Rethinking work, rewards and the employee experience

Asia Pacific insights from the Actions to Restore Stability Survey

As organisations manage through phases of the ongoing crisis, many are recalibrating strategies and programs tied to work, rewards and the employee experience. They are making adjustments to accommodate new protocols in response to COVID-19, but are also still determining what new ways of working will be required as they emerge from the crisis.

For now, the most significant shift has been in the proportion of full-time workers that are working from home: Employers report that the percentage of employees working from home has increased by over 25 percentage points – from 4% last year to 30% currently. Fewer than half of those workers are expected to return to the workplace after COVID-19 passes, leaving 19% of workers expected to continue working from home post-COVID-19.

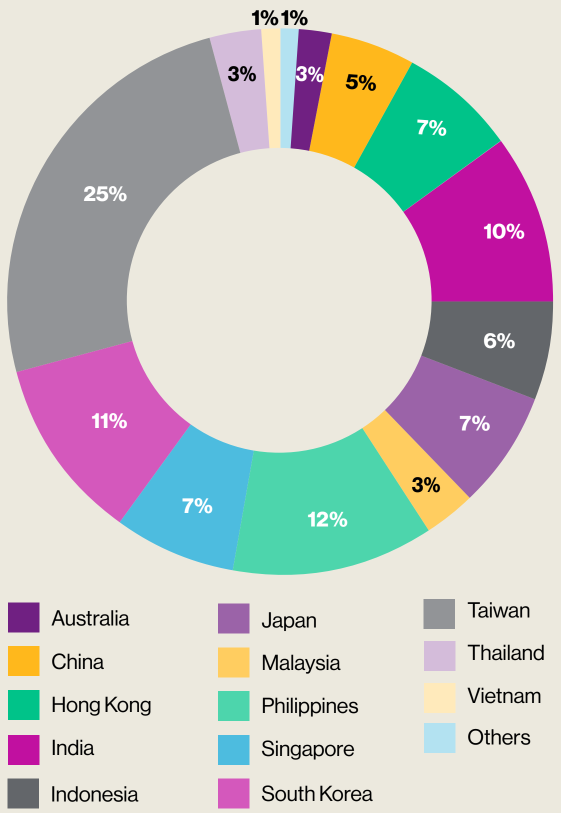
A dramatically reconfigured workplace and workforce will require agile leadership that effectively balances employee and business performance needs, supports new ways of working and powers new sources of organisational value.

About the survey

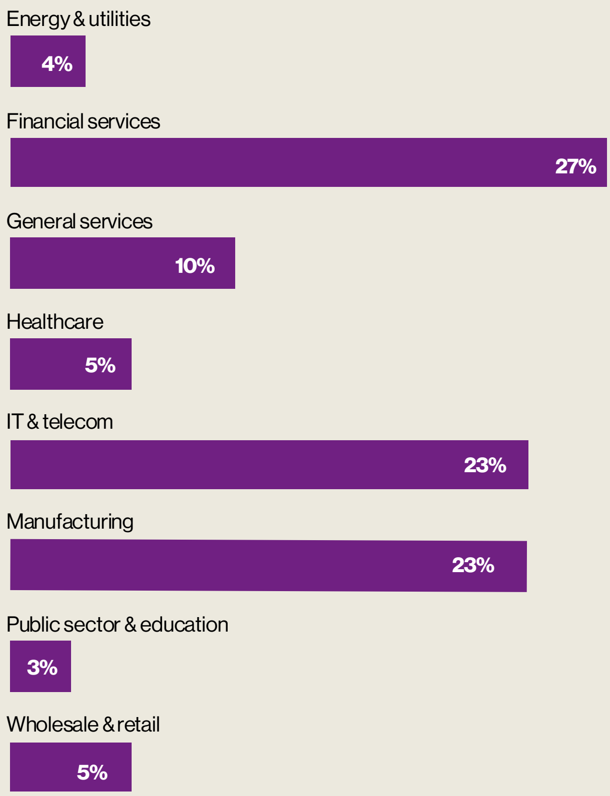
The COVID-19 Actions to Restore Stability Survey explored how organisations are reprioritising business performance and people objectives to achieve a sustainable reset of their business models.

The survey findings are based on responses from 299 organisations across Asia Pacific, reflecting 2.1 million employees from 14 markets. The survey fielded in the region between July 13 and July 27, 2020.

By market



By industry



Work, rewards and employee experience

Managing labour costs

While 47% of respondents expect the pandemic to have a moderate or large negative impact on business in the next six months, slightly lower (41%) expect a similar impact over the next year.

The survey found that Asia Pacific employers have taken comparatively fewer actions than their regional counterparts to manage labour costs during the pandemic. For instance, 17% of employers have implemented layoffs and workforce reductions, significantly lower than those in Latin America (43%) and North America (32%).

About half of Asia Pacific organisations have frozen or reduced hiring, compared to 69% in Europe, and 65% in North America and Latin America. Only few Asia Pacific organisations adapted involuntary furloughs (12%) to reduce labour costs, while more organisations in North America (29%) and Europe (24%) have taken those actions.

However, nearly one in 10 have engaged in an organisation-wide restructuring with another one in four planning or considering doing so (*Figure 1*).

Emerging reward practices

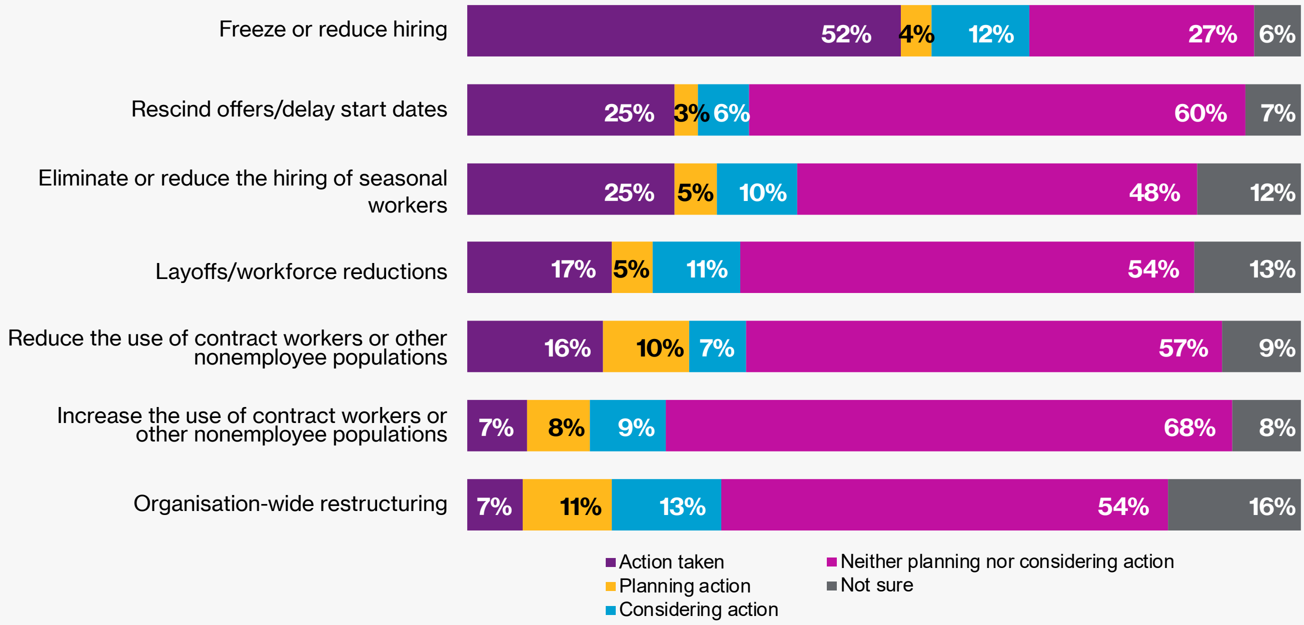
More than two in five employers have taken action on pay, such as reducing or delaying merit increases or freezing pay; another one in six have not done so yet but are planning or considering taking such actions (*Figure 2*). One in five have taken at least one action on furloughs or alternative work arrangements.

Almost half of respondents said that most employees (75% or more) who have taken a pay reduction will return to pre-COVID-19 levels by the first quarter of 2021.

> **Almost half of respondents said that most employees who have taken a pay reduction will return to pre-COVID-19 levels by the first quarter of 2021.**

Figure 1. **Half of respondents have frozen or reduced hiring often as part of other actions to manage workforce size**

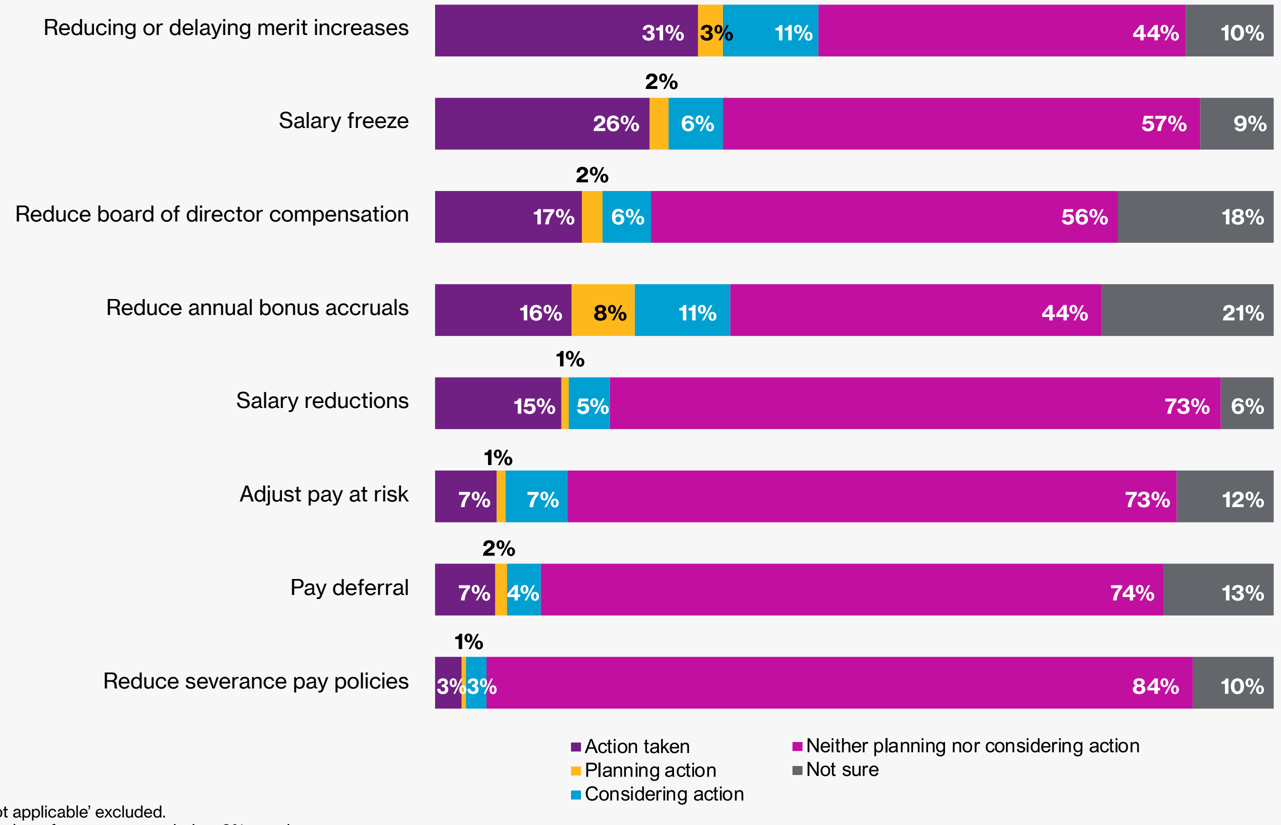
What action items has your company already completed, or is planning/considering, to help manage labour costs in response to COVID-19?



Note: 'Not applicable' excluded.

Figure 2. **More than two in five respondents have taken action on pay**

What action items has your company already completed, or is planning/considering, to help manage labour costs in response to COVID-19?



'Not applicable' excluded.
Numbers for percentages below 2% not shown.

While one in six (17%) of employers haven't implemented merit increases this year, merit increases are expected to increase modestly on average next year. Only 8% said that they expect no increase next year (*Figure 3*).

Three in 10 organisations with a broad-based employee short-term incentive plan expect it to be funded at target this year. Nearly two-fifths (39%) of organisations have identified employee segments targeted for reward actions.

Figure 3. **Merit increases are expected to increase modestly on average next year**

17% are expecting 0% for this year.

8% are expecting 0% for next year.

27% are expecting a decrease from this year to next year.

Changes to work
Unsurprisingly, the majority of organisations (64%) are adjusting how work is done to accommodate new protocols. Almost three in five are making adjustments to the role of the workplace and defining what work should be primarily done onsite versus remotely, and about a third are making adjustments to incorporate automation (*Figure 4*).

The main trends around how work is changing include:

Working remotely

- Half of employers are planning or considering developing policies and providing resources for employees who may work remotely long term, only 1 in 4 have already done so.
- 15% have taken actions to offer employee subsidies to manage costs of working remotely.

Growth in automation

- Use of automation continues to grow, with the percentage of organisations using automation increasing from 35% currently to 38% post-COVID-19 as more organisations are taking up automation for greater proportion of work.
- 22% are making changes in order to move work to different jobs and 34% are making adjustments to incorporate automation.

Decrease in the use of non-employee talent

- Use of non-employee talent has slightly decreased in the short-term, from 1.4% of the workforce last year to 1.2% currently, and is expected to continue post-COVID-19(0.9%). All other regions expect to have more free agent workers post-COVID-19.

Employee experience
Organisations with a positive impact on employee experience are more likely to report doing well on understanding and collaboration. The actions employers have taken include:

- Senior leaders (73%) remain focused to a moderate or great extent on protecting employee health and wellbeing.
- Most organisations say they have sufficient budget to maintain (77%) and effectively deliver (71%) existing programs, but fewer have budget to adopt new technologies (47%) or add critical new programs (57%).

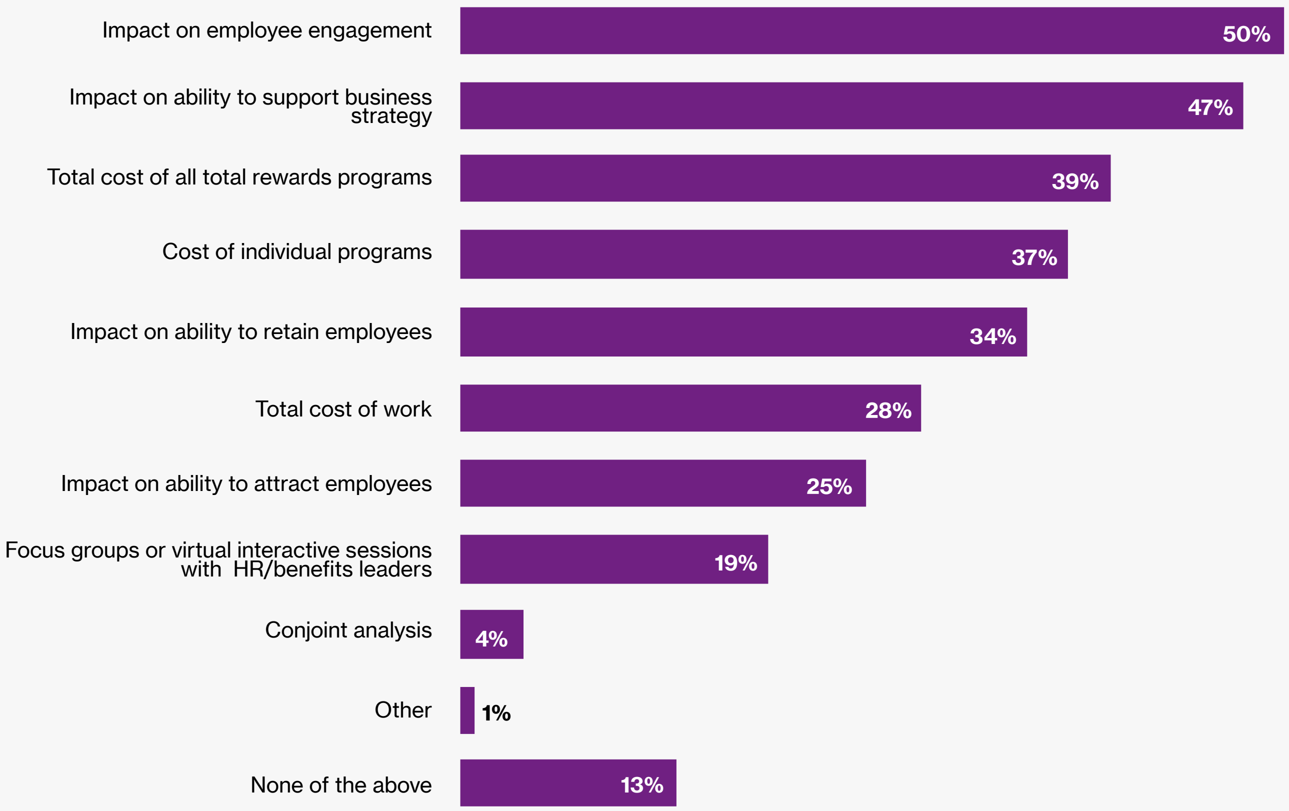
Figure 4. **Many respondents are adjusting how work is done to accommodate new protocols**

64%	Adjustments to reflect new protocol post-COVID-19
59%	Adjustments to the definition of the role of the workplace and what work should be primarily done onsite versus, remotely
34%	Adjustments to incorporate automation
22%	Adjustments to move work to different jobs
20%	Adjustments to reflect what work is done in-house versus third parties

- Organisations are measuring program effectiveness based on their impact on employee engagement (50%), business strategy (47%) and total cost of all Total Reward programs (39%) since the outbreak of COVID-19 (*Figure 5*).
- Many organisations are emphasising communication for “essential” workers around pay and benefits issue (38%) and on other topics (56%). One in three are conducting additional employee surveys (36%) or focus groups (in-person or virtual; 32%) with these groups.

Figure 5. **Respondents are measuring program effectiveness based on their impact on employee engagement, business strategy and cost**

How are you measuring or evaluating program effectiveness since the COVID-19 pandemic started?



Note: Percentage indicates 'yes'.

Executive compensation

Overall, executive pay, incentives and governance have remained stable:

- Over two-thirds of organisations (70%) have not made changes to their executive or board succession plans.
- Total Rewards is the top topic that organisations' compensation committee oversee.
- Around two-fifths (38%) of employers have already included environmental, social and governance related metrics in their executive incentives with more planning or considering doing so.

Short-term incentive design

- Over half (56%) of respondents are operating their annual incentive plan for executives on a broadly similar basis to last year.
- One-third (35%) of organisations have taken action on their annual incentive plan; two in five (39%) are planning or considering changes.

Long-term incentive design

Only one out of 10 (9%) employers has taken action on long-term incentive programs as a result of COVID-19's impact while twice as many are planning or considering doing so.

> **Around two-fifths of employers have already included environmental, social and governance related metrics in their executive incentives.**

About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 45,000 employees serving more than 140 countries and markets. We design and deliver solutions that manage risk, optimise benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas — the dynamic formula that drives business performance. Together, we unlock potential. Learn more at willistowerswatson.com.

willistowerswatson.com/social-media

willistowerswatson.com

Willis Towers Watson