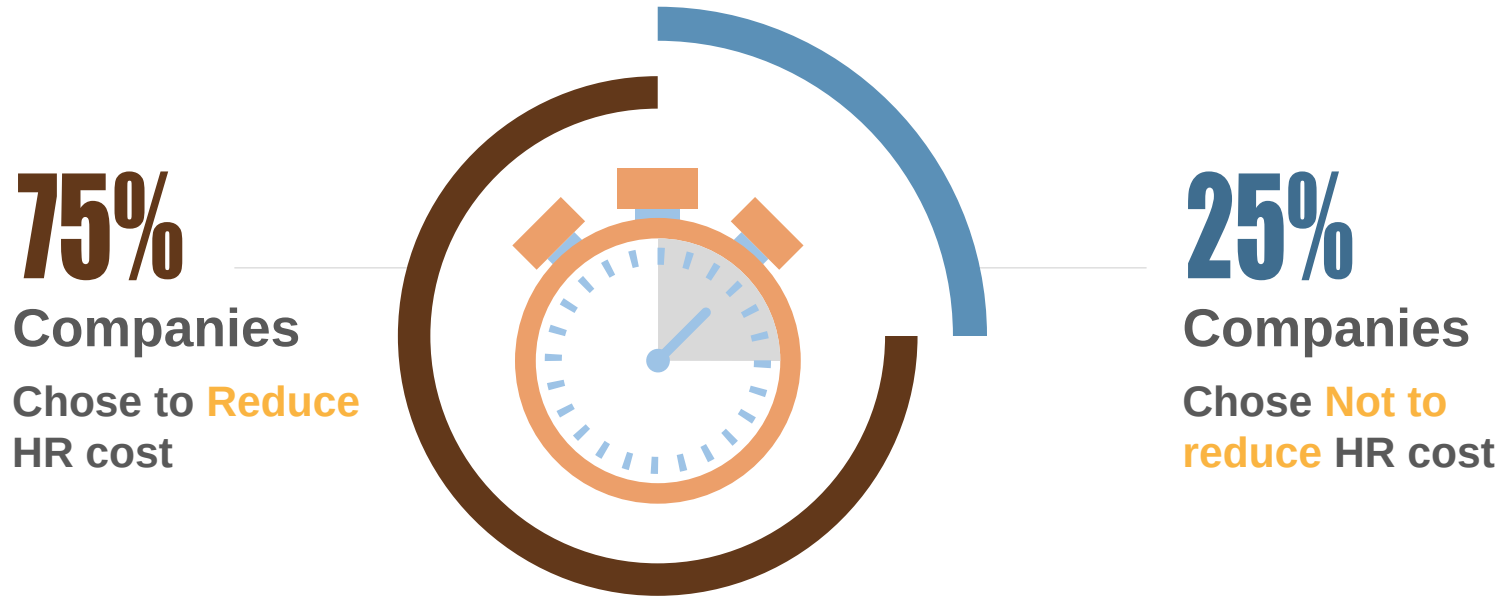
% Revenue increase/decrease forecast



/03

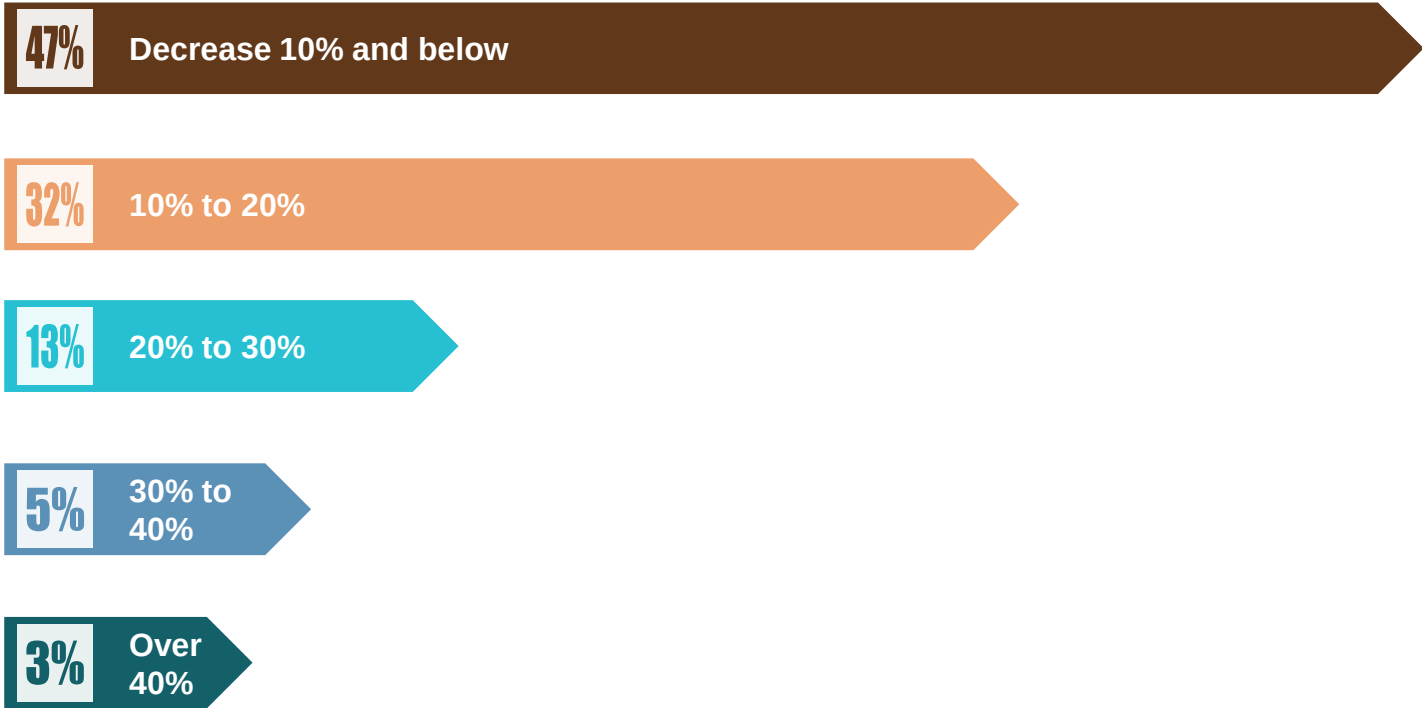
HR Practices to cope with Covid19

If the situation get worse, would your company consider **reducing HR cost**?



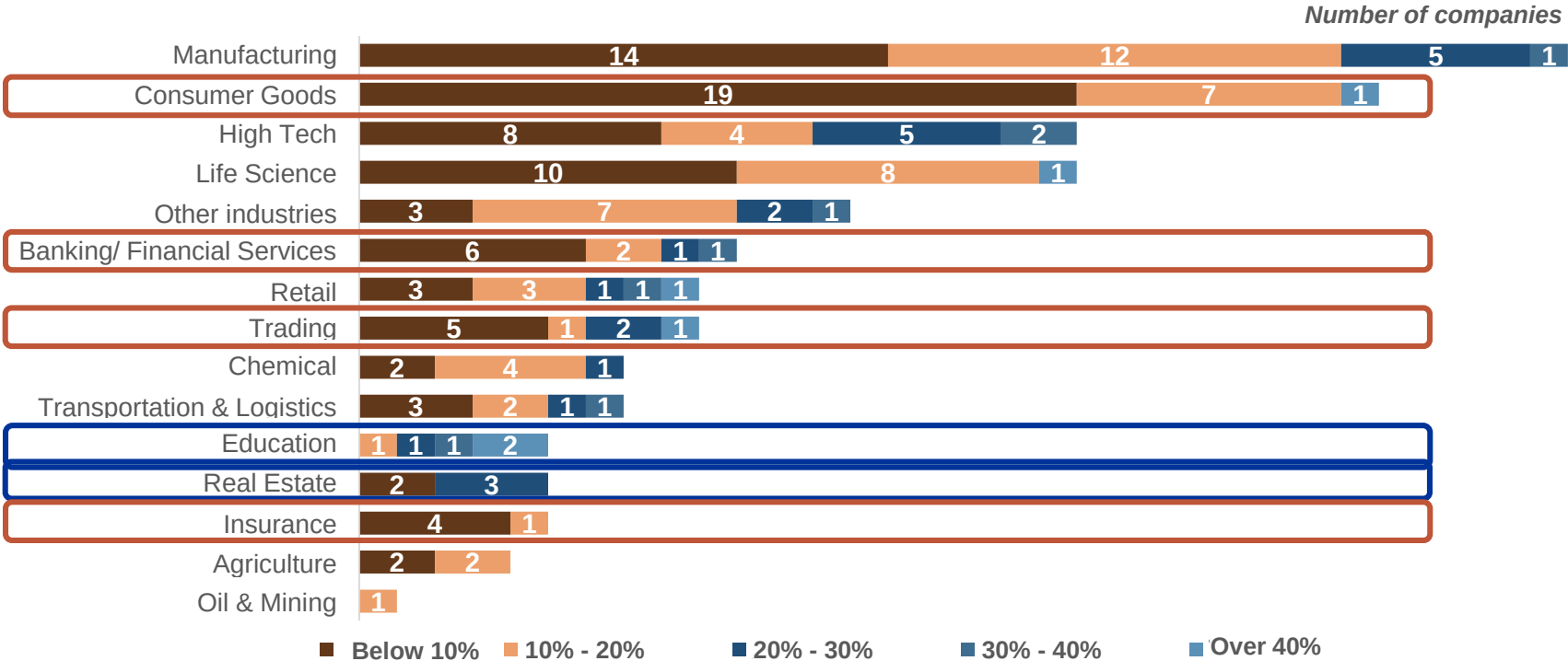
What is an estimated change in HR Budget?

Nearly 80% of companies with decision to cut HR Budget said that the reduction is about **up to 20%.**



What is an estimated change in HR Budget? – By industry breakdown

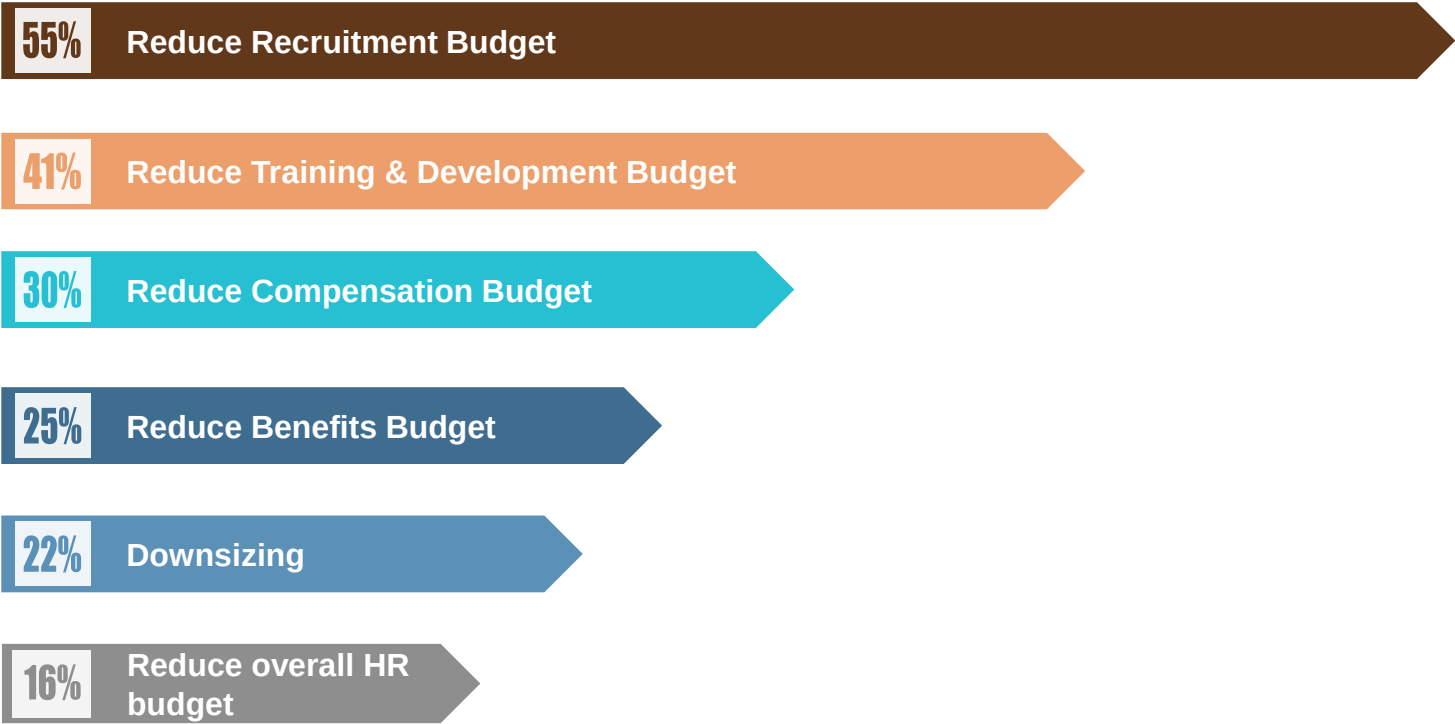
The estimated change in HR Budget is mainly below 10% in Insurance industry, Consumer Goods, Banking and Consumer Finance, Trading, Life Science industries.



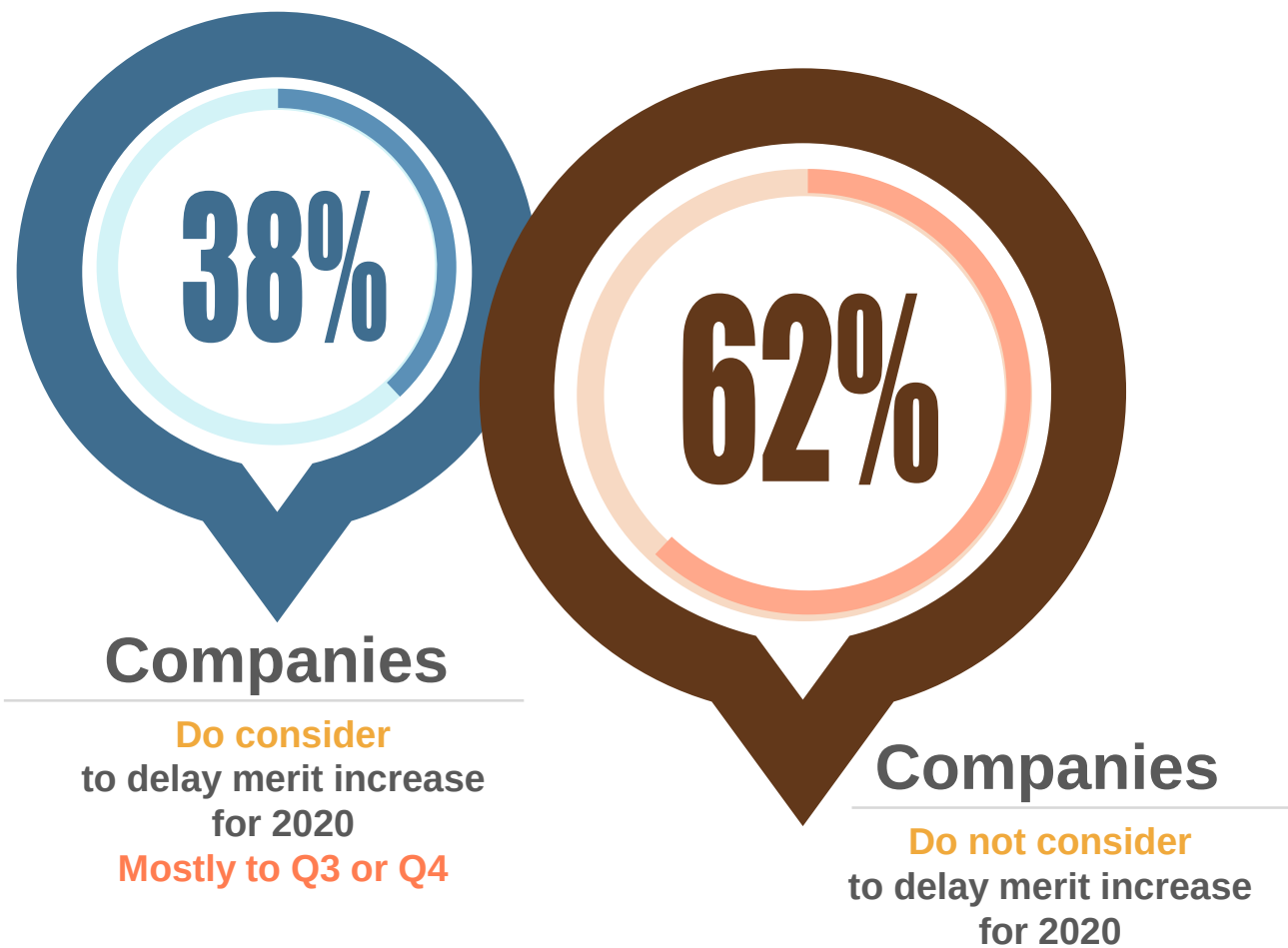
Note: Other industries include Construction, Architecture, Media

If your company consider reducing HR Budget, which cost category below would be your choice?

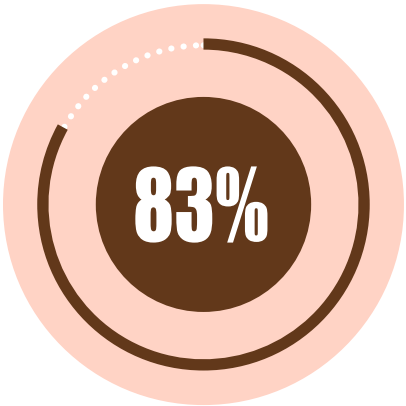
Reduce Recruitment budget and Training & Development budget are the top 2, followed by Reduce Compensation budget and Benefits budget.



If your company has not conducted merit increase, would your company consider delaying this for 2020?



Has your company conducted **bonus payout of 2019?** would your company consider **delaying** this if you has not?



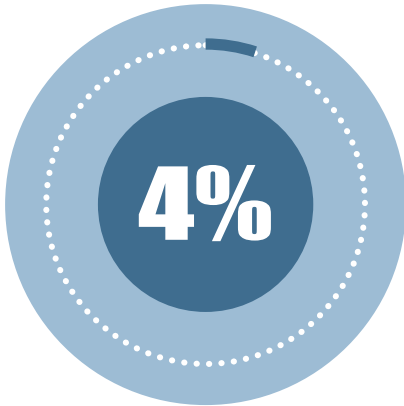
Companies

Conducted bonus payout for 2019



Companies

Not yet conducted bonus payout for 2019 and **do not consider to delay**



Companies

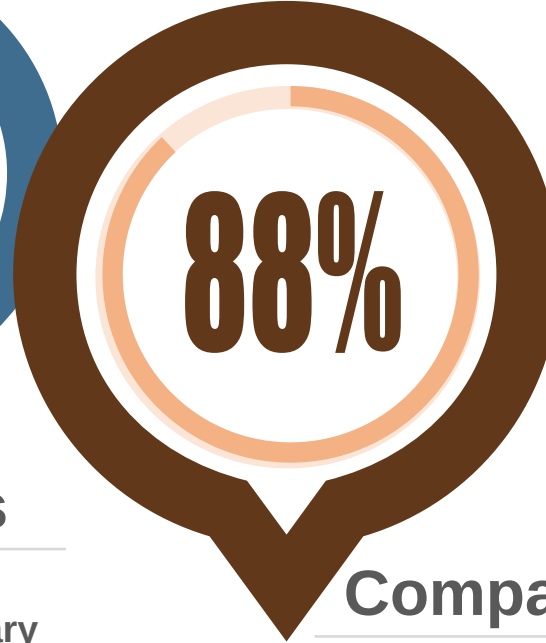
Do have plan to delay bonus payout

Would your company consider reducing Basic Salary?



Companies

Do consider
to reduce Basic salary



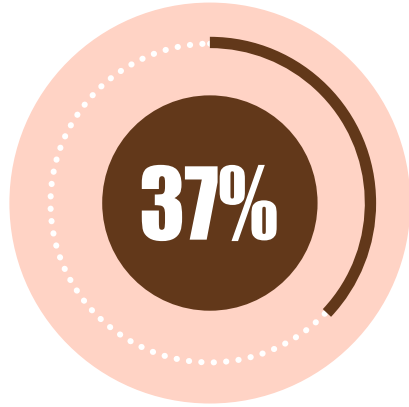
Companies

Not yet have plan
to reduce Basic salary

If yes, which **employee** category below would your company consider reducing Basic Salary



If an employee is **quarantined at home** or in a centralized health facility (within 14 days) due to suspicion of infection and does not work, which of the following option will your company apply as a **solution**



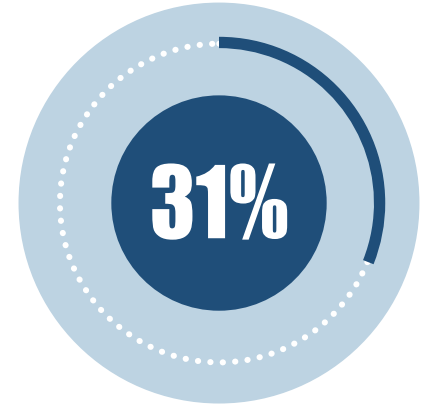
Companies

Will pay **100% salary** under employment contract and no annual leave reduction



Companies

Will pay **100% salary** under employment contract **and require employees to take annual leave**



Companies

Will pay salary **according to agreement**, but **not lower than the regional minimum wage**

If the company allows employees to temporarily stop working due to insufficient workload, which of the following options will your company apply



Companies

Will pay 100% salary under employment contract and no annual leave reduction



Companies

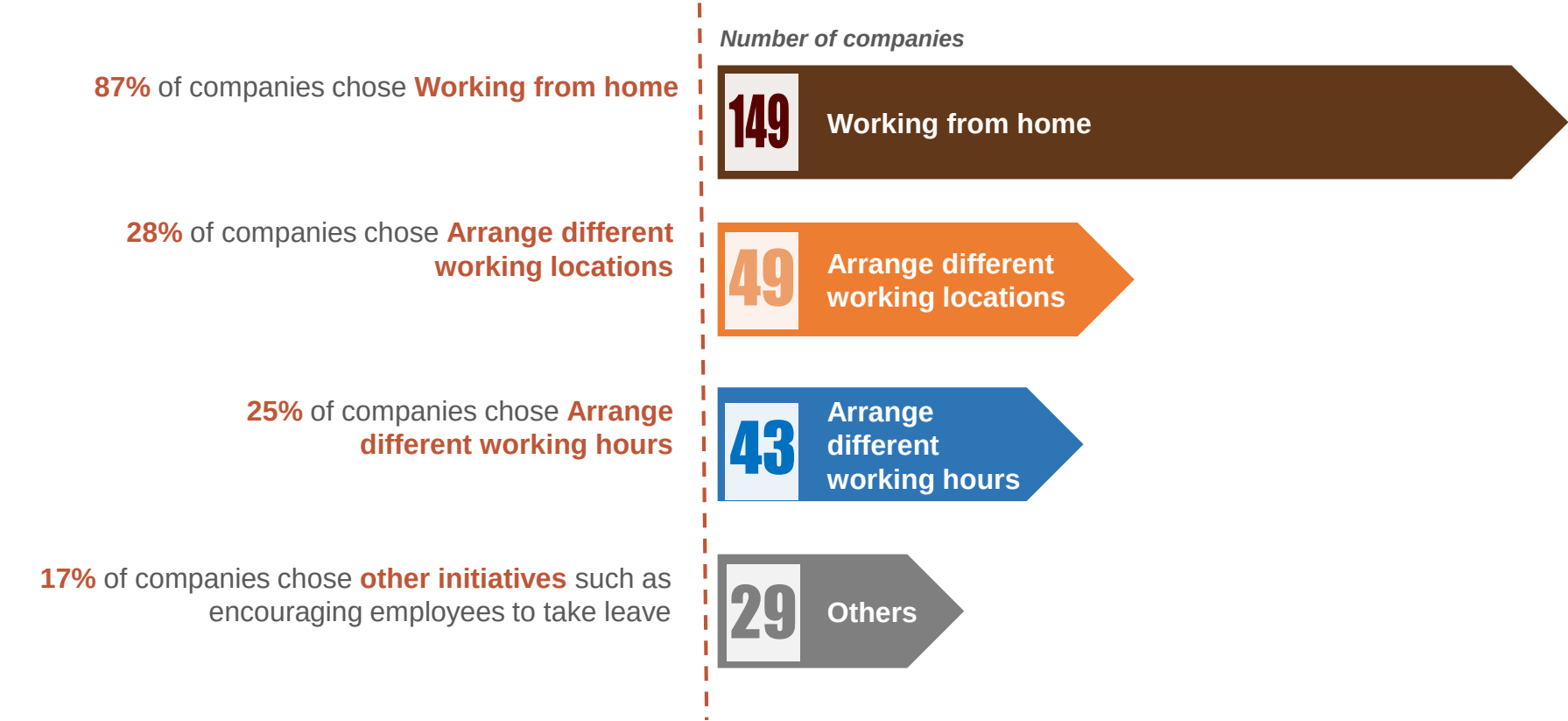
Will pay 100% salary under employment contract and require employees to take annual leave



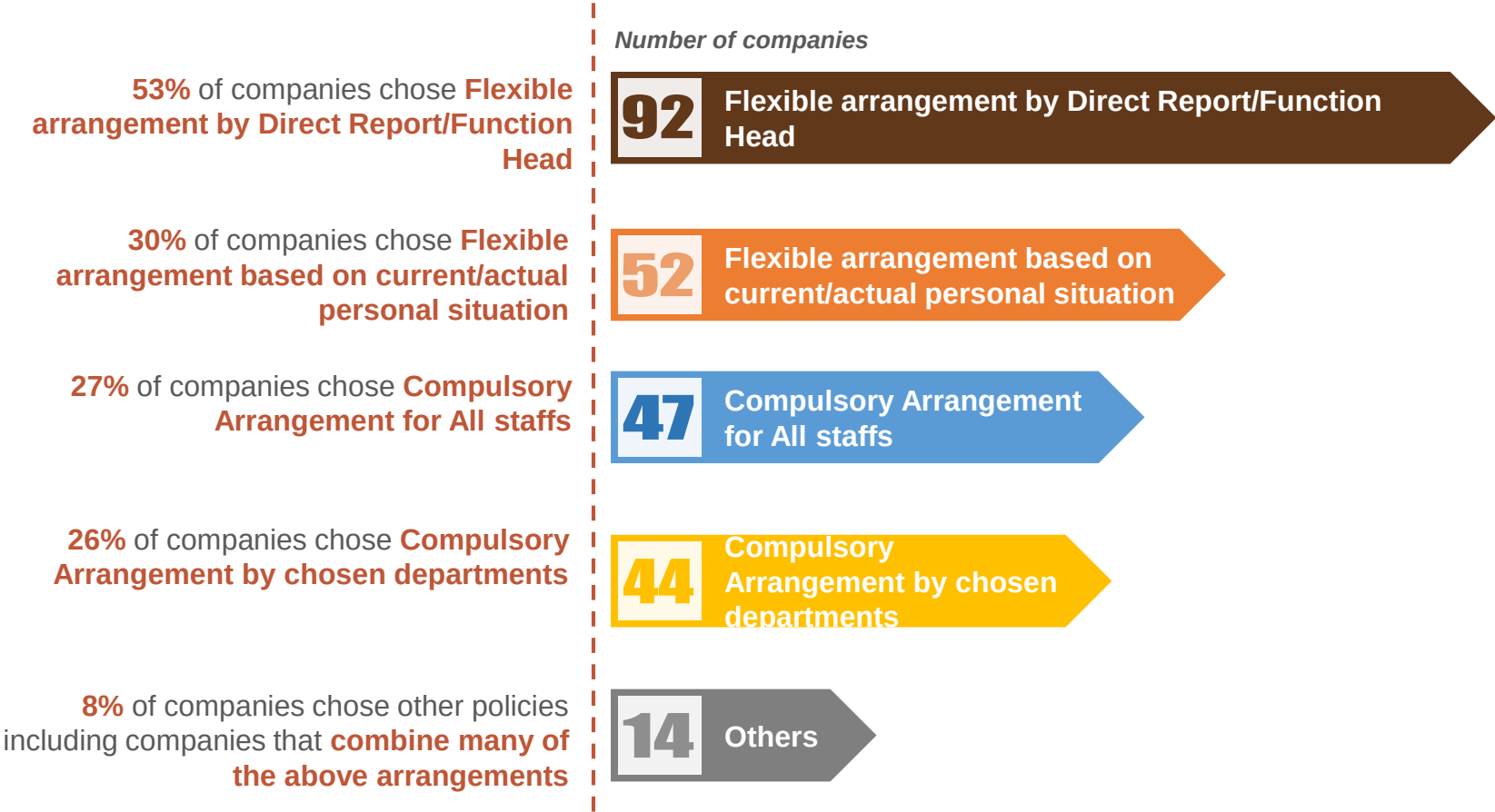
Companies

Will pay salary according to agreement, but not lower than the regional minimum wage

Which of below initiatives that your organization is putting in place to cope with the Covid19?



Has your organization made any arrangements for your corporate office staff to work from home (WFH)?



Your concern about HR solutions during this time

51% of companies concern about **Human Resources Optimization**

87

Human Resources Optimization

36% of companies concern about **Labor Laws Compliance Advisory**

62

Labor Laws Compliance Advisory

35% of companies concern about **HR Budget Optimization**

60

HR Budget Optimization

31% of companies concern about **Organization Development**

54

Organization Development

30% of companies concern about **Compensation Adjustment Advisory**

51

Compensation Adjustment Advisory

22% of companies concern about **Organization Restructure**

37

Organization Restructure

7% of companies **do not answer**

12

Do not answer

2% of companies concerns about other solutions

4

Others

Number of companies

In case of applying working from home or flexible working arrangement, what is your organization solution to **increase employee engagement** and **ensure productivity**?

Productivity

-  Report assigned tasks on daily and weekly basis with detailed targets
-  Arrange daily/ weekly meetings within the function and among different functions regularly
-  Set working hours that employees would check in online, and set a certain response time to colleagues
-  Managers/ Supervisors are fully responsible for work allocation and results of their subordinates



Employee Engagement

-  Enhance internal communication from Executive level: company meeting, weekly announcements to update the situation & motivate employees
-  Organize competition activities: sport competition (from home), creative working corners; effective work from home initiatives; morning exercise; online “Happy Hour”, etc.,
-  Vote for excellent achievements; provide coins to supportive colleagues

Other activities from other countries to maximize employee engagement and productivity for WFH employees

WFH employees often has declined energy:

- Blurred boundary between work and life
- Anxiety deepening as the epidemic unfolded
- Telecommuting unsuitable for current work flows

To improve employees' energy, companies would:

People:

- Delegate decision making powers
- Empathy with WFH employees

Structure:

- Define clear objectives and key results (OKRs)
- Allow high degree of autonomy in decision making with collaboration across Bus

Process:

- Establish pre-scheduled daily and weekly meeting, frequent check ins
- Define clear and integrated workflows

Technology:

- Provide digital tools, new media
- Set up digitally enabled remote working environment

Source: McKinsey & Company

Other activities from other countries to maximize employee engagement and productivity for Non WFH employees

Non WFH employees concerns:

- Perceived unfairness: having to continue to go to work while other employees stay home with their family
- Safety risk: significant increase in potential exposure to disease (e.g. commute, customers and other employees in the workplace)
- Fear of being isolated from their families if they got ill and long term effect of the disease

To address employee concerns:

- Food delivery companies: minimizing contact between deliverers and customers (e.g. cashless payment only, leaving bags at door, provide masks and gloves to all employees)
- UK retailer: extending benefits up to 25 days to care for child and elderly, tele-therapy sessions for employees with mental health problems
- Italian banks: limiting operating hours with access granted only upon pre-arranged appointment
- Global coffee shop retailer: offering additional 14 days of “catastrophe pay” for US workers exposed to Covid19, over 60, pregnant, or have underlying health issues

Source: McKinsey & Company

Other activities from other countries to maximize employee engagement and productivity

For companies with decreased revenue:

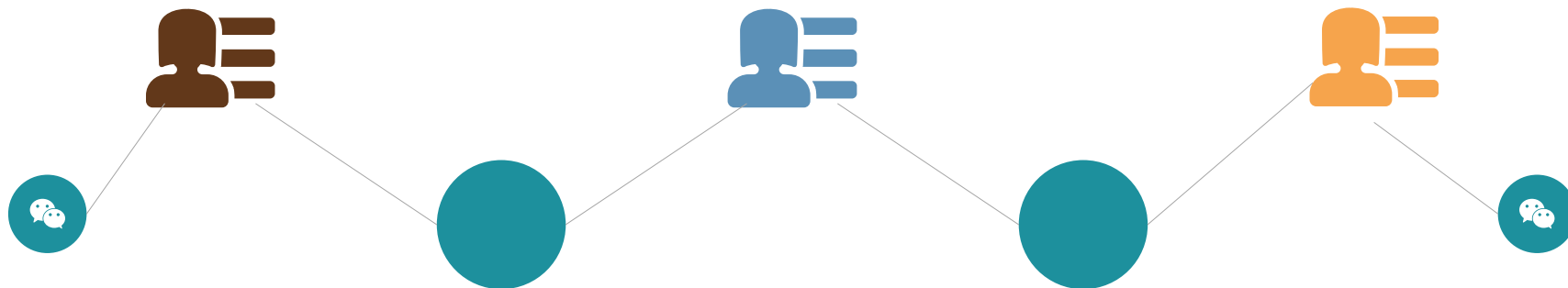
- Create funds to support colleagues experiencing personal financial crisis
- Communicate about job security
- No counting of sick leave until life returns to normal
- Upskill employees in order to enhance their domain knowledge

For companies with increased revenue:

- To pay workers 1,000 bonus for expenses help (Facebook)
- Raise the hourly pay rate by \$2 per hour through April (Amazon)
- Offer a \$300 cash bonus to full time workers (Walmart)

Source: Mercer

For further questions related to this report or further supports related to HR solutions from Talentnet, please do not hesitate to contact our team.



Ms. Nguyen Thi Quynh Phuong

**Director
Human Capital Solutions
In Association with Mercer**

 (84-28) 6291 4188 – Ext 688

 nguyen.t.quynh.phuong@talentnet.vn

Ms. Ngo Ngoc Thuc Doan

**Senior Manager
Human Capital Solutions
In Association with Mercer**

 (84-28) 6291 4188 – Ext 604

 ngo.ngoc.thuc.doan@talentnet.vn

Ms. Vu Thi Huyen Trang

**Manager
Human Capital Solutions
In Association with Mercer**

 (84-28) 6291 4188 – Ext 678

 vu.t.huyen.trang@talentnet.vn

HR COST OPTIMIZATION INITIATIVES

April 2020

Presented by Ms. Quynh Phuong
Director, Human Capital Solutions

CONTENTS

01 >> **HR Optimization Focus**

02 >> **Principle of HR Cost Optimization**

03 >> **HR Cost Optimization During Covid-19**

04 >> **Case Study**



1. HR OPTIMIZATION FOCUS

Rewards Management

- Build salary structure
- Benchmark salary & benefits vs. market & competitors

- Review salary structure to match with pay philosophy & biz strategy
- Review pay mix btw fixed & variable pay

- Create strong linkage btw rewards & performance -> variable pay, incentives

Performance Management

- Key goal and objective aligned with business direction

- KPI and feedback & coaching

- Full PMS, On-going feedback & coaching + IDP

HR Services & Operation

- Core services
- Manually operated

- Enlarged scope of services with focus on efficiency
- Basic Platform & systems

- Enlarged scope of services with focus on employee experience
- Automation: **ESS portal, Chatbot, AI**

Training & development

- Basic training, focus on technical & some critical soft skills

- Build up capability of employees to further support biz growth

- Build learning culture
- Leadership development, succession planning

Workforce planning

- Org structure & FTE in line with industry norms

- Strategic workforce planning

- Reshape workforce: lean and competent
- Workforce maximization: balancing between FTE and Outsourcing/GIG

Recruitment

- Utilize internal channel, social media

- Strategic partner with recruitment agencies
- RPO

- Strengthen EVP

1

FORMING/STARTING UP

talentnet | Webinar series Apr – May 2020

2

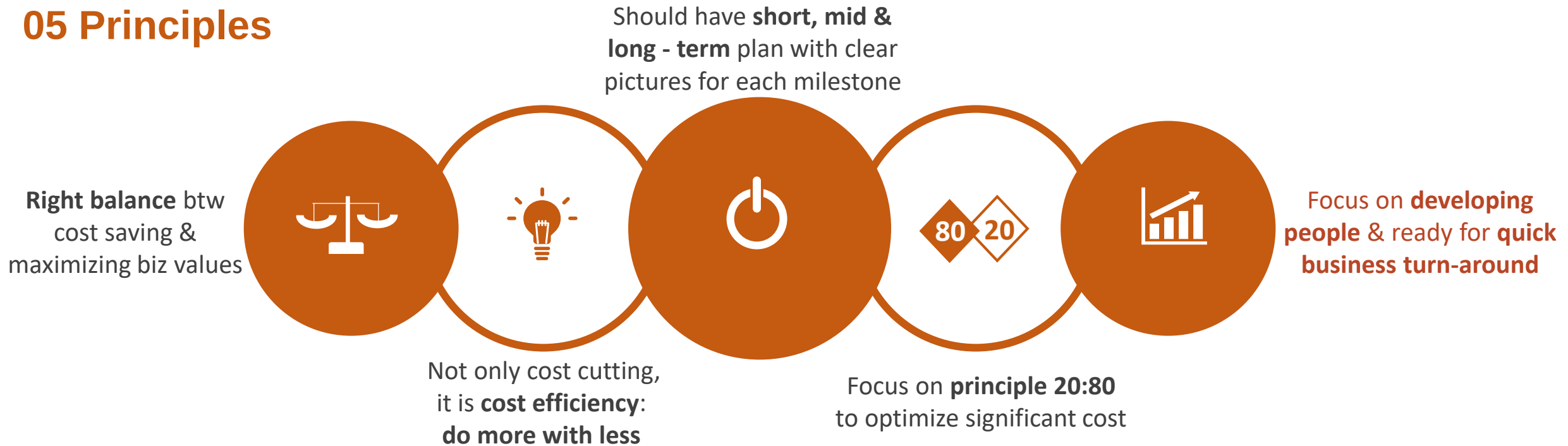
DEVELOPING/GROWING

3

MATURE/WELL-ESTABLISHED

2. HR COST OPTIMIZATION

05 Principles



03 Enablers



Clear communication on the purpose & outcome



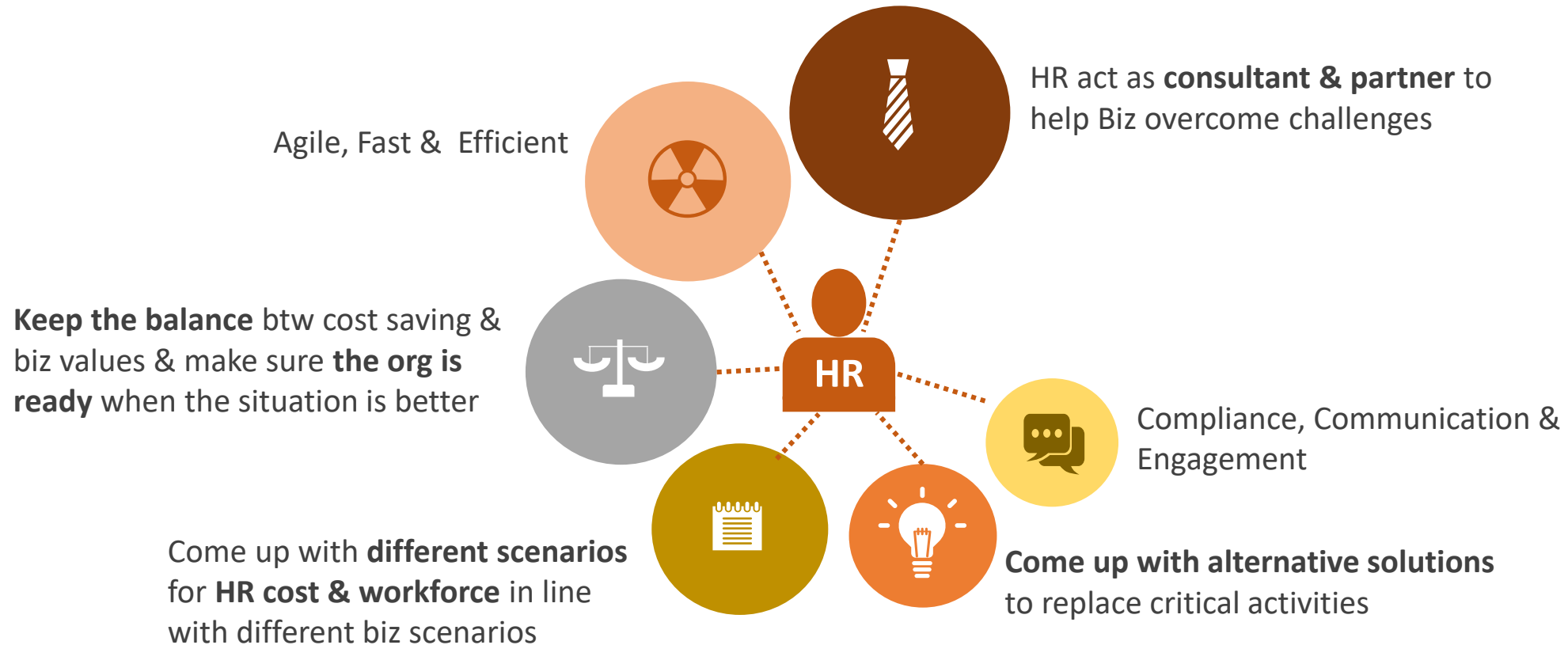
On-going principle, not one-off activity



Facilitated by **HR** – Endorsed by **Leadership team** – Participated by **all Employees**

3. HR COST OPTIMIZATION

WHAT VALUES HR CAN BRING DURING COVID-19?



3. HR COST OPTIMIZATION DURING COVID-19



Small impact to revenue, P&L and/or biz slowdown expected from **3 to 6 months**

- Hiring freeze
- Suspend salary increase
- Freeze/ reduce incentive plans
- Stop spending unnecessary Non-TEC
- Work from home
- Limit overtime
- Voluntary annual leave
- Focus on internal training/self-learning



Moderate impact to revenue, P&L and/or business slowdown expected from **6 to 12 months**

Previous stage +

- Mandatory annual leave
- Voluntary unpaid time off
- Base pay reduction
- No performance bonus/ variable pay



Significant impact to revenue, P&L and/or business slowdown expected **12 months or more**

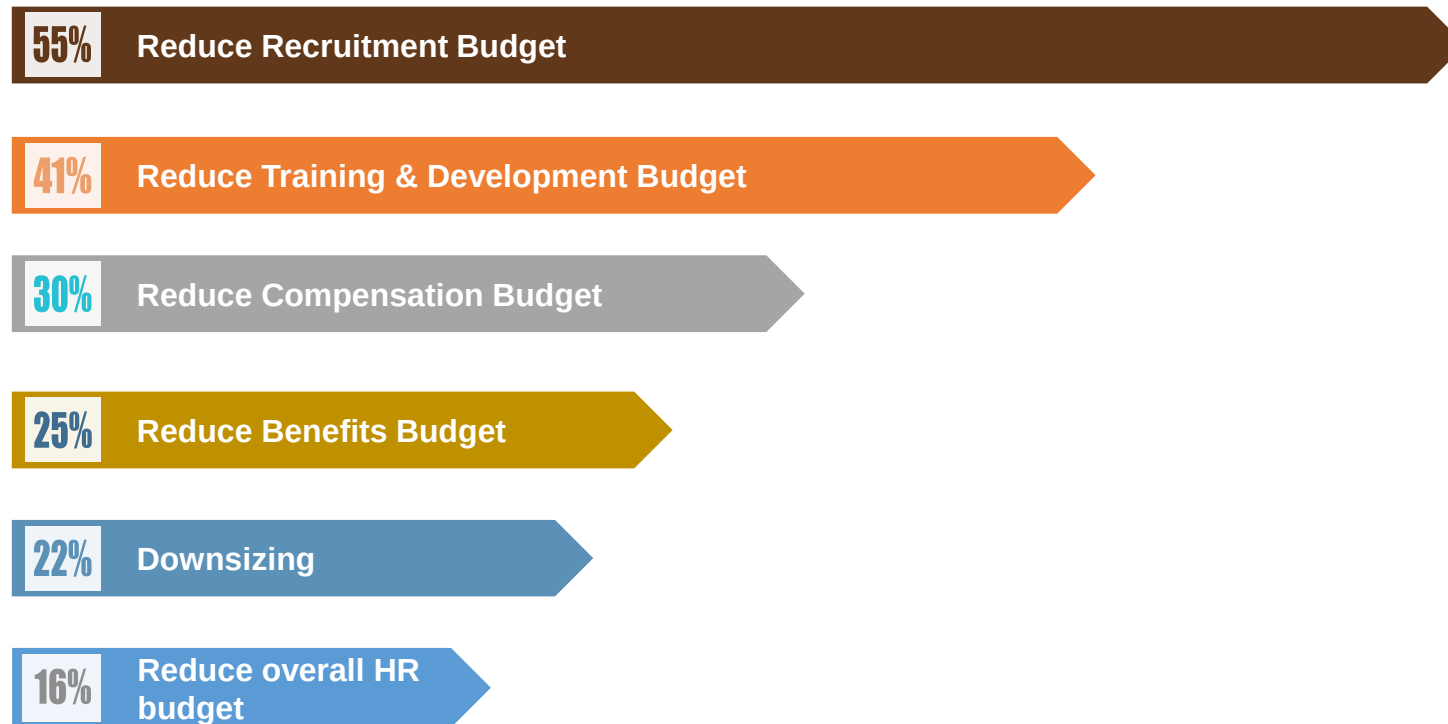
Previous stages +

- Voluntary separation programs
- Layoff/ reduction in workforce
- Maintain communication with layoffs
- Rehiring preparation

FROM RECENT SNAPSHOT SURVEY BY TALENTNET

If your company consider reducing HR Budget, **which cost category** below would be your choice?

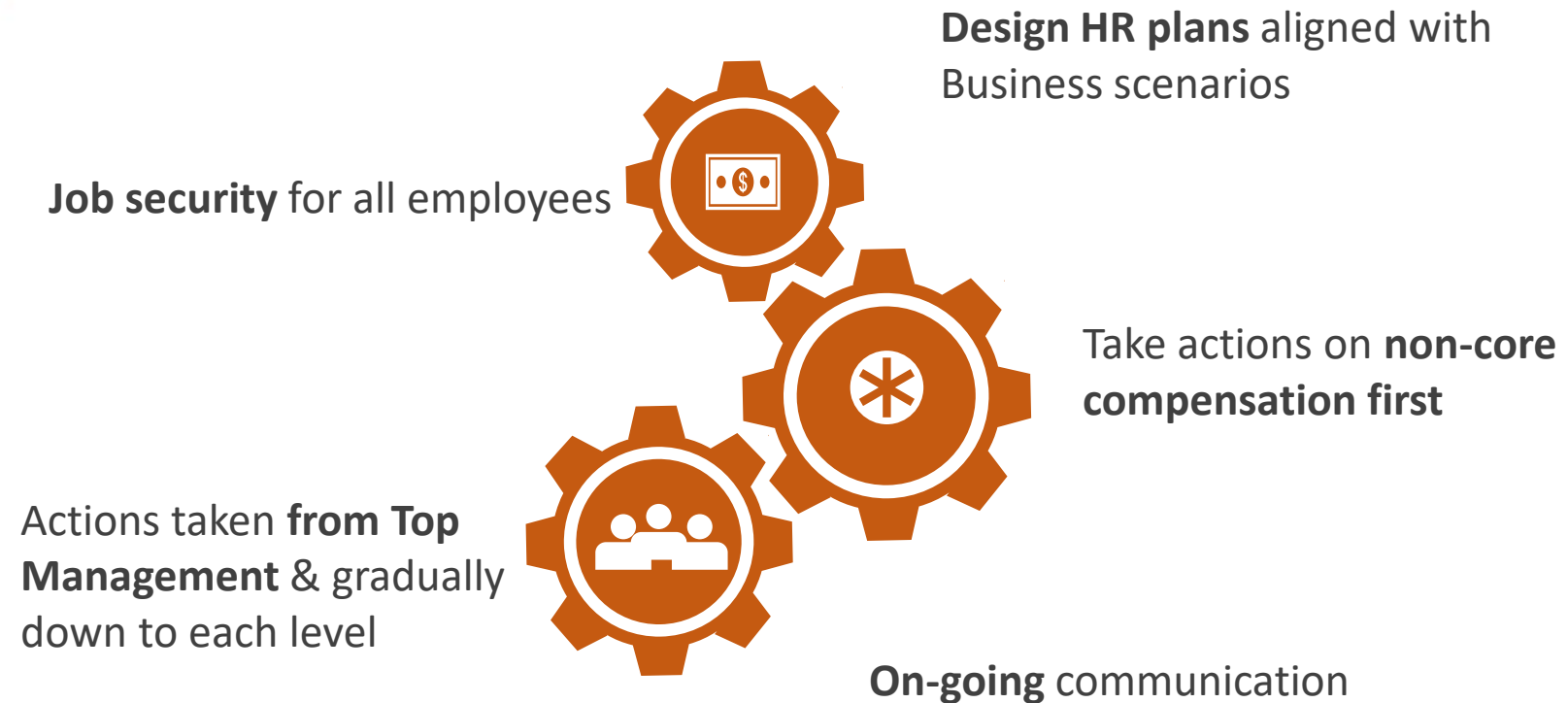
Reduce Recruitment budget and Training & Development budget are the top 2, followed by Reduce compensation budget.





CASE STUDY ON HR COST OPTIMIZATION DURING & POST COVID-19

4. PRINCIPLES FOR HR RESPONSE TO COVID 19 FROM ONE OF OUR CLIENTS



4. BUSINESS ASSUMPTIONS & ACTIONS FROM ONE OF OUR CLIENTS



(1) Revenue achieves **85%** target



Profit **50%** vs Target

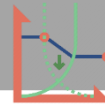


HR Cost Saving: **15%**

- **Cost Saving from:**
- **Freeze hiring, including replacement**
- *No Company Team Building*
- *Cost reduction for Marketing, internal events, travel, office rental*
- *Move all learnings, events from Off line to On line*
- *Hold Corp projects and office renovation*
- **Performance bonus: Normal Performance bonus calculation (around less 20% due to only achieved 85% target)**



(2) Revenue achieves **75%** target



Profit Margin: **0%**



HR Cost Saving: **25%**

- All the cost saving from scenario 85%
- **No Performance bonus budget**
- **No 13th month salary**
- **Top Management contribute 03 day salary/month**



(3) Revenue achieves **60%** target



Profit Margin: **- XX%**



HR Cost Saving: **35%**

- All the cost saving from scenario of 75%
- * **Top Management** contribute **05 day salary/month** from May to Dec
- * **Deputy Manager+**: **05 unpaid leave/month** from July to Dec
- * **Assistant Manager** down: **03 unpaid leave/month** from July to Dec

CONTACT US



Ms. NGUYEN THI THANH HUONG

Deputy CEO

E : nguyen.t.thanh.huong@talentnet.vn

P : 090 303 55 31



Ms. NGUYEN THI QUYNH PHUONG

Director, Human Capital Solutions

E : nguyen.t.quynh.phuong@talentnet.vn

P : 09 08 02 77 88

THANK YOU