

# 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*

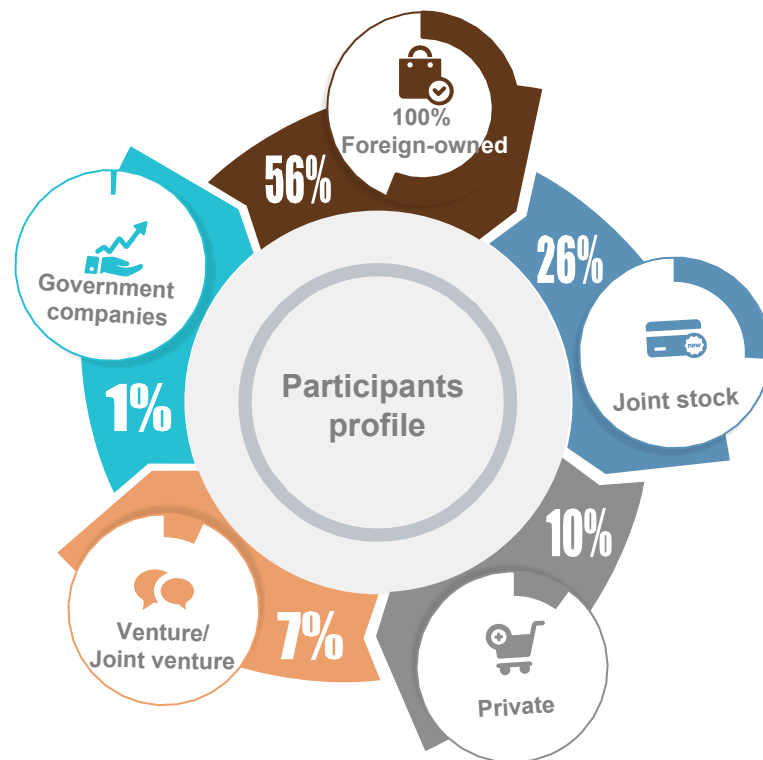
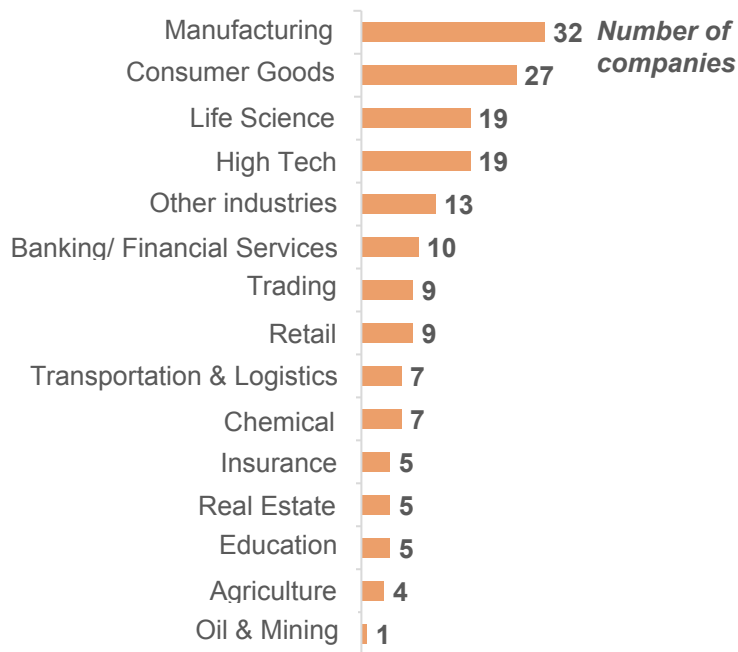
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## Participants Profile

# 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.



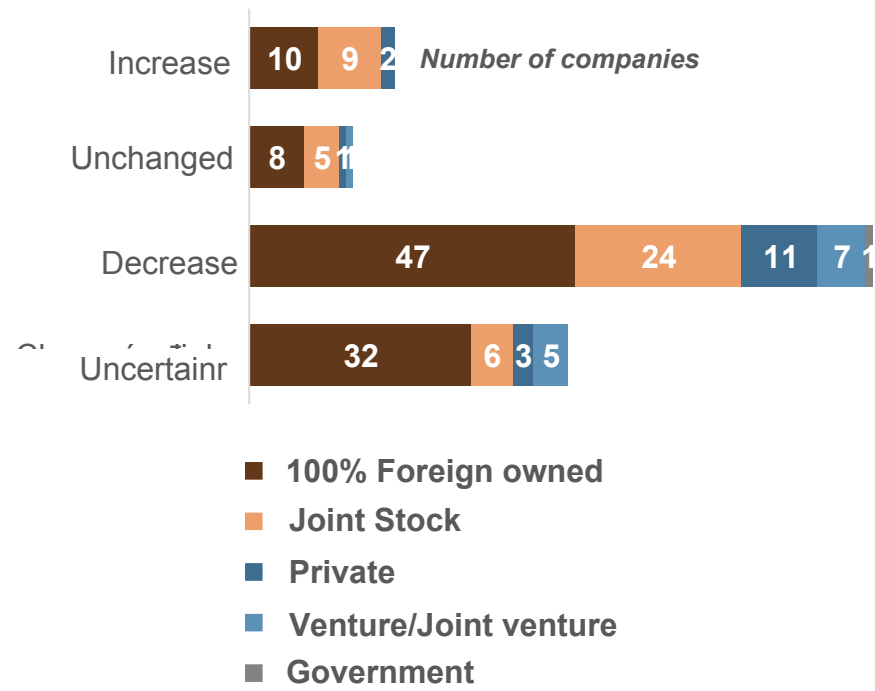
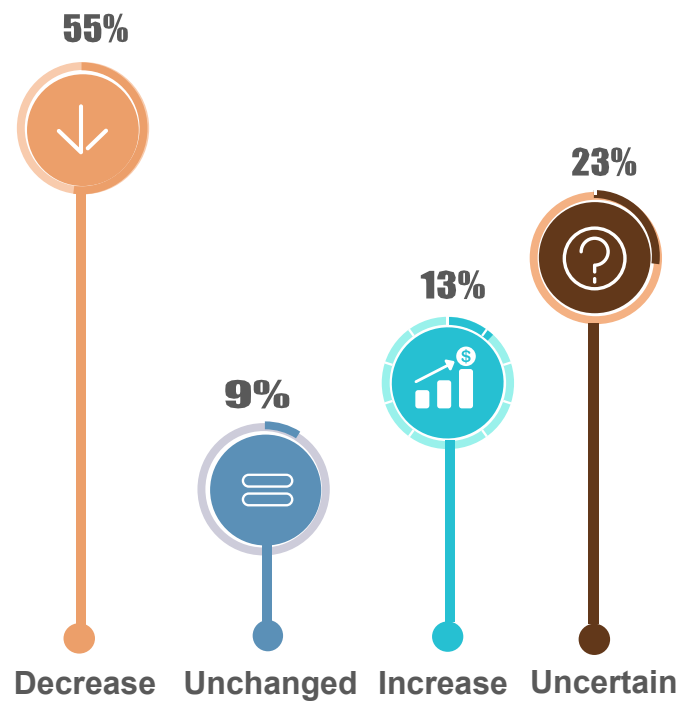
Note: Other industries include Construction, Tourism, Media

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## Revenue Forecast for 2020

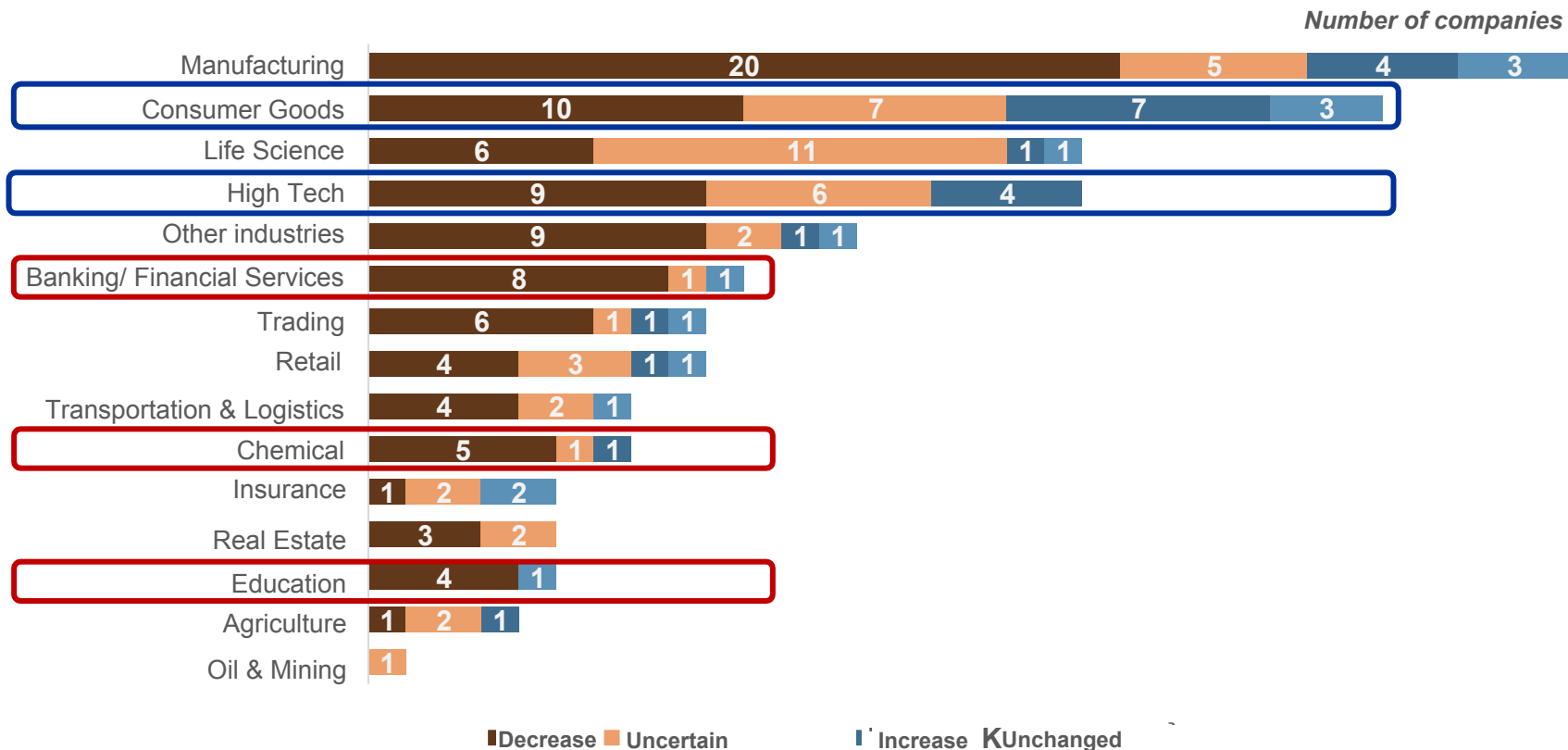
# Revenue variation forecast due to Covid19

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



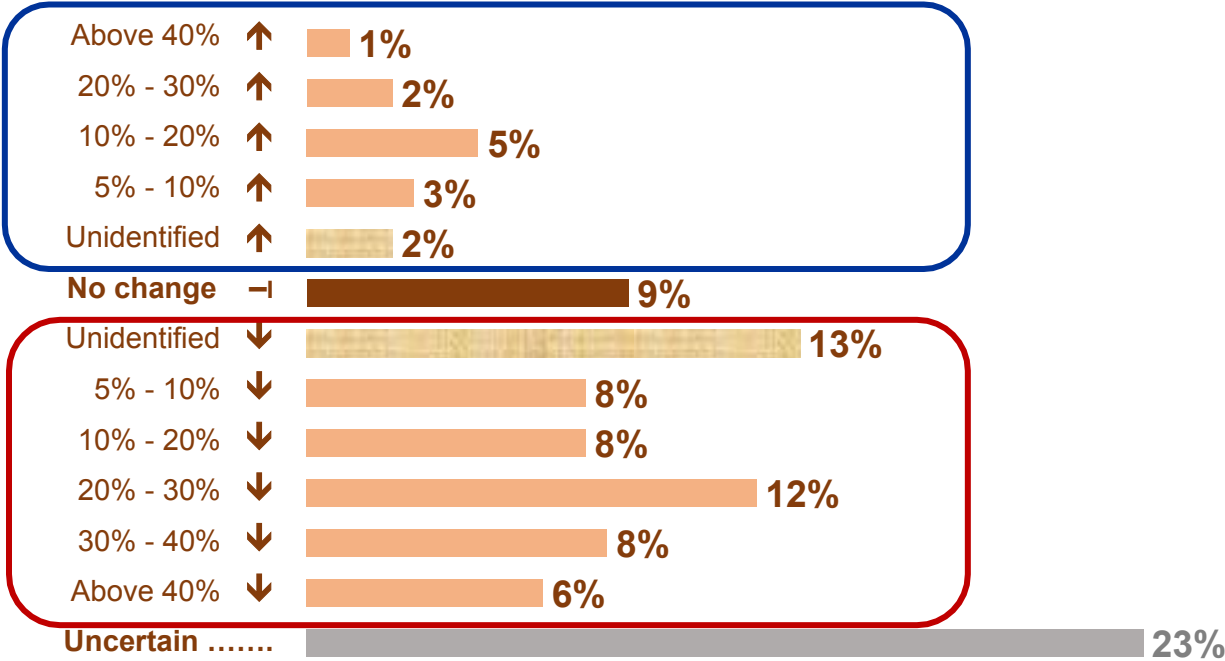
# Revenue variation forecast due to Covid19

## Revenue increase/decrease forecast by industry



# Revenue variation forecast due to Covid19

% Revenue increase/decrease forecast



/03

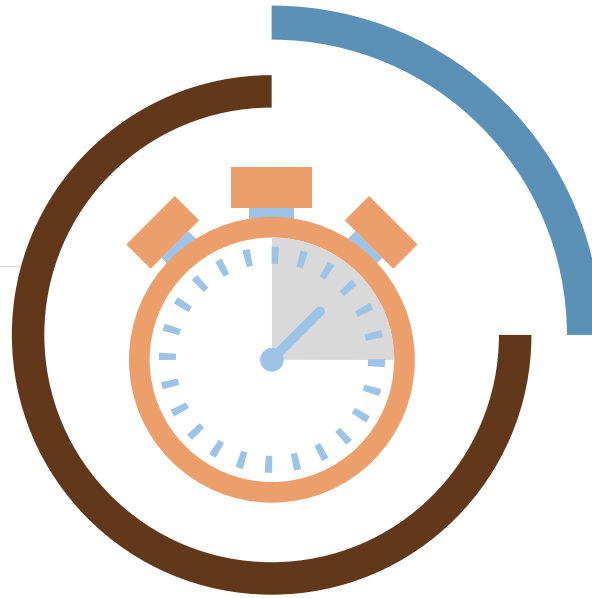
## HR Practices to cope with Covid19

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

**75%**

**Companies**

Chose to **Reduce**  
HR cost



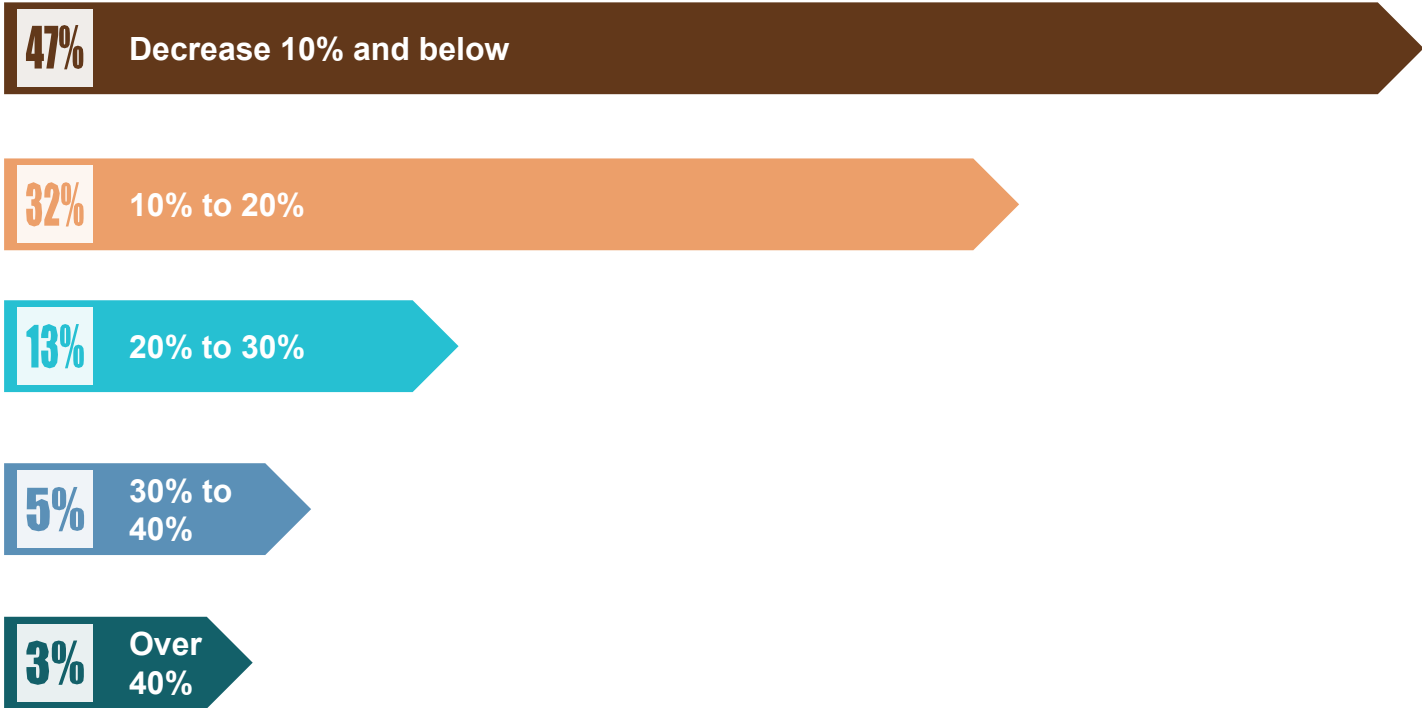
**25%**

**Companies**

Chose **Not to**  
**reduce** HR cost

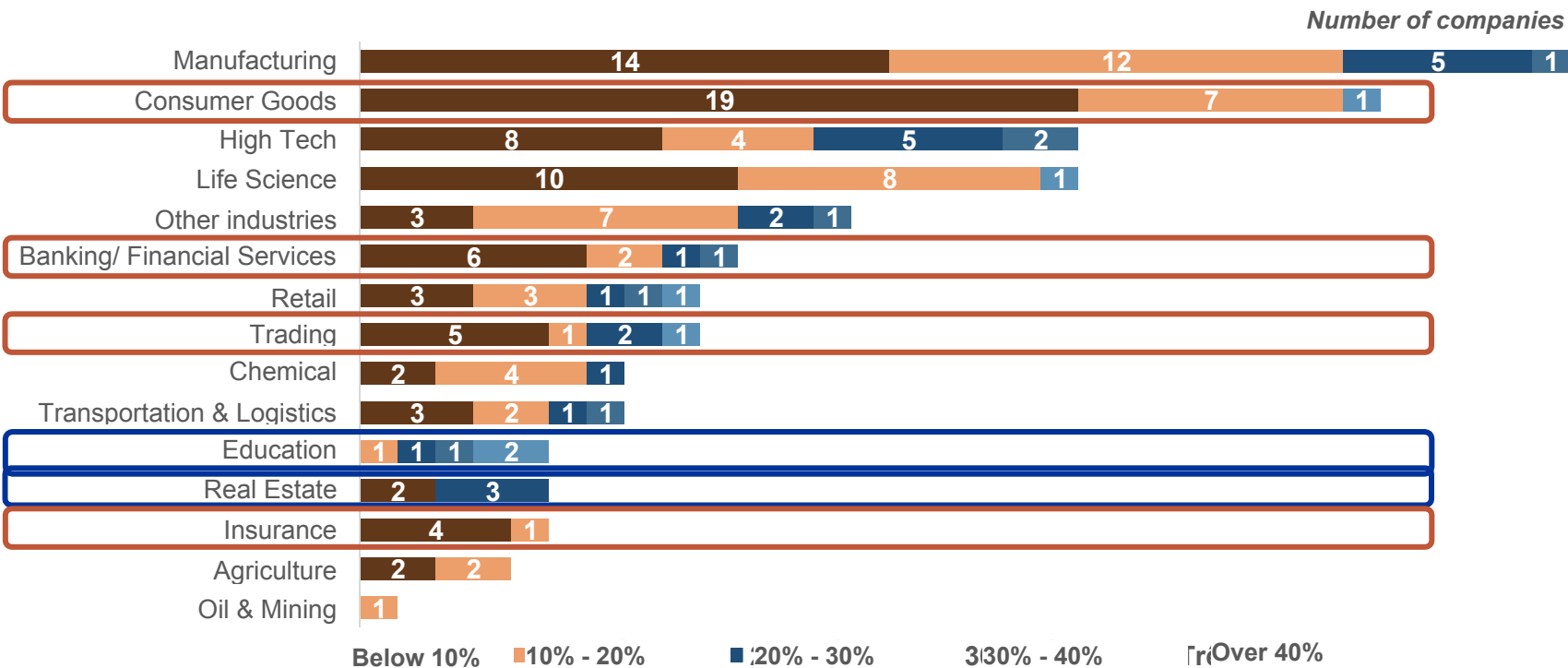
# What is an estimated change in HR Budget?

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

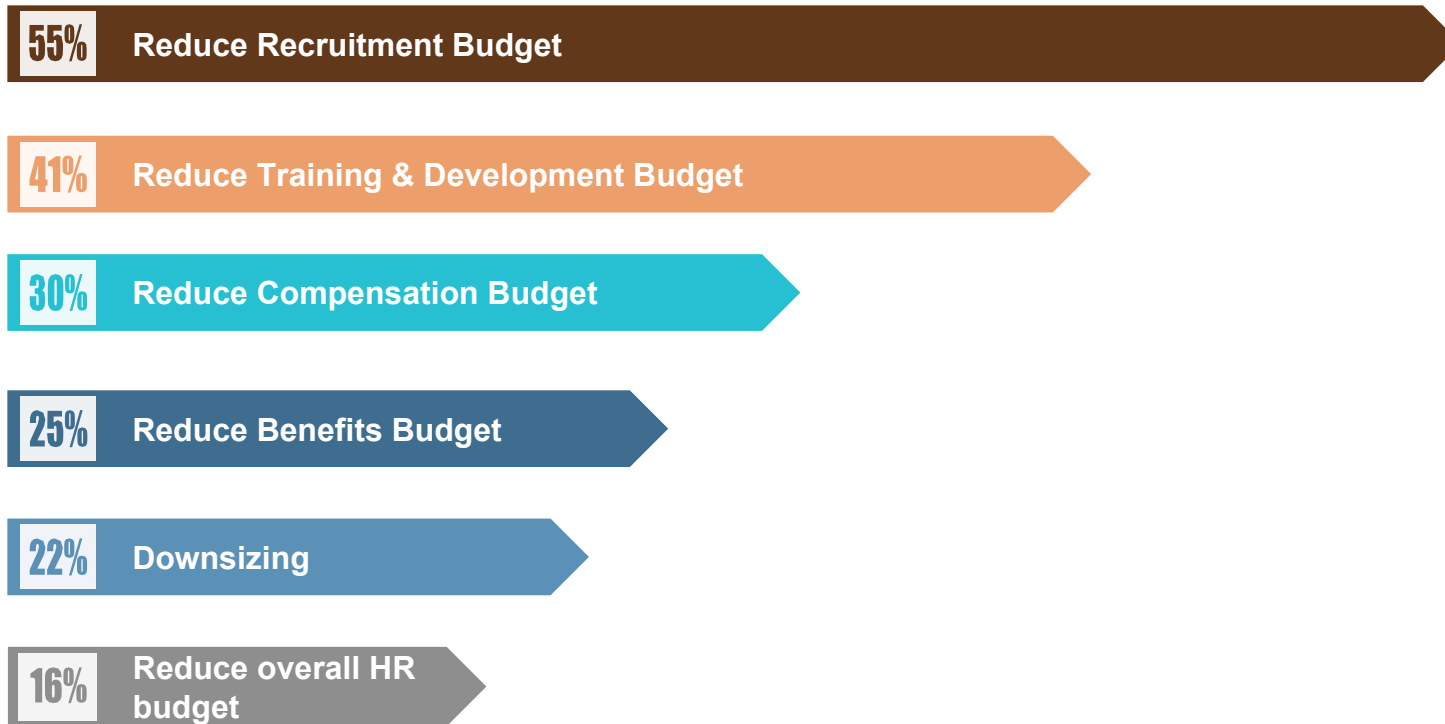
The estimated change in HR Budget is mainly below 10% in Insurance industry, Consumer Goods, Banking and Consumer Finance, Trading, Life Science industries.



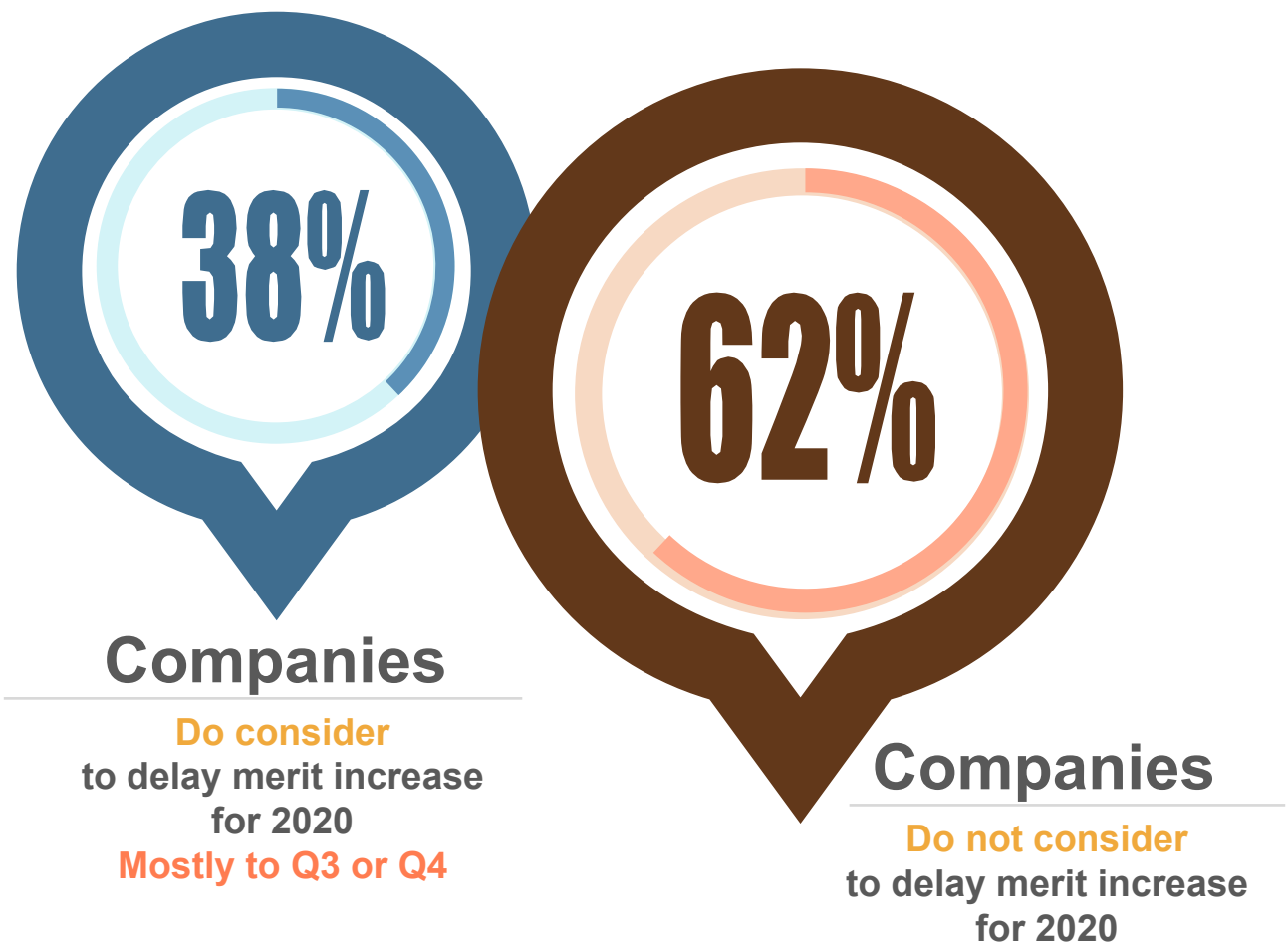
Note: Other industries include Construction, Architecture, Media

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

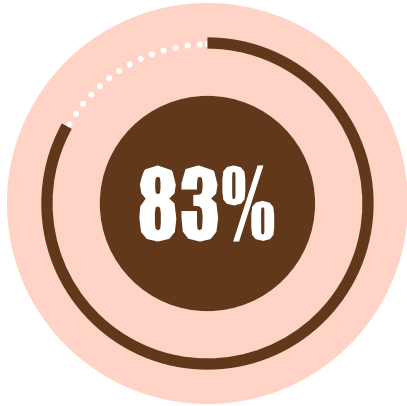
Reduce Recruitment budget and Training & Development budget are the top 2, followed by Reduce Compensation budget and Benefits budget.



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?



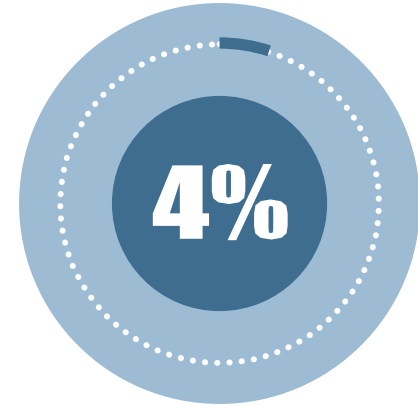
**Companies**

**Conducted bonus  
payout for 2019**



**Companies**

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



**Companies**

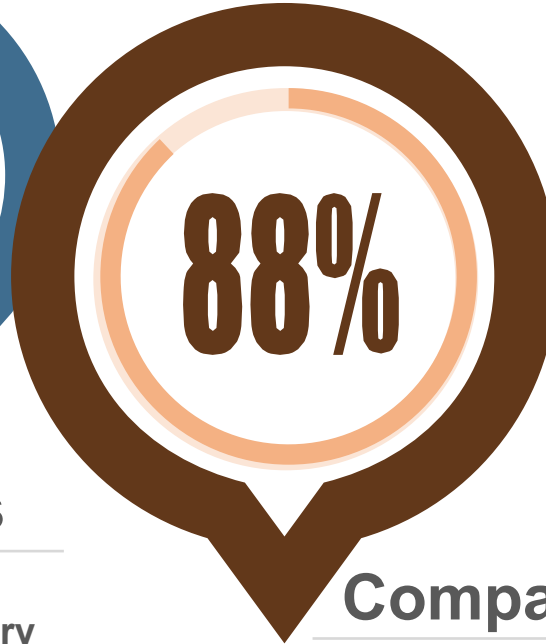
**Do have plan to  
delay bonus  
payout**

## Would your company consider reducing Basic Salary?



**Companies**

**Do consider**  
to reduce Basic salary



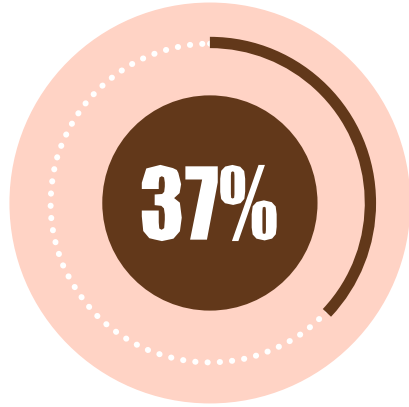
**Companies**

**Not yet have plan**  
to reduce Basic salary

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

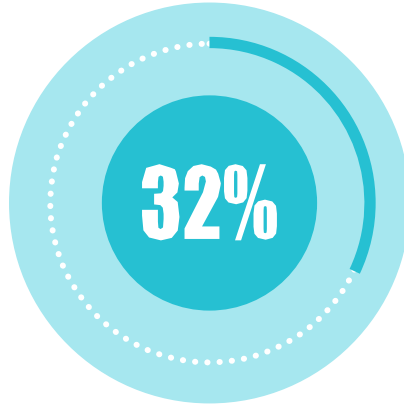


If an employee is **quarantined at home** or in a centralized health facility (within 14 days) due to suspicion of infection and does not work, which of the following option will your company apply as a **solution**



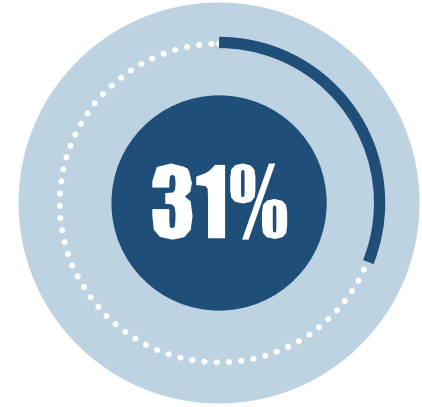
### Companies

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



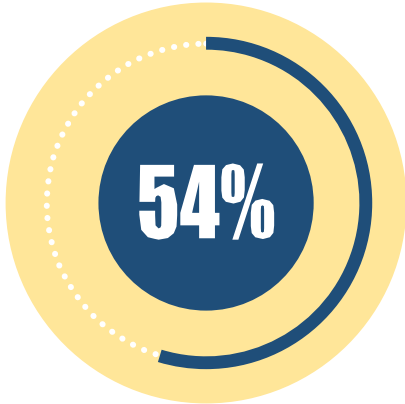
**Companies**

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



**Companies**

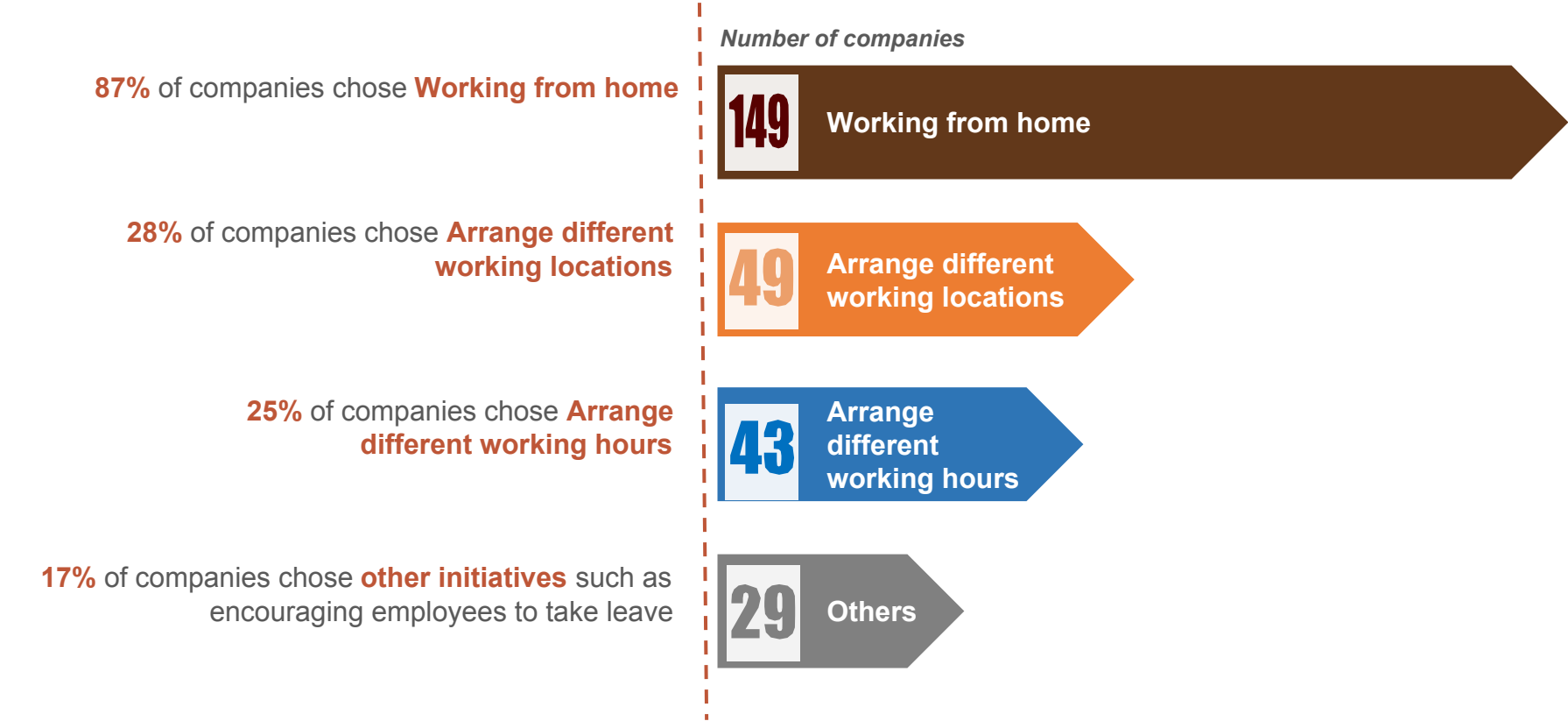
Will pay 100% salary under employment contract and require employees to take annual leave



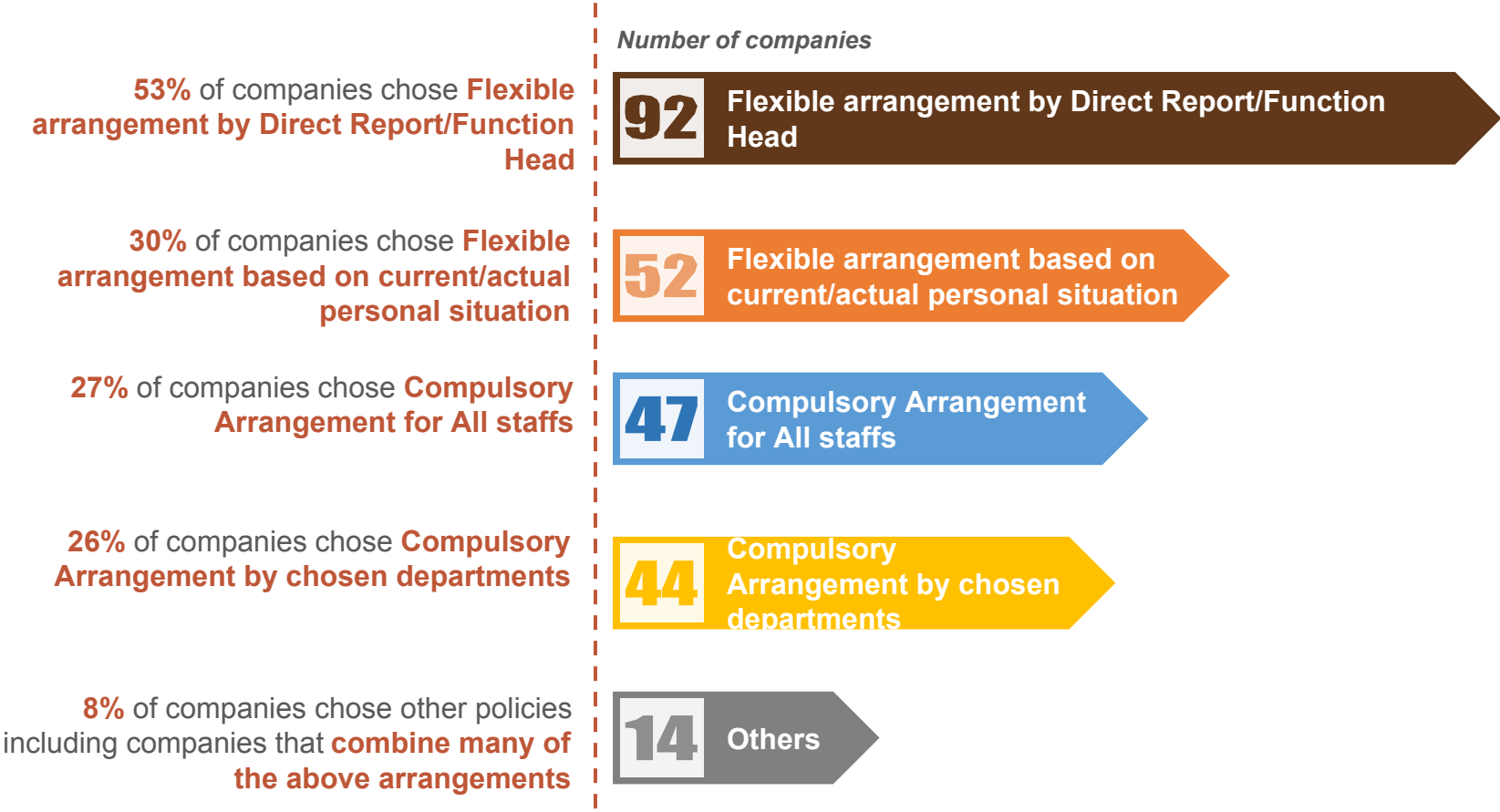
**Companies**

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:

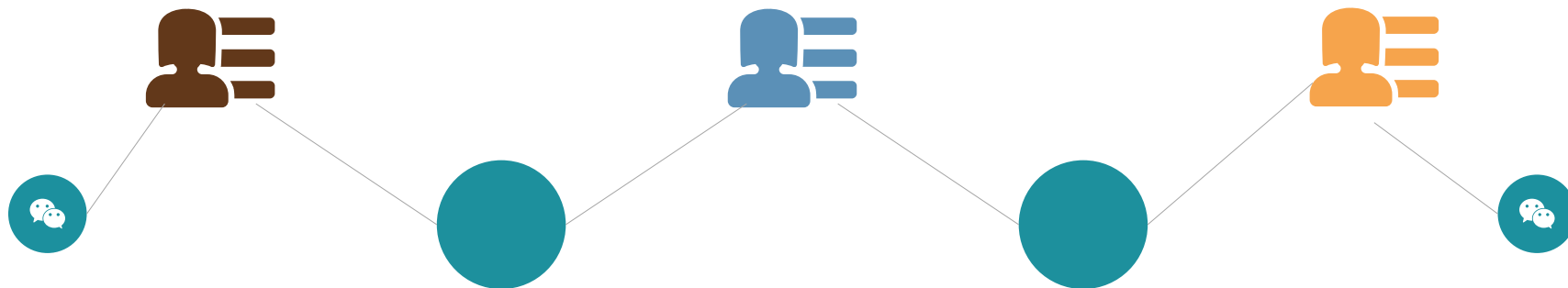
- Create funds to support colleagues experiencing personal financial crisis
- Communicate about job security
- No counting of sick leave until life returns to normal
- Upskill employees in order to enhance their domain knowledge

## 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.



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# HR COST OPTIMIZATION INITIATIVES

April 2020

Presented by Ms. Quynh Phuong  
Director, Human Capital Solutions



# CONTENTS

**01** HR Optimization Focus

**02** Principles & Enablers 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 & competent
- Workforce maximization: balancing btw FTE & Outsourcing/GIG

## Recruitment

- Utilize internal channel, social media

- Strategic partner with recruitment agencies
- RPO

- Strengthen EVP

1

**FORMING/STARTING UP**

2

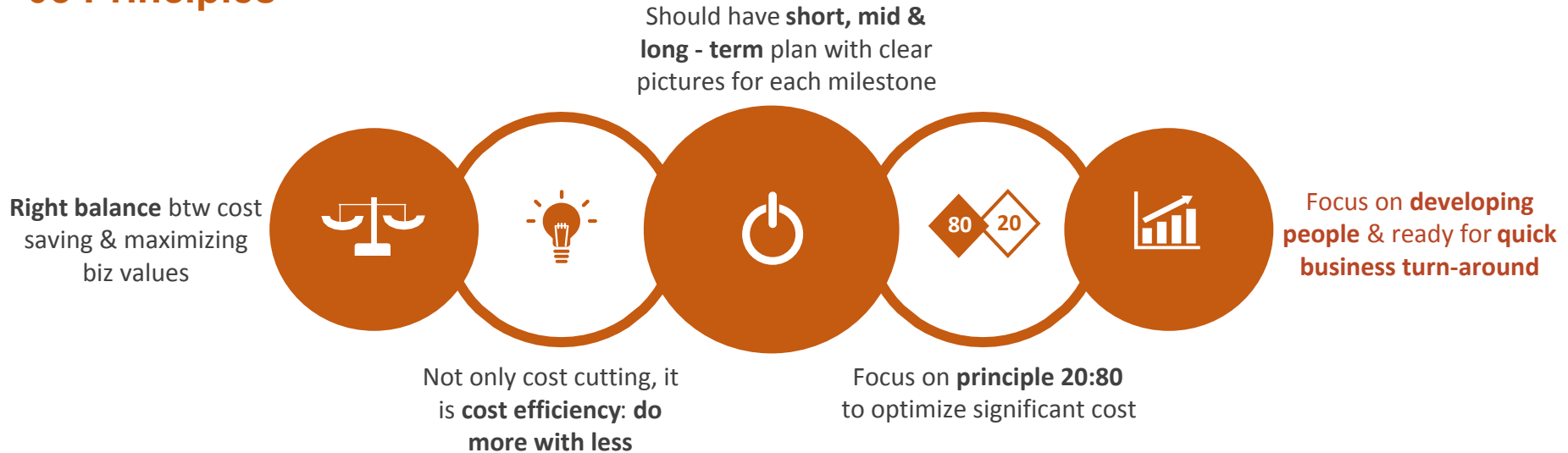
**DEVELOPING/GROWING**

3

**MATURE/  
WELL-ESTABLISHED**

## 2. HR COST OPTIMIZATION

### 05 Principles



### 03 Enablers



**Clear communication** on the purpose & outcome



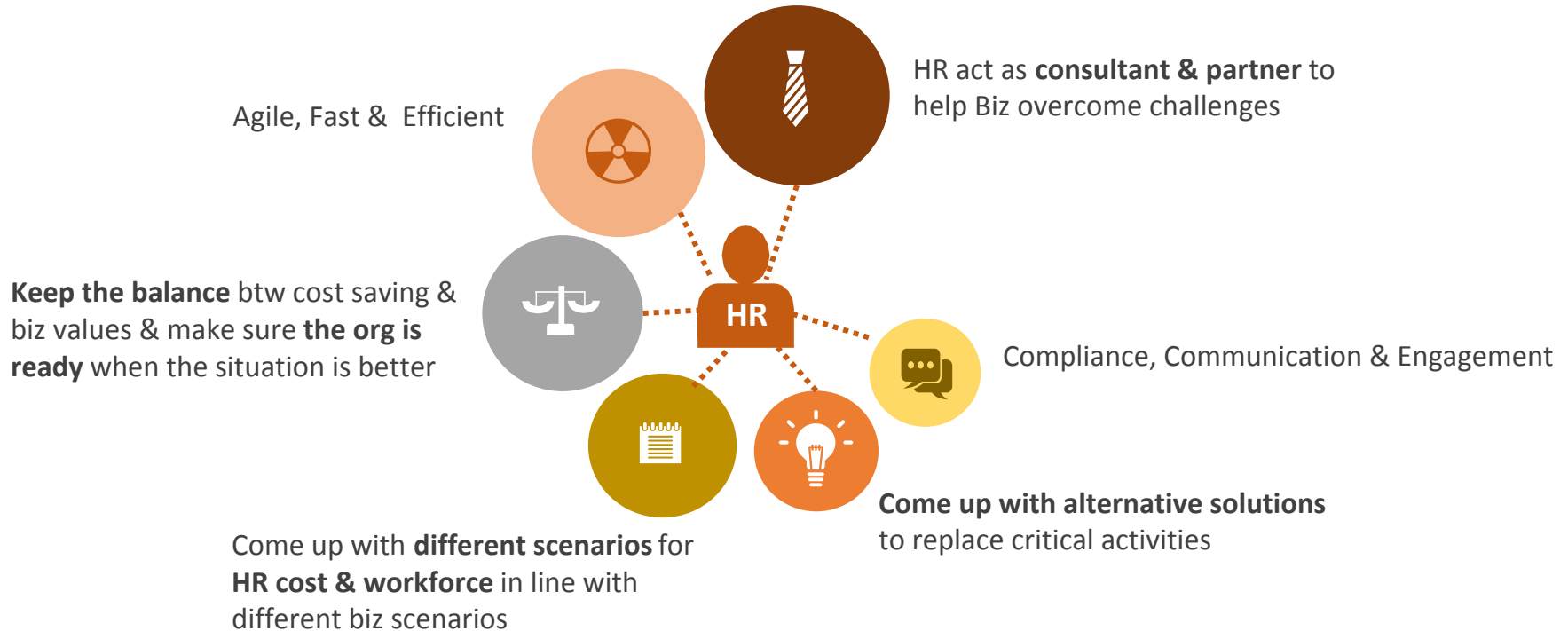
**On-going principle**, not one-off activity



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

## 3a. HR COST OPTIMIZATION

### WHAT VALUES HR CAN BRING DURING COVID-19?



## 3b. 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**

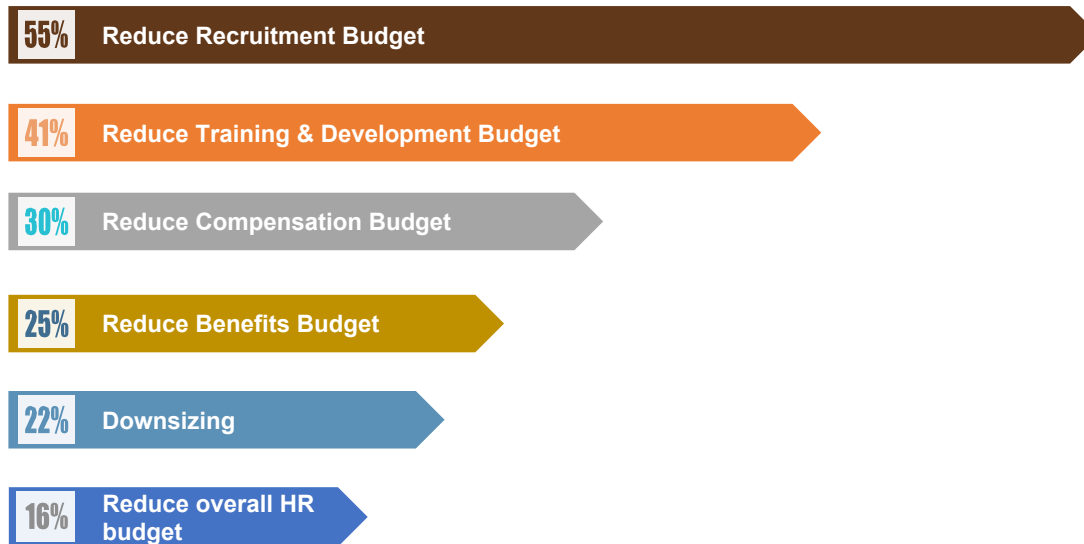
**Previous stages +**

- 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**

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



# BUSINESS ASSUMPTIONS & ACTIONS FROM ONE OF OUR CLIENTS



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



Profit **50%** vs Target

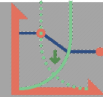


HR Cost Saving: **15%**

- 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

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# THANK YOU