HUDSON RPO

POST-PANDEMIC PREDICTIONS:

How the most significant corporate experiment of our time has permanently transformed the workplace and talent management practices in APAC.

An original research report. July 2020.

INTRODUCTION

As organisations, we become somewhat complacent and 'safe' when it comes to true and total disruption. While the concept of innovation and transformation excites us, our ambition is often decelerated or restrained entirely by corporate policy and process. This year, a global pandemic provided the impetus for rapid and radical change across organisations of all sizes and industries, unravelling a broad spectrum of traditional talent acquisition and talent management processes.

In 2020, a year we will undoubtedly never forget, what have organisations learned about how they hire, onboard, engage and manage talent? What are the key takeaways that we will carry across into a post-pandemic workplace? From operations through to employee health and wellbeing, organisations have been pushed out of rigid and traditional practices and forced to work in ways that may never have been explored, had it not been for COVID-19. And with undeniable hardship, we hope there will be learnings that will create positive change for both employees and organisations as well as generate corporate agility long into the future.

Our business is built upon the strength of our client partnerships and candidate relationships across a diverse range of embedded teams (both on-site and off-site). During this time, we have continued to partner closely with our stakeholders to navigate and understand the similarities and differences across regions and industries as to how organisations have responded to rapid and unprecedented change.

Our breadth of clientele and diversity of industry has given us a unique opportunity to look at the Asia Pacific region and discover common themes across the three overarching tenets of talent management; how you hire and onboard talent, how you engage talent, and how you retain talent. We wanted to present a series of discussions based on our key findings, to help unpack some of the ways we believe workforces will make permanent change, post-pandemic. So with that in mind, we set out to answer three questions.

What are companies doing differently to hire and onboard staff?

What are companies doing differently to engage and motivate staff who are largely working from home?

In an environment where companies may have falling revenues, what are they doing to reduce staff costs while trying to save as many jobs as possible?

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PREDICTIONS – AT A GLANCE

WHAT WORKED ONLINE, WILL STAY ONLINE

Virtual processes are here to stay. From interviewing to onboarding through to the way we consult with stakeholders, digital recruitment will be normalised and often preferential.

RISE OF THE GIG ECONOMY

Contingent workforces will continue to grow, as permanent headcount will be considered a risk factor. Gig-style employment will render organisations more nimble and agile during economic volatility.

SPOTLIGHT ON INTERNAL TALENT

Good people offer a competitive advantage and there will be a continued effort to develop the framework to support, coach and upskill internal talent. Internal capability and mobility will be bumped up the priority list.

ACCEPTANCE OF FULL 'FLEX' SPECTRUM

Flexibility in all forms will be non-negotiables moving into the workplace of the future. Recalibrating 'flex' offerings will be imperative to attract and retain current and future talent.

POSITIVE EXPERIENCE IS PARAMOUNT

Delivering exceptional candidate and employee experiences will be salient in sustaining a competitive advantage over the talent market. Being memorable (for the right reasons) has never been more important.

TRANSPARENCY WILL LIFT EMPLOYER BRANDS

Corporate transparency across external and internal communications will be important in captivating the attention of talent and building a strong employer brand moving into the post-pandemic workforce.

WORKPLACE TECH IS ON THE RISE

Ensuring workplace technology is optimised from an employee and talent management perspective will be pivotal in successfully transitioning into the new way of working.

DISCRETIONARY SPENDING FRUGALITY

From staff travel to office expenses, overhead costs will be heavily scrutinised over the coming years. When entire workforces go back to BAU, our discretionary spending will not.

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INTRODUCTION

Globally, companies had to re-think entire recruitment and onboarding processes overnight, with governments and governing health bodies declaring shutdowns across our most prolific CBDs.

Across industries, the success and ability to continue to recruit and onboard staff virtually has been of varying degrees. What is consistent, however, is that COVID-19 both elevated efficiencies as well as exposed inadequacies across recruitment and onboarding, likely influencing the evolution of these processes well into the future.

> *COVID-19 both elevated efficiencies as well as exposed inadequacies across recruitment and onboarding.*

IT'S NOT ALL BAD NEWS

Several industries have fared well through COVID-19 and have continued to hire at normal or above normal levels. Many of us have seen the large hiring drives undertaken by large FMCG organisations for example. But other sectors have also performed quite well during the crisis.

In the early stages of the pandemic, some of our Pharmaceutical clients experienced an initial boost in sales and therefore minimal impact to recruitment volumes. However since, we have seen a drop in recruitment numbers and an overall cautious approach to hiring which we expect to continue into 2021.

The financial services, insurance, utilities, online retail and telecommunications sectors have also performed well with steady ongoing hiring even during the worst of the pandemic.

Some Australian companies with off-shore customer service or corporate support teams have had to reduce reliance on off-shore teams, in favour of expanding their on-shore teams which boosted hiring locally.

Across key hubs of Hong Kong and Singapore, precautions were taken initially to put roles on hold, but most of this hiring was reinstated soon after. Singapore and South East Asia hiring has rebounded quite well, while hiring in Hong Kong, significantly affected by the domestic riots, continues to track below normal levels.

> **" *An uplift in hiring came from internet, e-commerce and gaming companies.***

China saw limited impact to senior manager and executive level hiring during the pandemic. With the population isolated and working from home, unsurprisingly, an uplift in hiring needs came from internet, e-commerce and gaming companies, as they scrambled to secure digital talent to satiate demand for online entertainment and services.

One company hired 2,000 Assistant Teachers and 600 Editors in just six months to cope with increased demand. In short, recruitment teams have had to act nimbly and move resources to areas of greatest hiring needs.

RECRUITMENT SLOW-DOWNS

For organisations hardest hit by the pandemic, particularly aviation, tourism, bricks and mortar retail and hospitality, hiring came to an abrupt halt. In many cases, complete recruitment freezes were implemented along with widespread stand downs and/or redundancies.

In China, although senior management hiring continued, entry to middle management level hiring slowed significantly, particularly across retail, automotive, aviation, manufacturing and chemical industries.

Many Australian organisations have had to place either partial or complete recruitment freezes across their businesses. We found smaller organisations more likely to impose complete recruitment freezes over recruitment slow-downs.

> *"It was amazing how technology was used to make the recruitment process smooth and efficient."*
> *- Candidate, Australia*

We also saw some excellent cross company co-operation, with large companies which were downsizing (such as those in Aviation) partnering with large companies who were facing massive hiring peaks (such as the supermarkets).

In these scenarios, talent was shared or seconded to place workers in new roles. Most organisations which took this approach leveraged specific technology to aid this rapid process.

The use of these specific recruitment tools will likely trend upwards as organisations realise the benefit of cross-company talent sharing. Now is a reminder of the importance of staying abreast of the latest recruitment technology. This type of cross-company talent sharing has rarely been seen before, but it was refreshing to see the emergence of corporate benevolence and we hope the practice is here to stay.

INTERNAL MOBILITY

With sharp declines in external hiring demand across the board for industries hardest hit, many companies focused on internal hiring and redeployment of their existing talent to other positions. Internal selection practices are typically formal and consume a lot of time, money and effort.

Internal selection processes are often done in parallel with external sourcing efforts. However, during COVID-19 we saw many companies forgoing external hiring in favour of strict 'internal only' processes and relaxing strict assessment protocols to redeploy talent, often before the employee may previously have been considered 'ready'.

We have seen companies focusing their attention and resources instead on training, coaching and enhanced managerial oversight of newly promoted or seconded employees. We think this is a positive change, which Hudson RPO has long been advocating with our clients and a trend we hope will continue to develop.

VIRTUAL HIRING

In most instances recruitment was completed entirely virtually, using video conferencing and online tools to complete interviews. Recruitment teams also created more resources for hiring managers and candidates in order to prepare them for adapting to virtual recruitment, offering tips and tricks for completing video interviews.

> *"Hudson RPO's video interviewing technology saved us time, money and most importantly, maximised the quality of our candidates."*
> *- Clarivate*

Most organisations disclosed little to no impact on the experience associated with virtual recruitment, which begs the question – do all face-to-face interviews need to be in person? Can organisations cut hiring manager and candidate travel time down by continuing to leverage virtual tools?

ONBOARDING

How do you welcome and integrate new employees into the workforce when there is little to no ability for physical interaction? Quite well, according to many organisations. While employers routinely look at ways to improve candidate experience and operational excellence, the pandemic forced recruitment and HR teams to uproot entire onboarding processes overnight to maintain social distancing.

With multiple limitations to consider, and rapidly changing rules and regulations, it is the most dramatic disruption to onboarding that we have seen in our time.

VIRTUAL ONBOARDING

Predictably, most companies across Australia pivoted quickly to implement a virtual onboarding process where possible, suffering minimal disruption.

For some organisations who were in the enviable position of having existing options for remote onboarding it was simply an exercise to modify the program to accommodate all new hires. In contrast, those companies without an existing program were quickly forced to implement online programs for their new starters.

Most organisations were able to introduce an entirely remote onboarding experience but for those who had challenges with IT set up, a variation of online and face-to-face was designed. These options included IT device pick-up and set-up at local offices, usually including a brief 'meet and greet'.

Companies also provided the option to have equipment couriered, particularly if new starters felt uncomfortable or were at an increased health risk. All organisations provided additional onboarding resources to support their new hires including step by step guides and other useful resources.

ENHANCING THE NEW STARTER EXPERIENCE

Many organisations embraced remote onboarding with a keen eye on maintaining, and in some cases, elevating the new starter experience. With a focus on providing 'hyper-care' to new starters in the critical weeks post start date, many introduced initiatives such as team welcome virtual events through to regular online catchups and activities.

Some organisations noted that new starter satisfaction scores had increased, remarking that new starters felt an overwhelming sense of team and camaraderie during an unprecedented time of societal adjustment.

> **" New starters felt an overwhelming sense of team and camaraderie during an unprecedented time of societal adjustment.**

Whilst anecdotal evidence suggests this has been largely successful, it is premature to evaluate the true impact on the new hire experience, especially considering many organisations saw partial to complete recruitment freezes and numbers were significantly lower. Additionally, many companies continue to work remotely.

Interestingly, our research uncovered one organisation unable to onboard remotely due to the nature of their business and lack of technology. Their inability to swiftly implement fundamental changes to their existing process resulted in placing all hiring on hold including the onboarding of new staff.

ENHANCING THE NEW STARTER EXPERIENCE CONT.

While this case was a clear outlier, it raises some concerns as to why organisations in a similar situation were unable to respond quickly and how they can ensure this does not happen again.

With most organisations not only successfully implementing remote onboarding processes but in many cases excelling, now is a good time for organisations to assess their agility and crisis management strategies.

Similarly to Australia, business hubs in Asia also experienced a mixture of remote onboarding as well as options to collect technology equipment from local offices.

For remote onboarding, couriers were used to deliver necessary technology equipment, followed by online IT inductions, training and introductions to peers and managers. The transition to predominantly virtual onboarding, saw an increase in a conscious effort to ensure a positive employee experience, leveraging video tools to maintain social interaction, team catch ups and coaching.

> **The transition to predominantly virtual onboarding, saw an increase in conscious effort to ensure a positive employee experience.**

In China we saw companies transition quickly to online interviews and onboarding, mainly via WeChat video interview. From our research, all orientation and onboarding switched to online, and companies made the additional gesture of sending new hires daily personal protective equipment (PPE) and access to counselling, highlighting company values in employee safety and wellbeing.

SO, WHAT DOES THIS MEAN?

Initially, we predict there will be an increase in hiring activity as organisations transition to post Covid-19 business activity, however it is expected that organisations will focus on ways to future-proof their workforce given the uncertain outlook.

> " **A key trend across Asia Pacific, has been a dramatic shift in sentiment around workplace flexibility.**

Flexibility will be a key aspect of recovery and adjustments to permanent headcount may be undertaken. It is likely that organisations will increase their contingent workforce with a view to exercise more flexibility and control.

As companies begin to remove hiring freezes, we can expect to see increased scrutiny over what is deemed 'essential' hiring as organisations focus on cost containment and understanding what their workforce of the future will look like.

Essential, frontline and revenue generating roles will continue to be the primary hiring need for the immediate future whilst assessment of the new normal is undertaken. We also believe that workforces will look to bolster their headcount across technology (in particular, workplace technology) as well as risk and resilience-based roles.

When social distancing becomes but a memory and workplaces revert to more traditional recruitment and onboarding programs, we predict that elements of remote processes will be carried over post-pandemic.

Given the ease, practicality and efficiencies that many organisations have experienced from moving their recruitment and onboarding processes online, we believe that many organisations will make permanent changes, moving much of the detail to online platforms and refining complex processes.

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SO, WHAT DOES THIS MEAN?

We also believe that many larger corporations who routinely carry out face-to-face interviews with international or interstate candidates, will look to continue using virtual interviewing as they benefit from both cost and time optimisation.

> ## *Geographical dispersion was merely a perceived issue.*

With organisations realising geographical dispersion was merely a perceived issue that can be eliminated by our learned-proficiency in using virtual tools (e.g. Zoom), recruitment will become more efficient and effective for interstate or remote candidates.

For organisations who faced challenges with remote IT set-up, inhibiting their ability to swiftly respond to social distancing, technology will be a clear priority. We predict that organisations will review their technological agility which may result in significant investment in order to mitigate future risk.

Additionally, with many organisations looking to permanently increase their flexible work options, preparing for the new normal will involve a strategic review of the recruitment and onboarding technology stack.

Our research suggests that organisations became overly conscious about maintaining not only an efficient onboarding process, but one that would ensure a positive and engaging candidate experience. With an overriding fear of losing talent through a disjointed and isolated onboarding process, organisations have reported that their online adaptation to onboarding became even more structured and thorough, logistically and socially.

This could be considered a positive outcome from COVID-19, and organisations have likely exposed inefficiencies in their existing onboarding practices that will require continued attention moving forward.

Though it is too early to truly measure the new hire experience during COVID-19, it has set a new standard for candidate and employee care. Regardless of whether onboarding processes resume entirely or partially online or in-person, employers have re-ignited focus and discussions regarding the worthwhile investment of a heightened candidate and new hire experience. The task will be finding the right balance between ease, practicality and cost against optimal employee experiences.

Organisations have acted quickly to implement new processes with little time to reflect, plan or be halted by organisational barriers. A heightened attention to social integration at the onboarding stage has illuminated the importance of creating positive employee experiences and increasing advocacy for employer brands.

With an abundance of uncertainty in the employment market, candidates have become increasingly sensitive as to how prospective employers can provide safety and stability during volatile economic conditions.

Candidates will now, more than ever, be interested in understanding organisational resilience, financial stability and how employers supported their staff during COVID-19.

It will be organisations that were vocal and transparent about their pandemic response, coupled with strong people strategies which will capitalise on an increased brand strength amongst top talent.

PART II: WHAT ARE COMPANIES DOING DIFFERENTLY TO ENGAGE AND MOTIVATE STAFF WHO ARE LARGELY WORKING FROM HOME?

INTRODUCTION

While most organisations have previously considered ways to engage and motivate staff across varying initiatives, it was a global pandemic that created the overnight urgency to elevate many aspects of employee engagement programs.

We found that across Asia Pacific, organisational efforts to engage and motivate staff while working at home could be described across four key pillars.

> *Many organisations have also created a wealth of resources for employees to help them create ergonomic home offices.*

HEALTH & WELLBEING

Health & wellbeing has been an increasing area of focus over the past few years, however it's quite apparent that efforts have significantly increased since teams have been forced to operate from their homes.

In the face of a global health crisis it has been in the best interest of companies to actively ensure health & wellbeing remains an important, if not *the* most important concern. Transitioning initiatives that have previously been heavily reliant on face-to-face interactions have had to pivot overnight to virtual means.

What we have observed is an increase in fitness offerings such as yoga, pilates, meditation and various other activities.

Many organisations have also created a wealth of resources for employees to help them create ergonomic home offices, encourage frequent stretching as well as materials and more online access for mental health tools.

Organisations in Asia were also frequently sending care packages to employees as gestures of goodwill. Many of these packages included vitamins, masks, hand sanitiser, healthy snacks and fitness equipment, such as skipping ropes. This trend was less frequently mentioned from Australian companies.

> **" *Employers who previously did not promote or endorse working from home had to overcome significant practical and cultural challenges.***

FLEXIBLE WORKING OPTIONS

By far the biggest change was the wholesale move to working from home. This was a relatively painless transition for many organisations which had already embedded flexible working as part of their business operation and culture.

Employers who previously did not promote or endorse working from home had to overcome significant practical and cultural challenges, ensuring employees had the tools and resources to work from home efficiently. In addition, organisations needed to equip managers with the tools and insights to manage remote workers as well.

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PART II: WHAT ARE COMPANIES DOING DIFFERENTLY TO ENGAGE AND MOTIVATE STAFF WHO ARE LARGELY WORKING FROM HOME?

FLEXIBLE WORKING OPTIONS CONT.

For the most part, results have been impressive. Many companies have seen productivity either maintained or, in some cases improved, with long commutes avoided and employees relishing the extra flexibility working from home provided.

In China, we saw several companies which had previously not endorsed working from home as BAU, now encouraging employees to work from home one day a week, and senior managers leading from the front, helping to 'normalise' the new way of working.

In addition to working from home, employers have been open to flexible working hours, so that individuals can balance home life with work requirements. For example, employees with children have had to navigate home schooling and working from home, so the option to work adjusted hours (i.e. not 9 to 5) has been an additional way that employers have helped their workforce adjust.

Again, many employers were already on the trajectory to true workforce flexibility, but COVID-19 has accelerated the acceptance of all types of flexible work practices. With flexibility now replacing money as the leading criteria for job seekers, we believe this change is here to stay.

WORKPLACE TECHNOLOGY & TOOLS

Many companies invest heavily in workplace technology and tools, however since COVID-19 and remote working, it is only now that many organisations are truly using these tools in the optimal way and as they were prescribed.

> *We have quickly grown to rely on digital platforms to foster collaboration – truly embracing these tools and the technology that may have been overlooked as day-to-day resources.*

Across all industry sectors, both large and small, companies have cited a considerable increase in utilising collaboration tools (such as Zoom, Office365 etc.) and internal social media (such as Yammer, Workplace).

With employees removed from their face-to-face, across the desk style interactions, we have quickly grown to rely on digital platforms to foster collaboration – truly embracing these tools and the technology that by many have previously been underutilised. There has also been a shift to video technology acceptance, and more effort being made to connect visually.

Finally, a key trend has been a conscious effort by many organisations to increase the Learning & Development offering to staff. As an effort to both upskill and motivate employees during this time, additional resources as well as external guest speakers and learning tools have been frequently referred to by organisations as part of their engagement strategy.

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PART II: WHAT ARE COMPANIES DOING DIFFERENTLY TO ENGAGE AND MOTIVATE STAFF WHO ARE LARGELY WORKING FROM HOME?

SOCIAL INTERACTION AND COLLABORATION

Workplace culture has largely been relatively social across Australia and Southeast Asia, however adapting to a virtual workforce has meant finding new ways to maintain our relationships from both a professional and social perspective.

Companies have noted more regular catchups (through virtual means) with peers, managers and stakeholders as well as more frequent large team meetings – many organisations citing these are now happening more than once a week.

Despite the physical distance, teams are connecting more than they ever have.
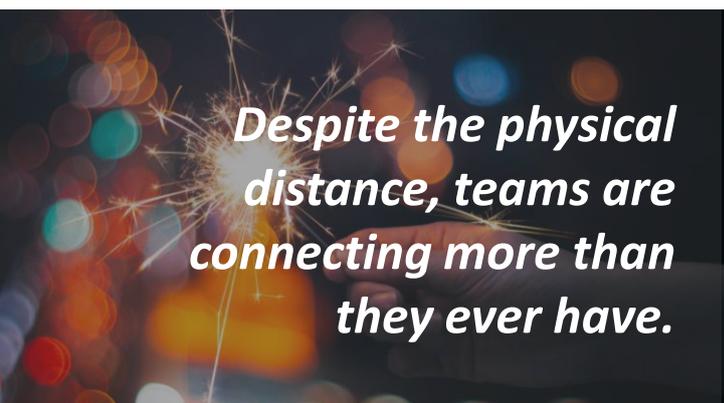
There has also been an increased effort to mix work and personal life, often including kids and families, across a number of activities such as childcare subsidies, family-friendly online classes or social catchups. Despite the physical distance, teams are connecting more than they ever have.

Smaller organisations seem to lead the way for creative social initiatives with popular activities including team trivia, storytelling, photography competitions and cooking classes.

Larger organisations have been focussing on after work virtual drinks and leveraging internal social media platforms to ensure inclusion of all staff. Larger organisations also mentioned that social activities have been managed on a team-by-team basis to ensure connectivity and engagement.

CORPORATE TRANSPARENCY

The final pillar relates to corporate transparency or the efforts made by organisations at the Senior Leadership level to communicate with employees, keeping them up to date with business changes and decisions.

Predominantly across larger businesses (5,000+ employees), CEO's, Managing Directors and Executives have been deploying communications as often as multiple times per week. Pre-COVID-19, communications at this level of seniority were most commonly reserved for significant business updates or special occasions, however in these unprecedented times it has become paramount to employee engagement to remain transparent.

> **" It's important that organisations emphasise their employees' sense of connectedness.**

Organisations, both large and small, have also mentioned the increased frequency of internal communications, providing transparency across the business. This approach has created more connectivity between organisations and their employees. It's been important that organisations emphasise their employees' sense of connectedness to the business with the absence of daily office life.

Across China, a more conservative approach has been observed for employee engagement and motivation. A maintained focus has been on getting employees back into the office as soon as possible, with many companies attempting to have employees maintain working from the office at least one day per week where possible.

Staff engagement and motivation has been predominantly sustained through an increased focus on regular managerial catchups with direct reports. In addition, companies across China have emphasised internal training and development to increase productivity during this crisis.

SO, WHAT DOES THIS MEAN?

A key trend across Asia Pacific, has been a dramatic shift in sentiment around workplace flexibility. Whilst many organisations have offered flexible work arrangements to varying degrees for some time, the overnight mandatory acceptance of full-time remote working has inevitably pushed even more traditional workplaces into accepting it as mainstream practice.

> **" *We believe workplaces are already undergoing strategic efforts to recalibrate their 'flex' policies'.* **

With organisations successfully seeing entire workforces operate from the safety of their homes, it has become undeniable that there is little to no correlation between a reduction in productivity and flexible working arrangements. Some organisations have commented on an increased level of productivity since workforces have introduced working from home.

Not only will current employees be looking to their employers to maintain an ongoing openness towards flexible working arrangements, but moreover prospective candidates will be assessing employers based on their ability to communicate this authentically as part of their EVP.

We believe workplaces are already undergoing strategic efforts to recalibrate their 'flex' policies to ensure they can retain current staff and attract future talent.

Currently, whilst the option exists for companies to reintroduce their staff into the office, the necessary safety measures involved (e.g. increased hygiene and cleaning measures, limits on public transport and office spaces etc.) could have a negative impact on productivity.

Many workplaces have also offered increased flexibility options such as alternate working hours (i.e. working outside of office hours to align to family and personal commitments) – proving that the traditional model of work has, to an extent, become antiquated.

Some companies have already announced that they will not be returning to traditional office-based working, whilst others are actively exploring ways to maintain a full spectrum of flexible work options post-COVID-19.

> *There is little to no correlation between a reduction in productivity and flexible working arrangements.*

With a sudden uplift in usage of workplace technology and more effort being made to connect visually and use collaborative online tools, how has our attitude changed towards the way we use these resources?

These technologies have been around for years however we are now seeing the vast benefits of connecting virtually using technology. Now that we have been forced to turn the camera on, mastered the art of the video call and have a better understanding of collaboration tools, many employees will take these skills with them into the workplace of the future.

It will be interesting to see if workplace technology use continues to increase, as well as how many organisations actively pursue upgrades to their workplace technology. And with more pressure on having up to date workplace technology, we also predict an increase in rigour where technology assessment is concerned – namely from a privacy and security perspective.

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SO, WHAT DOES THIS MEAN? CONT.

Many organisations have bolstered their Learning & Development efforts as well as employee resources, to help employees adjust to the new way of working, and as a way for employees to upskill during this time. These efforts have highlighted how quickly we can provide new tools and resources to employees, which we hope to see continues post-COVID-19.

Something to consider will be maintaining these resources, ensuring that there are custodians of the materials as well as considering a 'one source of truth' approach.

> **" We have now learned to make effortful connections, practice active listening and to take a genuine interest in one-another.**

Another takeaway suggests that teams are encouraging employees to actively share more about their personal lives than ever before.

We've seen consistency across all industries, encouraging employees to share videos/photos of their pets, workspaces, funny stories and even introduce their family members. A positive outcome from COVID-19 has been the level of connectedness and interest in our co-workers.

We have now learned to make effortful connections, practice active listening and to take a genuine interest in one another. Although it is too early to tell with certainty, we believe that many teams will emerge from the pandemic unified and more connected than ever.

Ultimately, workforces have rapidly adapted and found new ways to engage and motivate employees virtually.

It is unlikely that after this global pandemic ends we will revert back to working the way we did pre-COVID-19, but as social creatures we will now be tasked with finding a balance between adapting to an increase in remote working coupled with adequate and meaningful face-to-face interactions.

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INTRODUCTION

In an environment of plateauing or falling revenues, most companies have had to review and action changes to their cost base. Given staff costs are typically the largest single cost in a company's P&L, we saw lots of imaginative ways to save costs while preserving as many jobs as possible.

However, cost-cutting measures can only be so creative before they start to impact people's livelihood, and ultimately, we have seen widespread impact to jobs across Asia Pacific.

> **" Expensive face-to-face training was replaced with more cost-effective online training.**

SAVINGS IN DISCRETIONARY EXPENDITURE

Significant savings in discretionary expenditure was a direct outcome of the pandemic itself. With little or no domestic and international travel, corporate travel and accommodation expenditure was instantly slashed to near zero.

Likewise, spending on corporate social events and staff and client entertainment was also reduced, due to social distancing and isolation measures in place.

Expensive face-to-face training was replaced with more cost-effective online training. Large face-to-face conferences were also replaced with online conferences, often with significant price discounts.

In addition, corporate projects and other discretionary expenditure on technology, infrastructure and facility upgrades, were either terminated or deferred to a later date.

Of course, there were also savings in office costs, including kitchen supplies, office supplies and utilities. In some cases, smaller companies utilising shared workspaces have opted to delay returning to these workspaces until 2021, saving rental fees for the remainder of 2020.

> *We saw lots of imaginative ways to save costs while preserving as many jobs as possible.*

GOVERNMENT FINANCIAL ASSISTANCE

Governments across Asia Pacific provided some level of financial assistance to companies to aid in their ability to retain as many employees as possible.

In Australia, corporates who met the strict eligibility criteria for JobKeeper payments (typically a minimum 30% year on year decline in revenues) received up to $1500 per employee per fortnight.

While this certainly helped many organisations retain employees, it did not help companies experiencing falling profits but without reaching the level of a 30% decline in revenue. Nor did it help those industries in virtual collapse who had to stand down employees, given payments were contingent on companies keeping staff employed.

PART III: IN AN ENVIRONMENT WHERE COMPANIES MAY HAVE FALLING REVENUES, WHAT ARE THEY DOING (IF ANYTHING) TO REDUCE COSTS WHILE TRYING TO SAVE AS MANY JOBS AS POSSIBLE?

GOVERNMENT FINANCIAL ASSISTANCE CONT.

The Singapore Government was quick to introduce an effective support package for all companies, which tied level of financial support to industry sector and number of employees retained.

This scheme covered from 25% to 75% of an employee's salary, to a maximum of SGD $4,600 per month. This has helped many organisations in Singapore keep staff fully employed during the pandemic. Even though Singapore has experienced more COVID-19 cases than other countries in APAC, they have an enviably low unemployment rate of 2.4% as of 15th June 2020.

A similar support package was offered by the Hong Kong Government, again with excellent results in helping to keep employees in full employment.

Although China was the first and arguably hardest hit country in Asia Pacific, the Government support provided to companies was far more modest, limited to two months of rental assistance and deferral of some social insurance payments until later in the year.

SAVINGS IN STAFF COSTS: PAID LEAVE

A frequently used cost reduction strategy by organisations in Australia has been asking employees to reduce their annual leave and long service leave balances.

> *In Australia, many workers were asked to take extra leave, whereas this strategy was less frequently used in Asia because leave does not accrue in the same way.*

This was a win/win, as employees continued to receive their full pay, while taking time off to help home school children, look after elderly parents or just relax. This was a strategy commonly used in Australia, given unused annual leave and long service leave accrues every year for employees.

While we also saw some companies across Asia using this strategy, it was not commonplace given leave does not accrue in the same way in these markets.

We saw many senior executives and managers taking leave but continuing to work during their leave days in order to keep on top of business operations.

Despite Hong Kong-based organisations having an early reaction to the pandemic because of their proximity to the origin of the virus, as a region they have been relatively less affected by the spread of COVID-19.

With that in mind, many workers have been asked to take annual leave, but some of the more aggressive measures have not been necessary.

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SAVINGS IN STAFF COSTS: UNPAID LEAVE

Some companies asked employees to take unpaid leave, which effectively meant employees worked reduced hours for an agreed period. Our research suggests this was a strategy most frequently used in Australia.

Most employees worked 0.9 FTE, 0.8 FTE or in some cases 0.6 FTE, resulting in pay cuts between 10% – 40%. Most organisations combined paid and unpaid leave, so an employee would work 0.6 FTE as an example but be paid 0.8 FTE.

Although less common, some organisations made pay cuts without reducing hours and instead offered other incentives to staff. We heard of one organisation asking employees to take a 20% pay cut now, without reducing working hours, in return for receiving extra annual leave during the December and January holiday season.

SAVINGS IN STAFF COSTS: FREEZE ON PAY INCREASES

Most companies we spoke to across Asia Pacific have implemented a freeze on all pay increases, whether due to merit reviews or promotions.

In some countries, such as China, we saw companies also cancelling their short-term incentive programs (STI bonus). We did not see this as frequently across other countries in Asia Pacific.

SAVINGS IN STAFF COSTS: STAND DOWNS AND REDUNDANCIES

For industries hardest hit in Australia (i.e. airlines, hotels, retail), widespread employee stand downs were a very unfortunate outcome.

Given the criteria companies needed to meet to legally stand down employees, this was a strategy unavailable to many organisations in Australia. Hence, when other cost saving initiatives proved to be insufficient, redundancies were their last resort.

With Australia's unemployment rate at a long term high of 7.4% (up from 5.2% in March) and underemployment rate of 11.7% in June, this was a strategy clearly used by many organisations.

Stand downs were not commonly used across Asia given the different employee regulations applicable, nor did we see many instances of redundancies in Asia due in most part to the excellent government assistance packages available in key markets.

" *Recruitment freezes have been slowly but progressively relaxed since April.*

RECRUITMENT FREEZES AND RESCINDED OFFERS

As mentioned earlier, we saw companies implement recruitment freezes and rescind offers in the early stages of the pandemic while Leadership teams scrambled to understand the full impacts of the pandemic on their people, clients and business operations.

With the exception of the hardest hit industries, recruitment freezes have been slowly but progressively relaxed since April and, although not back to normal levels, all indicators (including job advertising rates) in most countries across Asia Pacific are trending in an upwards direction.

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PART III: IN AN ENVIRONMENT WHERE COMPANIES MAY HAVE FALLING REVENUES, WHAT ARE THEY DOING (IF ANYTHING) TO REDUCE COSTS WHILE TRYING TO SAVE AS MANY JOBS AS POSSIBLE?

SO, WHAT DOES THIS MEAN?

Extreme and immediate cost saving measures have been implemented across most industry sectors due to the impact of COVID-19. And while we hope we have seen the worst of the stand downs, redundancies and imposed salary reductions, it is still too early to tell.

What we do know is that during the pandemic, organisations have found new and creative ways to reduce costs while saving valuable employees' jobs, and those learnings are here to say.

More organisations will consider MSP solutions to bolster staffing needs while also managing risk.

With many companies having to make difficult decisions to stand down staff and in rare cases, offer redundancies, we believe organisations will continue to look at ways to create leaner organisations and introduce more flexibility into their staff cost base.

Restructuring is here to stay, and companies will continue to invest more in their contingent workforce, enabling them to scale resources up and down far more easily than achieved in the past.

Many organisations with large permanent headcount have been ravaged by the pandemic, decimating entire teams. With less risk involved with large contingent workforces, we believe that more organisations will consider MSP solutions to bolster staffing needs while also managing risk.

Based on our discussions about the swift and effective transition to remote and flexible working arrangements, we hope and believe that workplaces will not entirely revert to traditional office-only work environments.

COVID-19 has taught even the most conservative businesses that flexible working arrangements can be highly effective, can help to improve employee engagement and productivity, and should become part of the new normal.

> **" *Do we think companies will revert to pre-COVID-19 travel practices? No, probably not.***

With a new appreciation for flexible and remote working arrangements, many organisations will likely not reach 100% on-site office capacity again. We believe traditional CBD offices will decrease in size over the next few years, reducing overhead costs associated with desks, office equipment, cleaning, security services and of course, utilities.

From what our research suggests, work-related travel expenses will likely decrease substantially post-COVID-19. While there is no substitute for face-to-face physical interaction, we have successfully adapted and proven that business can continue regardless of geographical location.

Organisations spend hundreds of thousands, if not millions, on domestic and international travel each year. Having now experienced work without any travel at all, do we think companies will revert to pre-COVID-19 travel practices? No, probably not. At least not in the same capacity.

Whilst travel will resume in due course, we expect companies will reconsider how much annual travel they deem essential, versus non-essential.

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CONCLUSION

Although we've discussed some unprecedented measures that organisations have taken to evolve rapidly throughout the pandemic of 2020, we must acknowledge that we still haven't seen the full impact on our workforces.

What we can be confident about, however, is that companies have been compelled to create change, and fast.

> **" *Many of us have taken part in possibly the biggest corporate behavioural experiment of all time.***

Whilst this is just the beginning for many organisations to now take a step back and reflect on what went well and what, perhaps not so well, many of us have taken part in possibly the biggest corporate behavioural experiment of all time – authentic agility and rapid responsiveness.

In many ways, functions of recruitment were given a 'free pass' to try almost anything to make sure we could recruit, engage and retain as many staff as possible during this time.

So now the real question is, what efficiencies have you discovered? What inefficiencies have been painstakingly exposed? And what permanent change will you make when it comes to recruiting, onboarding, engaging and managing talent into the future?

If your business is currently navigating any of the issues discussed in this report, or you'd simply like to know more, please get in touch with one of our Talent Experts.

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