



## APAC Webinar: Navigating Total Rewards through COVID-19

# FAQs



### **Frequently Asked Questions**

#### *General*

**1. How to access the recording for the webinar?**

Here is the link for the [webinar recording](#).

**2. Could you please share the link to the Mercer's COVID-19 global survey?**

Please visit <https://www.mercer.com/our-thinking/career/covid-19-global-survey-coronavirus-impact-to-global-market.html> to participate and view real time survey results for Mercer's current global spot survey relating to the impact of the coronavirus.

#### *The economic impact of COVID-19 and managing the response*

**1. What is the reason for positive 2020 GDP forecast for China and Taiwan?**

As per IMA Asia's April forecast, the COVID-19 pandemic will severely affect economic growth across all countries in Asia Pacific. In the APAC region, only China and Taiwan were forecasted to have a positive GDP growth for 2020. China is projected to recover gradually starting from Q2 and have a GDP growth of 1.6% for this year owing to its domestic demand. Taiwan's GDP is expected to experience growth of 0.5% in 2020 as it has among the fewest number of COVID-19 cases in Asia and likely strength in its electronics manufacturing exports.

**2. What is the relationship between the GDP and unemployment rate?**

The GDP growth and unemployment rate for any country depends on several factors, but typically, with an increase in the unemployment rate, a country's GDP growth would be lower.

**3. Why Singapore’s forecasted unemployment rate for this year has less impact of COVID-19?**

As per IMA Asia’s April forecast, Singapore along with some other countries in the APAC region will be able to limit unemployment due to various factors including government budget funding capacity, existing and emergency unemployment schemes, and policy focus on “demand side” measures (i.e. keeping people employed).

**4. You mentioned special flexible working hours i.e. reduced operating hours. Can you share more details?**

During current times, employers can introduce flexible working hours or “time-banking”. In this arrangement, the employer reduces the working hours of the employees while business is slow, creating a ‘time bank’ of unused working hours which can be used later to offset the increase in working hours in subsequent periods. Please do refer to your market’s union and labour legislations before implementing such arrangement.

**5. Can we assume that percentage of attrition will be lower due to the hiring freeze policy?**

Attrition rates may vary by market, industry and career level, but in the current circumstances, we do expect lower voluntary attrition rates compared to last year.

**6. For the virtual on-boarding graph, are the results collated for Singapore, ASEAN or bigger?**

For the new employees’ on-boarding graph on slide 12, the results shown are for the APAC region.

**7. What could companies do to attract new hires during lockdown periods?**

Please refer to the article [How Companies Can Approach Recruiting During Coronavirus](#) for some insights and best practices.

**8. Can you please tell more about Work Life Grant implemented in Singapore?**

For details, please refer to the Singapore Ministry of Manpower (MOM) website at: <https://www.mom.gov.sg/employment-practices/good-work-practices/work-life-grant>

**9. What is the Wage Subsidy Programme implemented in Malaysia?**

For details, please refer to the Malaysian Government website at: <https://www.perkeso.gov.my/index.php/en/wage-subsidy-programme>

**10. Has Mercer consolidated any information regarding government announcement related to COVID-19, e.g. lock down time, subsidy, across different markets in APAC? If yes, where can I find it?**

Yes, you may refer to Mercer’s [Roundup: Coronavirus \(COVID-19\) updated resources for employers](#) for global as well as by country information.

## *Exploring different compensation practices under current circumstances*

**1. For companies that are reducing salaries in view of the current situation, do we have a view of what percentage and if the percentage differs by career level?**

The percent reduction in salary, for companies implementing it due to COVID-19 pandemic, can vary by market and by industry. In addition, it does differ by career level with executives and top management generally taking the biggest hit while protecting professional and support employees.

**2. Have you seen organizations revising their merit increase budgets (particularly organizations with a compensation cycle of April to May and July to June) post the covid-19 outbreak?**

Yes, some companies have reported reducing or considering to reduce their salary increment budget for this year from the original plan due to COVID-19 outbreak.

To get an up-to-date salary increase data, participate in Mercer's [Salary Movement Snapshot \(SMS\)](#) survey. [Learn more](#) about this survey.

**3. How Mercer will advise on salary ranges review/design for year 2021, with the consideration of the COVID-19 impact to market?**

Each organization will base its decision on hiring and pay practices throughout 2020, depending on the industry opportunities, country status and individual performance of the company. Therefore reliable compensation survey data will be more important than ever to build your salary ranges and design.

Mercer realizes that changing times require revised data and updated decisions. For participants of Mercer's annual compensation survey, we are pleased to announce that we will be asking participants to share their reactions to the pandemic outbreak, focusing on policies and practices in compensation and benefits.

With access to this most recent data, Mercer will be able to provide additional information on changes to variable pay, salary adjustments, flexible working arrangements, turnover, hot jobs and more in the form of a **Special Edition** report, which we will offer free of charge.

This is not another COVID-19 spot survey. The results will provide the basis for a report offering reliable information on how these policies and practices have been affected by the pandemic. Most importantly, in conjunction with annual survey results, it will serve as a **critical resource for 2021 for any of your pay design projects**.

**4. Can you elaborate more on actions and plans on base pay, bonus, and sales incentives separately?**

Many companies are prioritizing **empathy first where feasible** to best position themselves to gain market share when the economy improves. Retaining as many employees as feasible with the **right talent** in the **right roles**, motivated by **aligned incentives** will be critical.

In case more cost containment is needed, where possible **start with deferrals** (delayed merit / bonus payments or pay freezes) versus pay reductions. Depending on the cost reduction required, explore **voluntary options for reduced schedules** for non-essential staff (e.g., 30-60-90 day reduced schedules at 60% or 80%). Be **transparent about impact to business**, and **set expectations** regarding the change required and timeline,

with an acknowledgement of uncertainty. We recommend **holding major action on incentive plans**, until economic impact is more certain.

For sales incentives, the following actions can be considered:

- Calibrate quotas/goals to **better reflect the current demand situation**
- Provide a compensation **guarantee or draw based upon historical pay and performance**
- Adjust payout tables, **especially thresholds, upside acceleration and caps**
- Implement **activity** measures and shift to **quality measures** such as customer satisfaction
- Introduce/put more weight on **team/regional performance** measures

Lastly, companies could consider launching an **aligned special incentive/contest and recalibrate recognition programs** for alignment with the current situation.

**5. What is the rationale for providing extra compensation like for example hazard pay?**

Some companies are paying extra to their essential employees who are required to work on-site. It is usually a temporary pay premium for operating on the frontline to promote continuing to come to work and rewarding risk and additional responsibilities. Some practices that companies are implementing are increased hourly rate, increased overtime rate, special bonus / lump sum, temporary hazard pay, adjusted incentive/commission targets etc.

**6. For allowance of sales employees like meals/transport related to their customer visits, are other companies suspending these allowances given lockdown in most countries?**

We have not seen many companies making changes to their allowances as the lockdowns are temporary and sales employees will be expected to visit clients again soon. In the meantime, we have seen companies encourage their employees to repurpose these allowances for a better remote working experience, e.g. to cover for additional call cost / internet expenses or a home office set up.

**7. Are there any companies delaying or cutting the payout for 2019 performance bonus due to the COVID-19 outbreak?**

While most of the companies gave out their 2019 performance bonus as planned, few companies have revised down their 2019 performance bonus budget or delayed the payment due to COVID-19 outbreak.

**8. What is your view on long-term incentive during this period? Should companies continue, reduce or even temporary suspend?**

You may refer to the Mercer article at <https://www.mercer.us/our-thinking/managing-novel-coronavirus/managing-incentives-during-uncertain-times.html>.

**9. Are companies applying pension contribution holidays for its employees?**

Reduced pension contributions have a long-term impact with often overlooked consequences to savings later. We have not seen many companies apply this practice. Some governments (e.g. in India) have opened up options to withdraw some of the retirement savings for specific additional purposes (and within strict limits) or allowed for earlier retirement (Australia).

## *Managing people practices in these difficult times*

### **1. What wellbeing programs have other companies introduced to employees?**

We have talked about different programs related to physical, mental, emotional and financial wellbeing in our webinar. You may also refer to the Mercer guide: [Ten considerations to support your workforce](#).

### **2. What are companies doing to help keep the employees working from home sane and engaged?**

Please refer to slides 30 and 31 of the webinar deck for ways to ensure employees are engaged and mentally resilient while working virtually. In addition, it is important to develop a comprehensive [communication](#) strategy to ensure that everyone is aligned. Please reach out to one of your Mercer consultants if you would like to learn more on employee engagement.

### **3. What are the practices at hand of companies to measure work from home productivity? What are the best practices to address productivity concerns?**

Please refer to the Mercer article: [Flexible and Adaptive Working during COVID-19](#) for immediate actions your company can take and to know more about Mercer Flexi-work Toolkit.

### **4. Is there any best practice/resources to manage children for parents working from home?**

You may refer to the Mercer article at <https://www.mercer.com/our-thinking/help-i-m-working-from-home-tips-for-a-productive-new-groove.html> for some useful tips while working from home.

### **5. Have you seen any special treatment for annual leave utilization e.g. extend period for taking leave before forfeiture, forced leave during Circuit Breaker / Movement Control Order / Lockdown?**

We have seen companies take different actions on leave policies. On the one hand, some companies have extended the time period and/or number of days for leave carry-forward, as their employees have indicated they do not want to take leave at a time when travel and movement is restricted. On the other hand, we have seen the exact opposite, where companies are encouraging their employees to take leave, especially during these challenging times. It is advisable that employees take sufficient leave to rest and maintain their wellbeing. Too much leave carry-over can also place an unnecessary burden on the company's balance sheet. Please do carefully check country legislation on leave practices, in some jurisdictions there are strict rules around leave forfeiture and forced leave.

### **6. How to provide assistance to the contractual workers with respect to health policy who are not currently enrolled?**

Companies can consider providing assistance in several ways, including:

- **Extending wellbeing solutions to contract employees:** Companies can broaden the access of their employee assistance programs and mental health offerings to their contract employees as well. Telemedicine has also been adopted by many

organizations as an alternative way to access medical care while employees are staying at home.

- **Enroll contract employees in insurance offerings:** Companies can speak to their insurers about enrolling their contract employees during this period. There may be some requirements imposed by insurers though, for example:
  - The contract employees are solely working for the organization.
  - The contact employees have to be covered for the rest of the policy year.
- **Offer voluntary solutions to cover them:** Mercer Marsh Benefits team has designed group and individual products that companies can use to extend additional financial support to all employees diagnosed with COVID-19:
  - Corporate offerings – Done at the company level for all employees and can include contract employees.
  - Individual offerings – Company can consider paying for the premiums; they are very inexpensive.
- **Offer allowances in lieu** to cover personal medical insurance that contract employees may have already bought, for example, integrated shield plans.
- **Set aside a fund** to offer medical assistance to contract employees. But this can get quite expensive since there is risk transfer to the insurer and the company will be covering dollar for dollar.

**7. Do you see different practises in different industries?**

Yes, the benefits practices used by companies may vary by industry and by market.

**8. Are there any interventions in the benefits and recognition side of the Total Rewards bouquet which can help in curtailing regular spends?**

As we discussed during the webinar, the runway for this crisis may be long. It will be a bumpy road, with many starts and stops, and that will result in a lot of complexity around managing pay benefits and recognition, both across workforce segments, as well as across locations, as the impact is likely to be uneven. Given the vast amount of uncertainty, it will be critical to shrink decision making and process execution timelines related to interventions. This will ensure you can remain agile as we continue to deal with the crisis.

***Please reach out to one of your Mercer consultants for more details or if you would like company specific advice.***