



Trends in Indonesia and Financial Services

Navigating Total Rewards Through COVID-19

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Thursday, 30 April 2020

welcome to brighter



Today's speakers



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Agenda

1

Navigating the COVID-19 challenge:
The economic impact and managing the response

2

Exploring different **compensation practices** under current circumstances:
How financial services industry and Indonesian companies are reacting

3

Managing **people practices** in these difficult times

4

The Three R's:
A framework for recovery



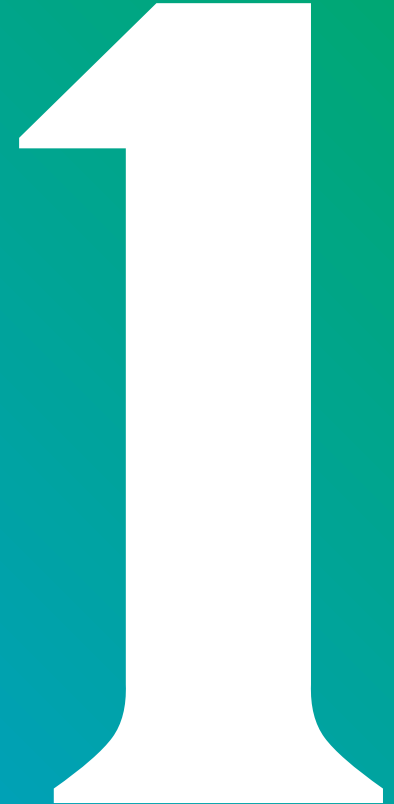
Welcoming speech



Irvandi Ferizal
Chairman of FHCPI

Navigating the COVID-19 challenge

The economic impact and managing the response



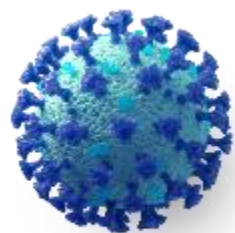
Audience poll – Question 1



Q. In terms of your company's response to the COVID-19 crisis, how long are you anticipating the current situation to last?

- 0 - 3 months
- 3 - 6 months
- 6 - 12 months
- 12 - 18+ months

Along with an unprecedented public health emergency, COVID-19 has triggered a deep economic crisis



COVID-19

Health, Digital, Economic

Acute crisis over in 3 months

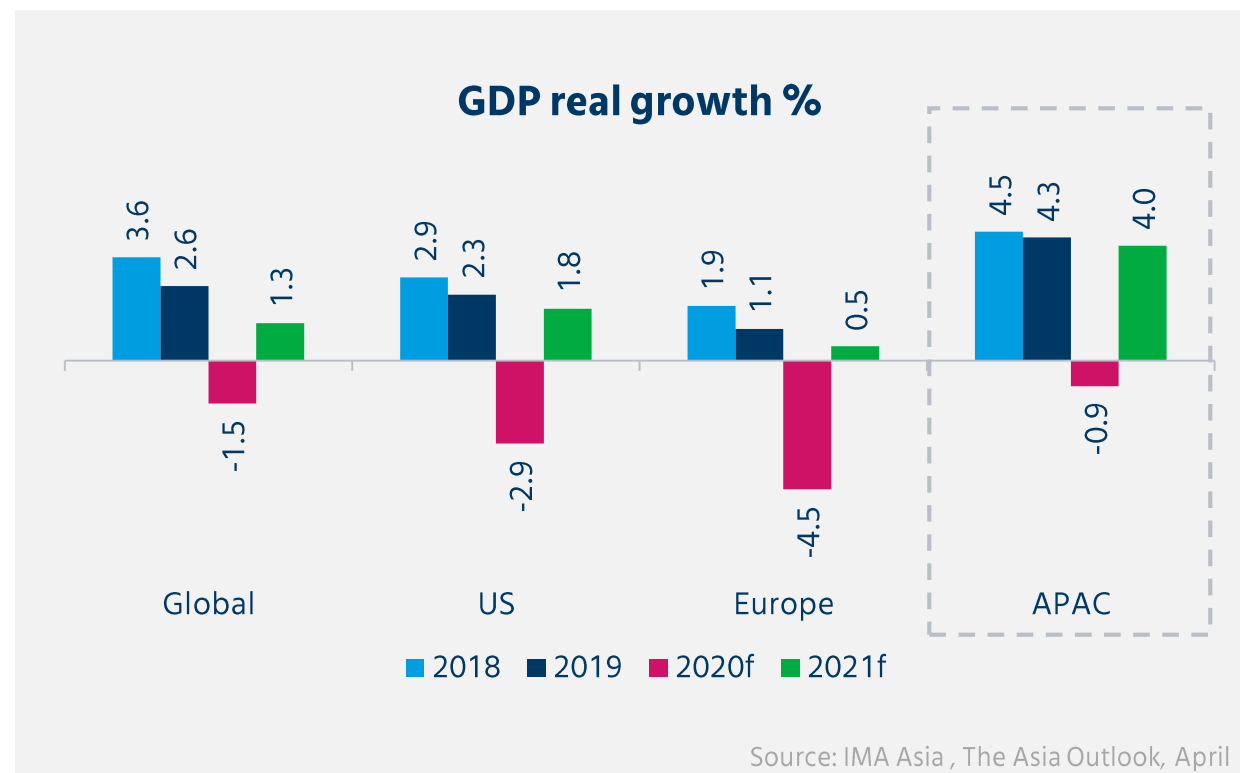
Business back to usual, bump in the road

6 months to regain control

No growth to brief recessions

12-18+ month pandemic

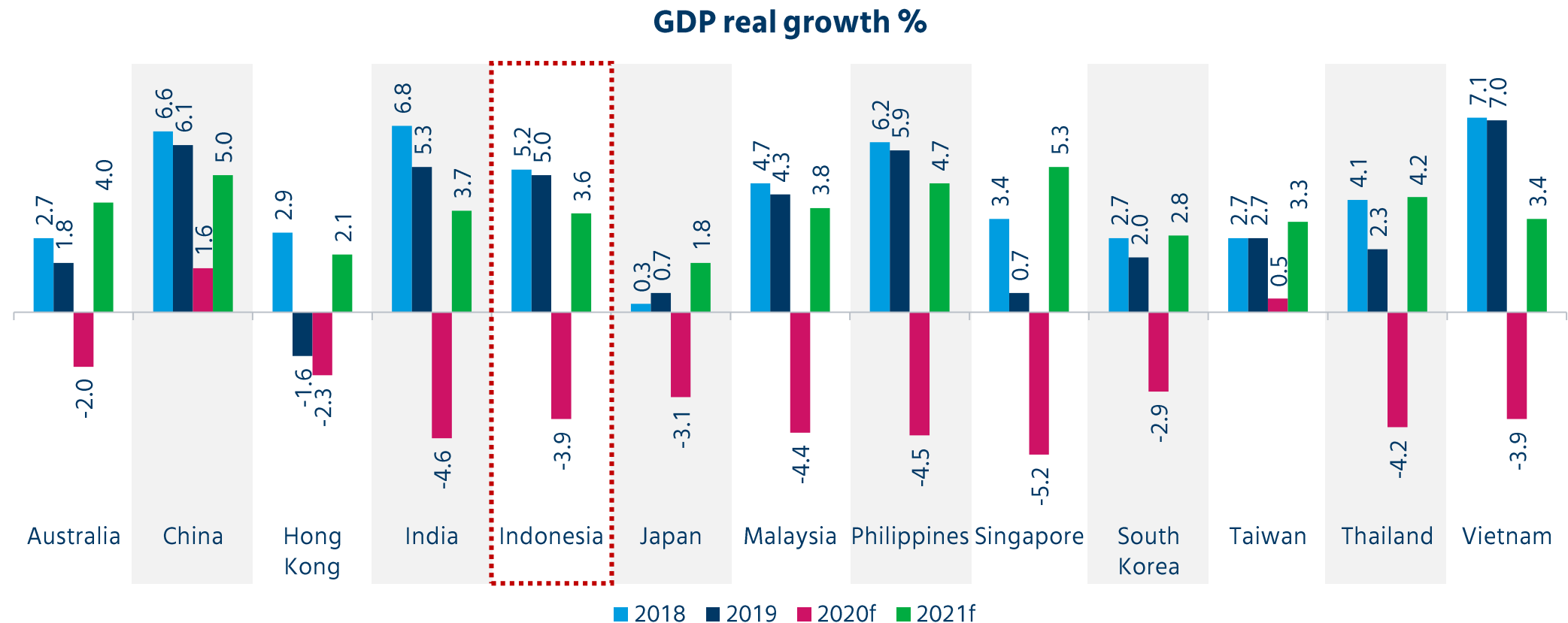
Deep global recession



It is vital to protect both lives and livelihoods
Countries globally need to strike the right balance

Economic implications of the crisis are still not fully known

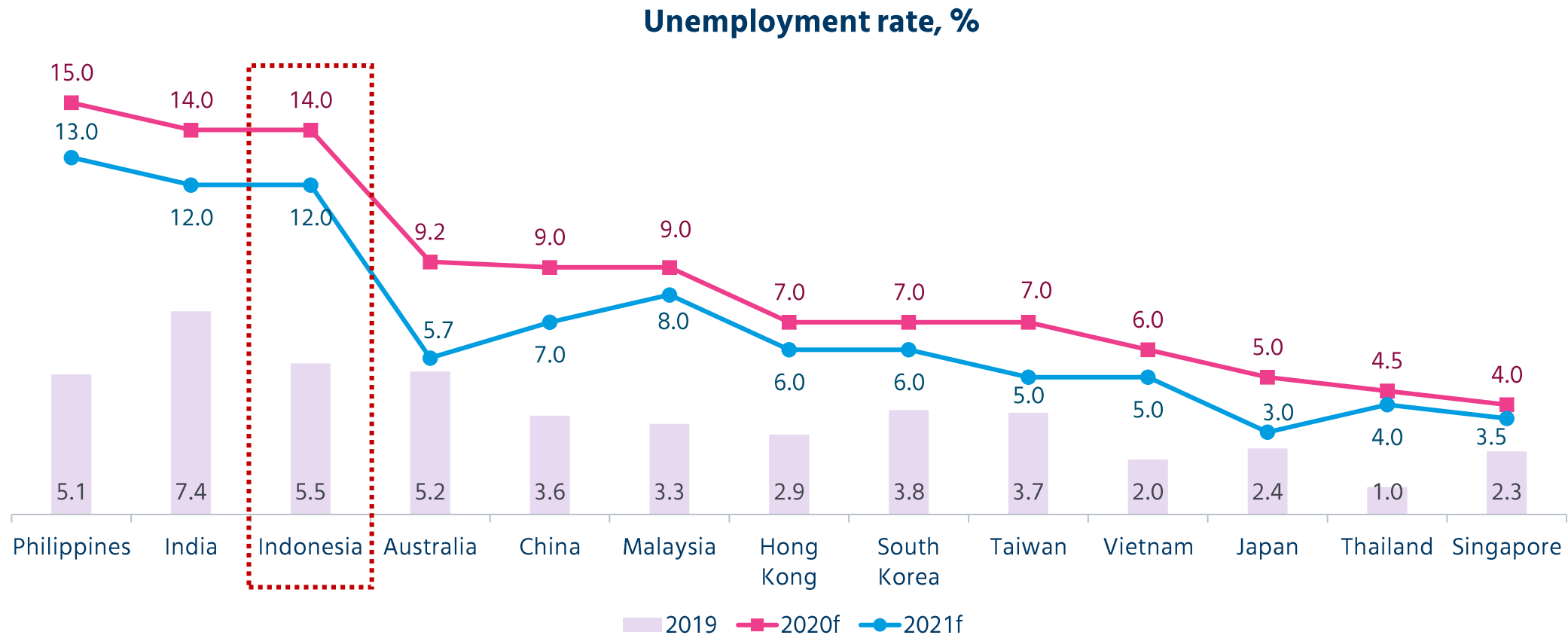
Markets across the region would be impacted



Source: IMA Asia , The Asia Outlook, April

The crisis will have far-reaching impact on the world of work

Unemployment is set to increase across the region



Source: IMA Asia , The Asia Outlook, April

Leading your business through the COVID-19 crisis

Measures taken by organizations are changing with time

20%

of the companies in Asia Pacific did **not** have a business continuity plan or pandemic preparedness plan in place to handle global outbreaks or pandemics, as of **early March 2020**

Comparing the risk management measures taken by companies from **early March** to **mid April**



Limit travel

More companies have cancelled all International travel (32% → 87%); 62% of the companies have cancelled all domestic travel as well



Stagger work timings

More companies have implemented a shift schedule to rotate staff and minimize the number of people at the worksite (18% → 48%)



Reduce operating hours

More companies have arranged special flexible working hours i.e. reduced operating hours (32% → 63%)



Support employees

39% of the companies distributed a series of checklists and FAQs regarding the company's approach to health and wealth

Source: Mercer COVID-19 Global Survey, APAC results

Audience poll – Question 2



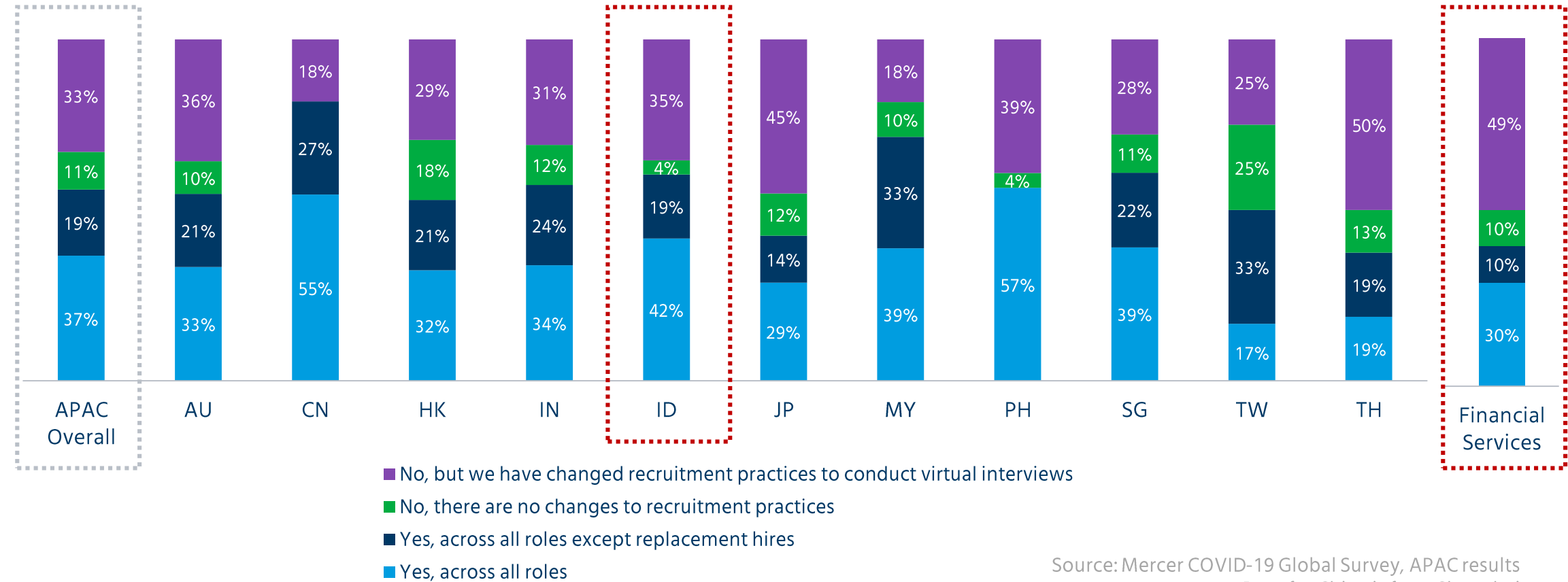
Q. In view of the COVID-19 situation, is your organization reviewing the workforce plans for this year?

- No change
- Planning to hire even more employees
- Cautious hiring but will not be cutting jobs during this period
- Considering laying off employees
- Have already laid off some employees

Hiring is cautious in the current scenario

Around half of the organizations have implemented a hiring freeze

% of companies implementing a hiring freeze as a result of COVID-19



Source: Mercer COVID-19 Global Survey, APAC results
Data for China is from Shanghai

Governments across the region are implementing multiple measures to support employment during this crisis

Wage subsidy programs

Measures to assist employers retain their employees

AU: JobKeeper Payment
HK: Employment Support Scheme
MY: Salary Subsidy Programme
SG: Jobs Support Scheme

Supporting new work arrangements

Promote flexible working arrangement

SG: Work-Life Grant (WLG) for flexible work arrangements
KR: Temporarily simplifying procedures for employers to apply for a subsidy for introducing flexible work arrangements

Tax / financial relief

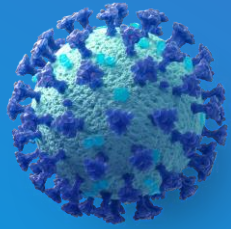
Provide tax and financial relief for organizations

HK: Tax relief measures
IN: GST and indirect tax measures
ID: Tax deferral and tax reduction measures
JP: Special funds for corporate financing
MY: Tax deadlines extension, including employer compliance obligations
SG: Deferral of tax payment; Corporate income tax rebate

Employee support schemes

Reskilling employees and early access to Pension Funds

HK: Upskilling and technological advancement of businesses in traditional industries
ID: Introducing Kartu Prakerja, cost assistance program for job seekers/laid off workers that need competency improvement
SG: Training support to sectors hit hard by COVID-19 outbreak
TH: Retaining scheme for COVID-19 hit workers
AU: Temporary early release to superannuation
IN: Special withdrawal from the EPF Scheme



**Move from
reaction to
action on
COVID-19**

**Business
Sustainability
(organization)**

Readiness

Effectiveness

**Rebound
to growth**

**Workforce
Adaptability
(Talent)**

Experience

**Total
Rewards**

**Asses and
Re-skill**

**Employee
Well-being
(Individual)**

Physical

Financial

**Health &
Emotional**

Exploring different compensation practices under current circumstances:

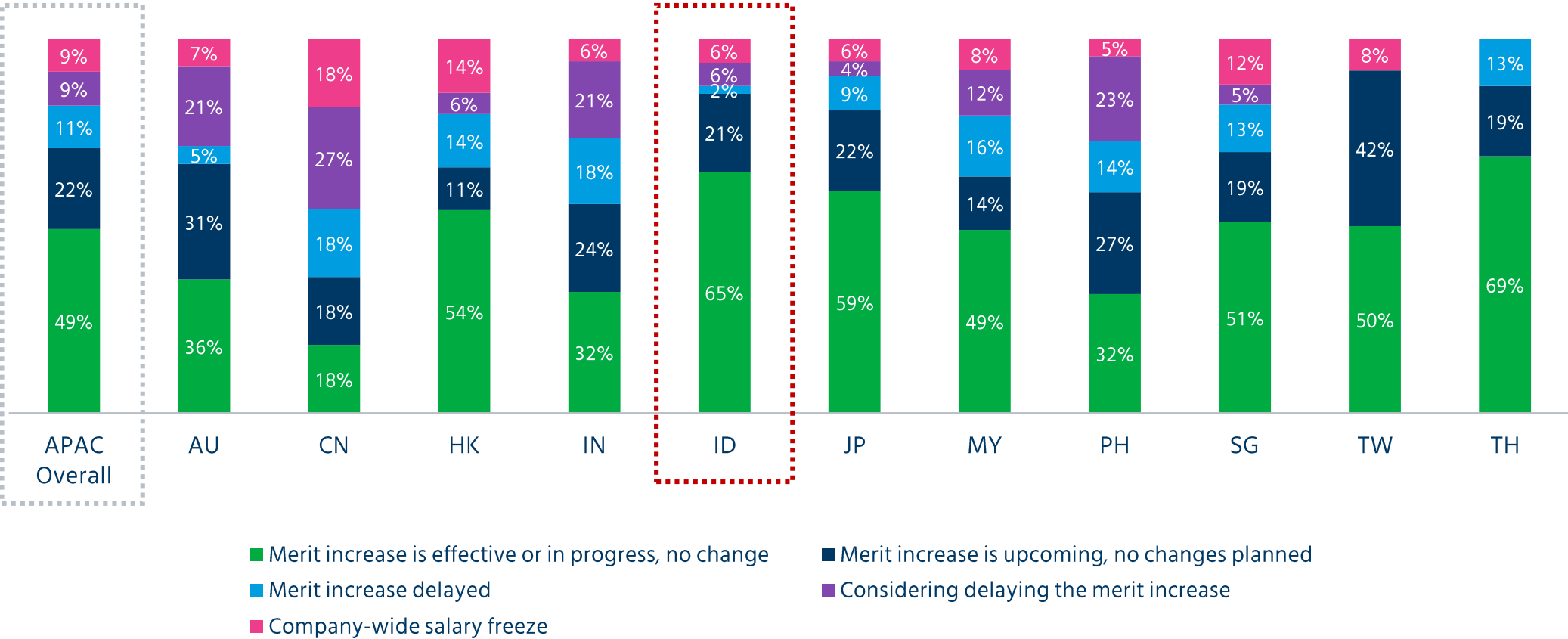
How financial services industry and Indonesian companies are reacting



Implications on employee compensation

Majority are not planning any changes to 2020 merit salary increase

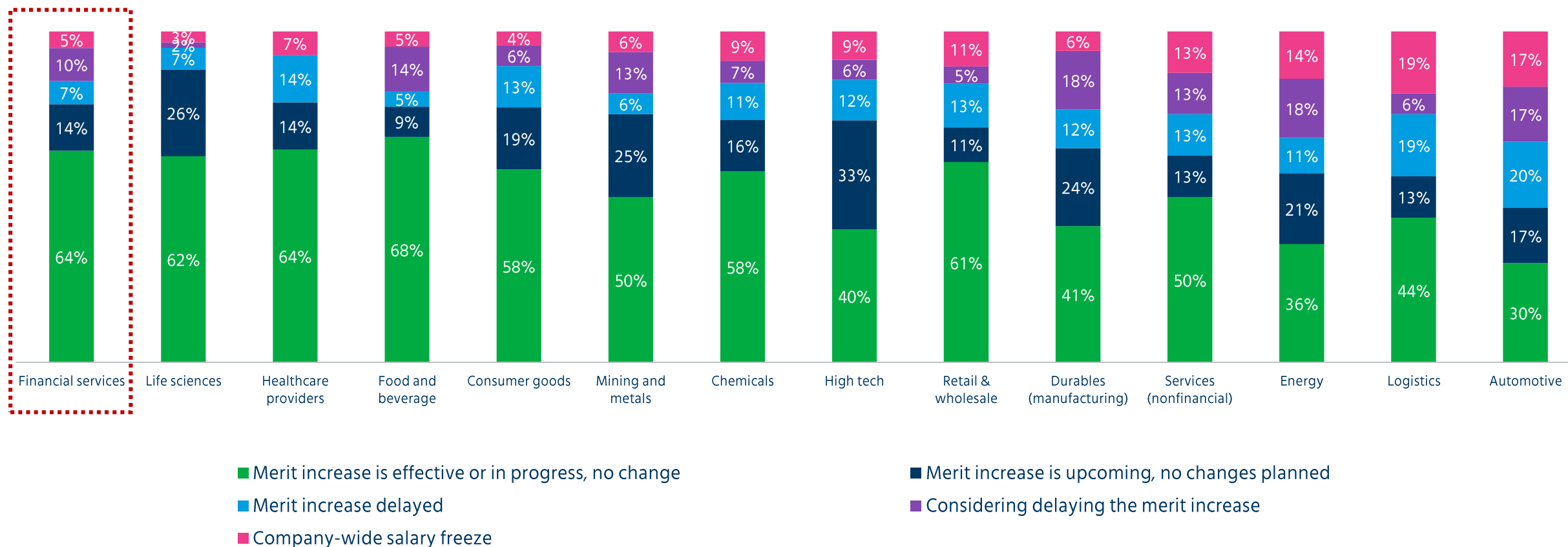
% of companies implementing 2020 merit increase



Implications on employee compensation

Implementation of 2020 merit salary increase varies by industry

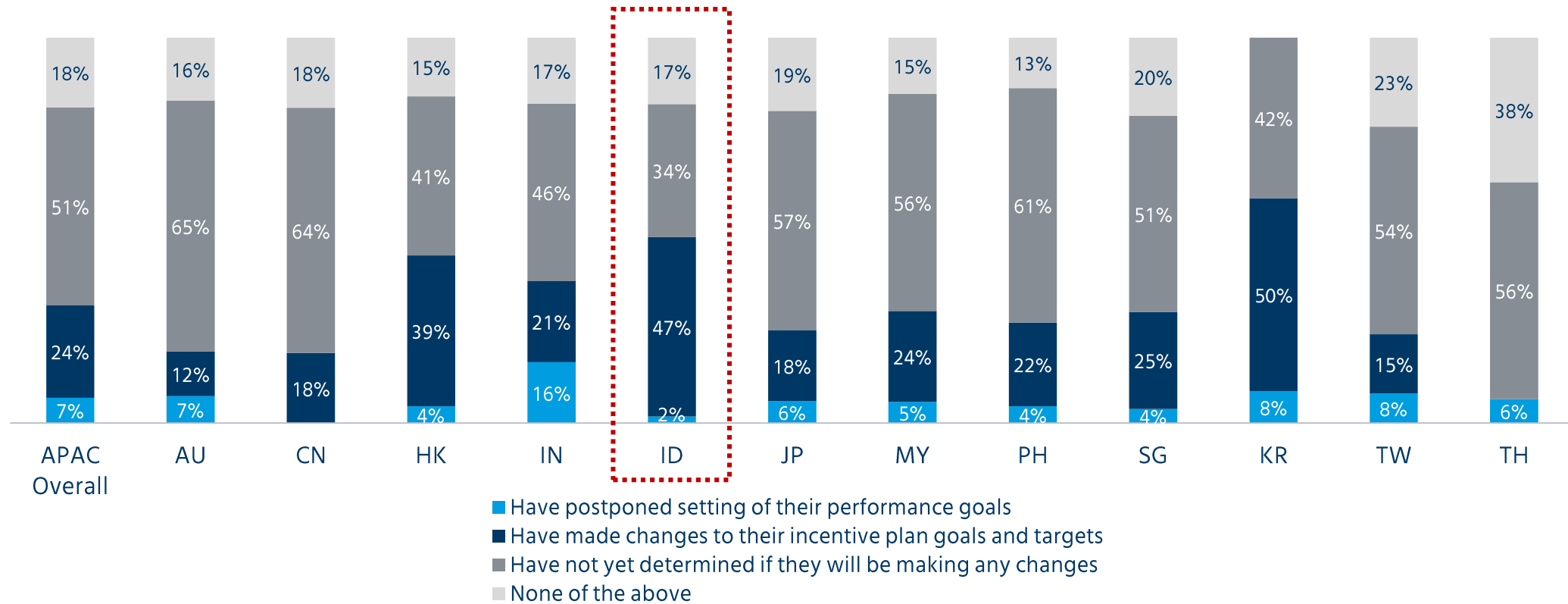
% of companies implementing 2020 merit increase



Implications on employee compensation

Changes to 2020 incentive compensation plans

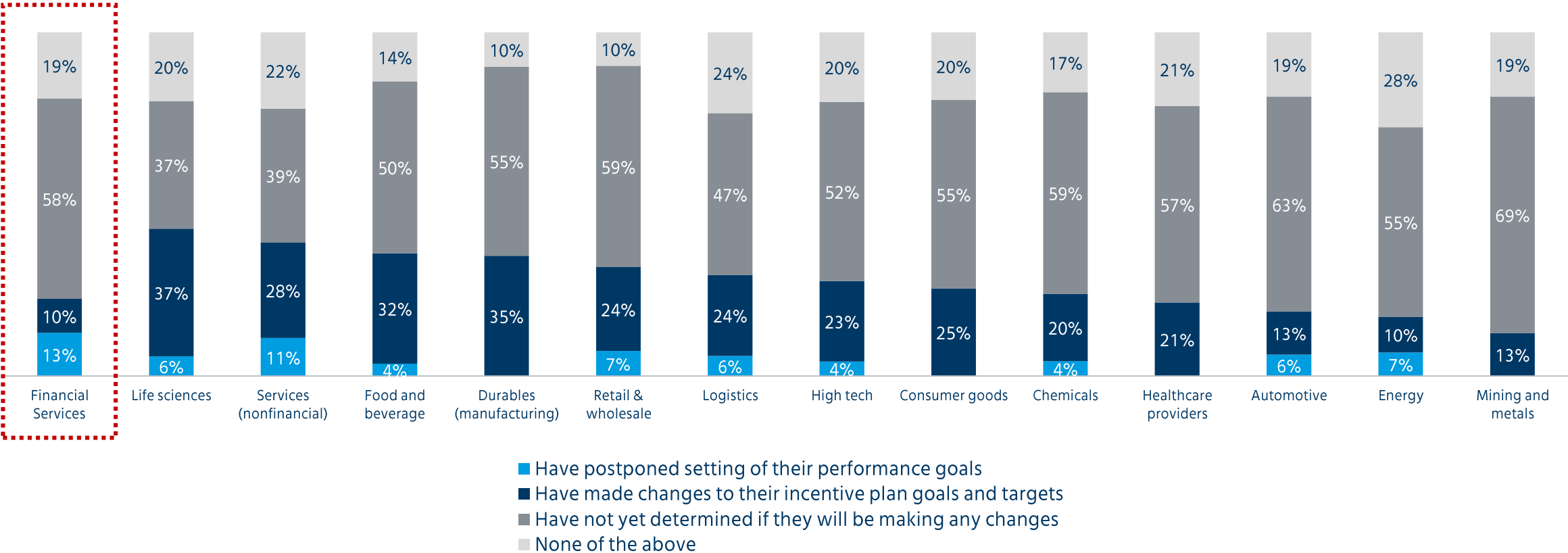
% of companies implementing changes to 2020 incentive plans



Implications on employee compensation

Industries vary in execution of 2020 incentive compensation plans

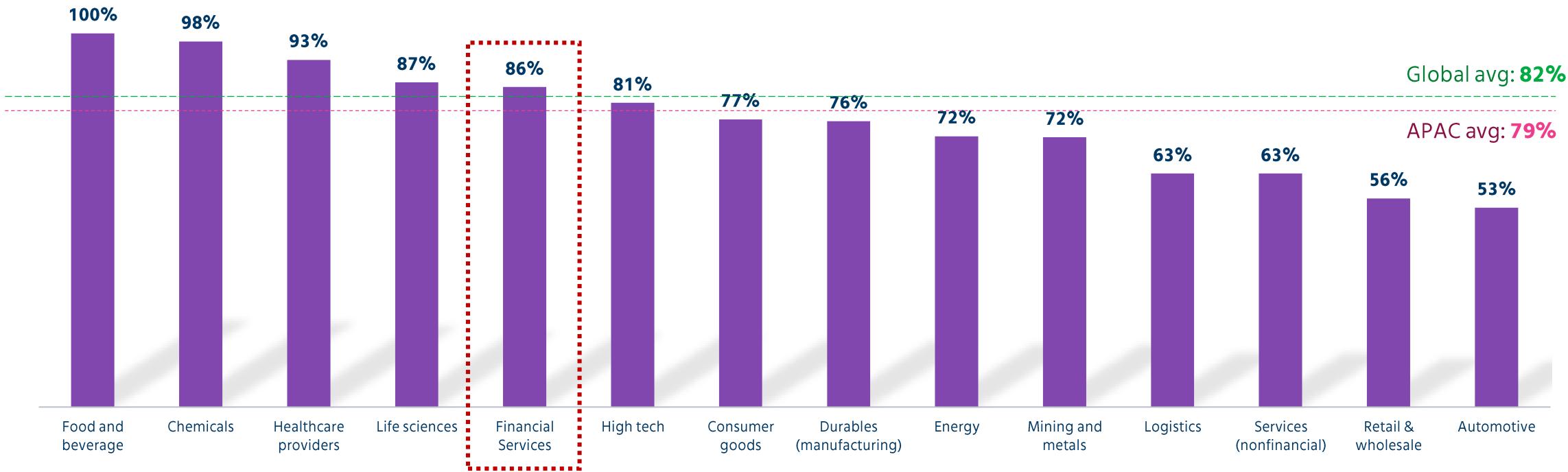
% of companies implementing changes to 2020 incentive plans



Implications on employee compensation

Most companies are not planning any changes in their executive compensation, but impact can be seen in directly affected sectors

% of companies with no plans to make changes to executive compensation



Implications on employee compensation

Essential employees who are required to work on-site

86% of the employees are being paid at regular rates

Other companies are paying a **premium** in the form of:

- ✓ Increased hourly rate
- ✓ Increased overtime rate
- ✓ Special bonus, lump sum
- ✓ Temporary hazard pay
- ✓ Adjusted incentive/commission targets

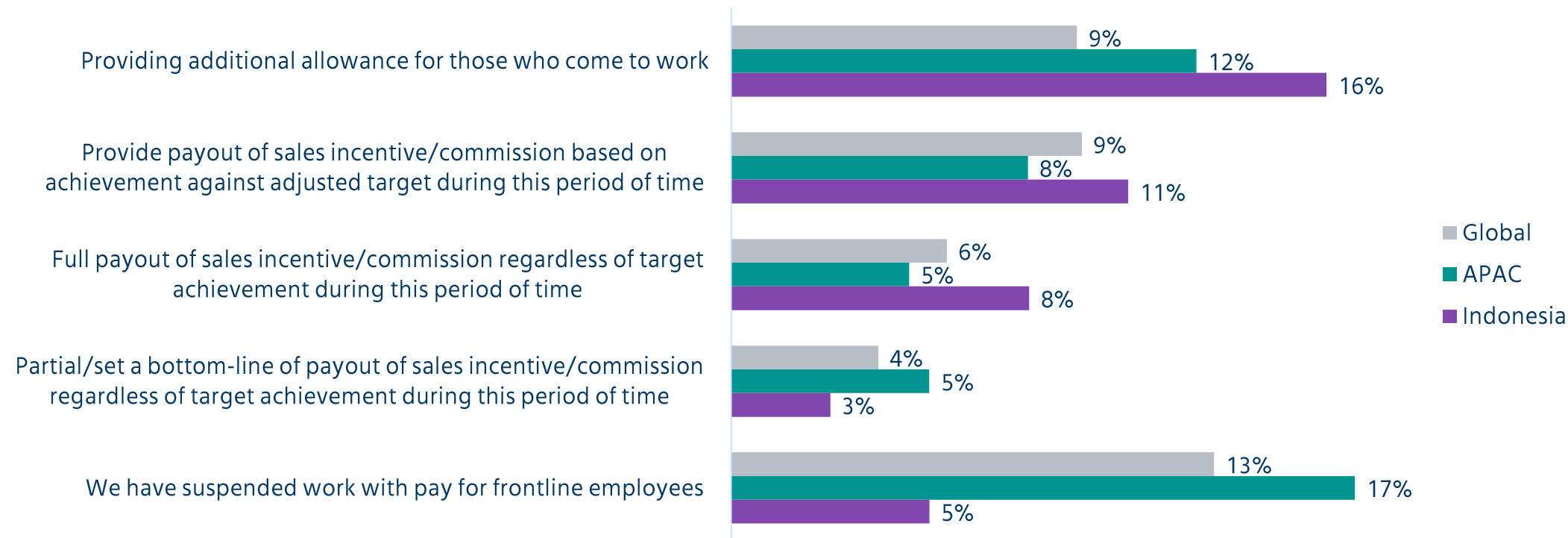


Increasing number of companies are providing special compensation to their frontline employees



41%

companies in APAC have **provided monetary support** to their frontline employees (e.g., field/retail sales, customer service, call centers, bank representatives)



Audience poll – Question 3




Q. What option(s) is your organization considering to save workforce related costs in view of the COVID-19 situation?

- Hiring freezes
- Pay reduction
- Reduction in work hours
- Incentive payment deferrals
- Benefit cuts
- Unpaid leave
- None of the above

**Managing people practices
in these difficult times**

3

A photograph of a narrow street in a city, lined with historic brick buildings. The street is paved with cobblestones and has a few people walking. A blue semi-transparent overlay covers the right side of the image, containing white and teal text.

The coronavirus pandemic will be a defining moment in employee's career and life journeys

How businesses respond will have lasting impact on employee behavior – engagement, productivity and commitment

The need to connect and be real

Do you know what your employees are concerned about?

14%

only 14% employers have conducted internal survey, interview or focus groups to understand what employees are thinking and feeling

Now is a critical time to listen to your workforce. Taking an empathic approach—one that starts with your workforces' immediate challenges and concerns—can help you support your employees and solve emerging organizational problems.



Listening, learning and connecting approaches are rising to the fore



Digital Focus Groups

Provides an opportunity for organizations to **crowdsource insights** in an exploratory environment



Manager and Team Dialogue

An **open dialogue**, such as an “Ask me anything” session can help employees feel more supported, and enable them to support one another



Pulse Survey

Assess **employee experiences, perceptions and sentiments** to readily identify areas of concern, pinpoint discrepancies, and prioritize action items

What are the employees saying?

Organizations are responding effectively to the outbreak so far

A Digital Focus Group was conducted by Mercer Employee Voice Experts, powered by Remesh technology

96%

of participants felt their **company has responded effectively** to this outbreak

3 out 5

said that the outbreak hasn't impacted their **confidence in the future** of their organization

67%

of participants said their organizations are mostly focusing on regular **communications** & making arrangements to **work flexibly**

64%

of employees were concerned with the impact of working from home on their **work/life balance**

- ❖ Employees appear to have **great respect** for the way that organizations have been responding to this outbreak.
- ❖ The current situation is starting to have an **impact on employees' confidence** in the future of their organization.
- ❖ **Communications forums** and **flexible working arrangements** are the most common organizational responses.
- ❖ Employees find it challenging to manage their **work and personal life** while working from home during this period.

Proactive communication is essential

Communicate to your employees what is being done to protect them and to maintain business continuity

74%

of the organizations developed a **regular cadence for communications from senior-most leadership** to all hands through company-wide communications that focus not on data alone but practical actions the company has undertaken

Consistent communication can convey leadership, avoid confusion and reduce anxiety

1. Make sure to work cross-functionally
2. Make key decisions now
3. Prepare a “normal business” communication plan
4. Prepare a “crisis” communication plan
5. Identify key target audiences

In your communications, be sure to direct employees to reliable sources of information on COVID-19

Supporting employees dealing with health issues



of the companies in APAC have **considerably loosened** their **existing sick leave policies** to handle employees infected with COVID-19, compared to **60%** globally

Additional actions you can take



Assess digital health resources

- **Inventory available digital health services**, including telemedicine, meditation & resiliency, sleep support, well-being, remote monitoring for chronic conditions and digital coaching / therapy
- **Fill the gaps** by exploring new partnerships
- **Communicate to employees**, so they know what resources are available to them and how to access



Assess benefits coverage

- Support your employees with **easily accessible, up to date information on coverage for testing and care** related to COVID-19



Consider alternative benefits

- For employees not covered in your health plan, such as part-time employees or for employees who have costs not otherwise covered by the health plan, consider alternative arrangements such as **emergency relief funds** to support employees with health care costs

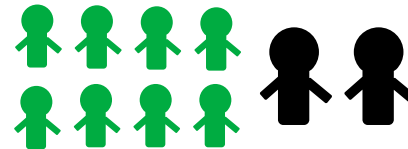
Flexible working arrangements

Continuing business when business continuity is interrupted

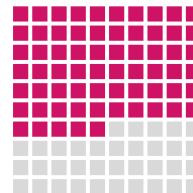
For more than **75%** companies, **less than a quarter** of their employees worked remotely on a regular basis prior to the COVID-19 outbreak



With the spread of the virus and country lockdowns, majority of the companies are implementing remote, flexible and adaptive work arrangements



8 in 10 employers are **concerned with productivity** of their workforce as they work virtually



65% employers are **concerned with the reliability** of their **VPN / remote technology infrastructure**

Ensuring your employees stay engaged and productive while working remotely



Resources, collaboration and technology

Equip employees with the tools they need to get their job done:

- **Ensure access to tools**, technology and training to be productive
- **Monitor cross-functional collaboration** and take corrective action as needed
- **Encourage innovation** around how work gets done virtually

Support holistic needs

Recognize the unique circumstances of the work environment

- **Embrace flexible schedules** given competing priorities with school closures
- **Equip managers** with resources for managing in uncertain times
- **Foster a sense of community** and connection through virtual engagement

It's important to not overlook the mental and financial wellbeing needs of your employees

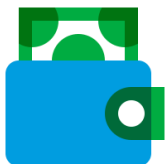


Keeping employees mentally resilient

Epidemics are historically associated with a rise in depression and anxiety. Companies can support their employees by:

- **Keeping team connected:** 3 out of 4 companies in APAC have implemented additional measures to keep employees connected to each other*
- **Communicating information:** Provide employees with trusted sources of information, such as local Ministry of Health websites and reputable news sources
- **Providing mental health support** for your employees e.g. employee assistance programs, mental health apps, virtual yoga sessions etc.

1 in 3 employees feel that their team mates are supporting them the most during this outbreak**



Supporting employees' financial wellbeing

The volatility of the financial markets and the associated falls in asset values are affecting people's retirement savings and other investments. Companies can support their employees by:

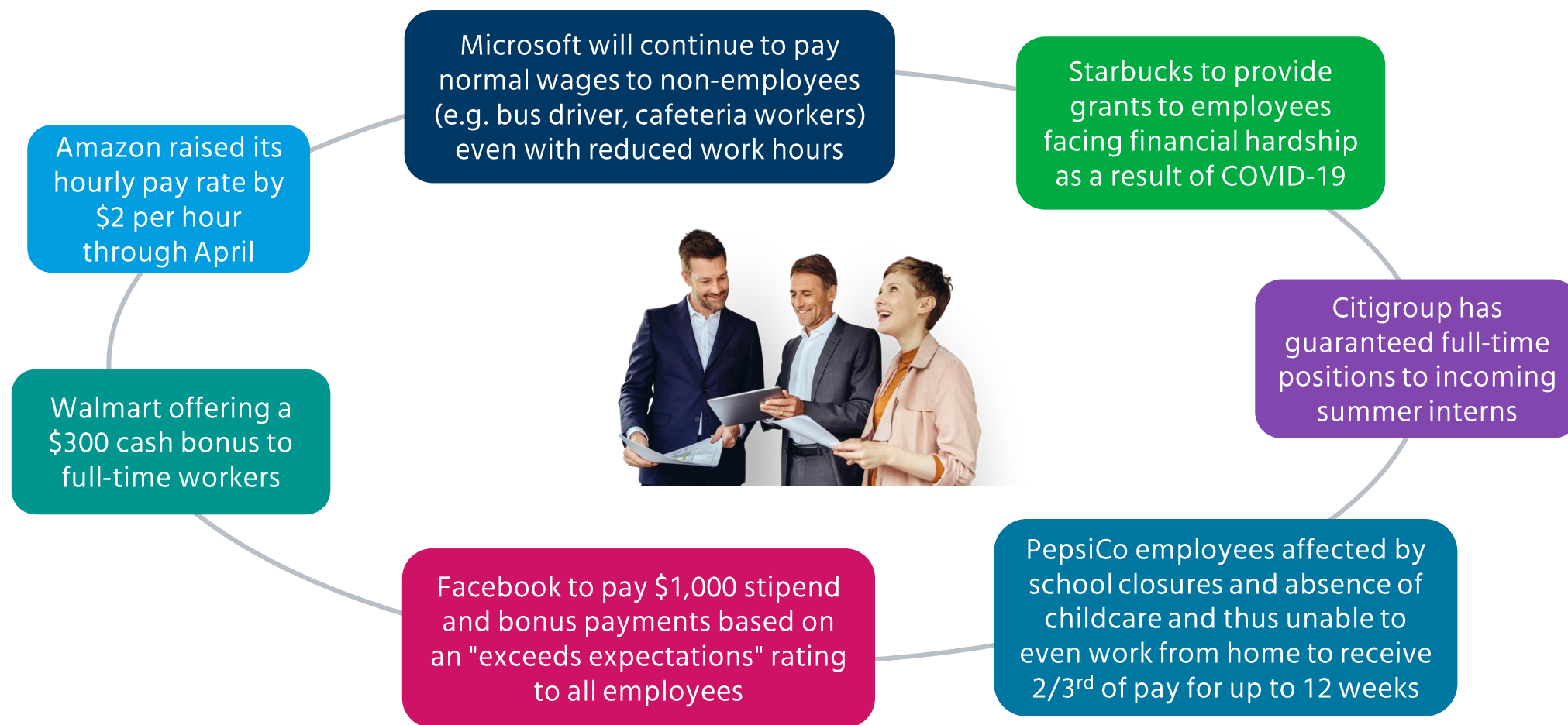
- **Providing financial wellness resources and tools** to employees for guidance
- **Communicating support** like EAP/financial coaching, short-term loans etc.

1 in 2 employees are concerned about the potential impact of the outbreak on their salary**

How we care is how we win



Examples of better practices (globally) by employers to support their employees in these unprecedented times



Its imperative that companies are thinking and planning ahead

A balance of empathy and economics will ultimately win

During these uncertain times, some companies might need measures to manage current costs; but businesses should not be short-sighted as they will need employees when business starts picking up again



It is critical to **balance economic decisions and empathy** with a **longer-term look** toward what's the next right thing your company needs to do to succeed and build a better, brighter tomorrow

The Three R's:

A framework for recovery



How organizations are reacting to the COVID-19 pandemic



Respond

- **Taking action** to meet the unprecedented challenges of the pandemic
- **Implementing change** on many fronts to ensure business continuity – from adaptive working, to restructuring benefits, to providing virtual support for employee health and well-being



Return

- **Adapting quickly** as people and businesses will return to a new normal
- **Redesigning** the employee experience
- Welcoming **new ways of working**



Reinvent

- Reexamining **business models**
- Adopting more **sustainable practices**
- Embracing **digital solutions** to prepare for the future of work

Audience poll – Question 4

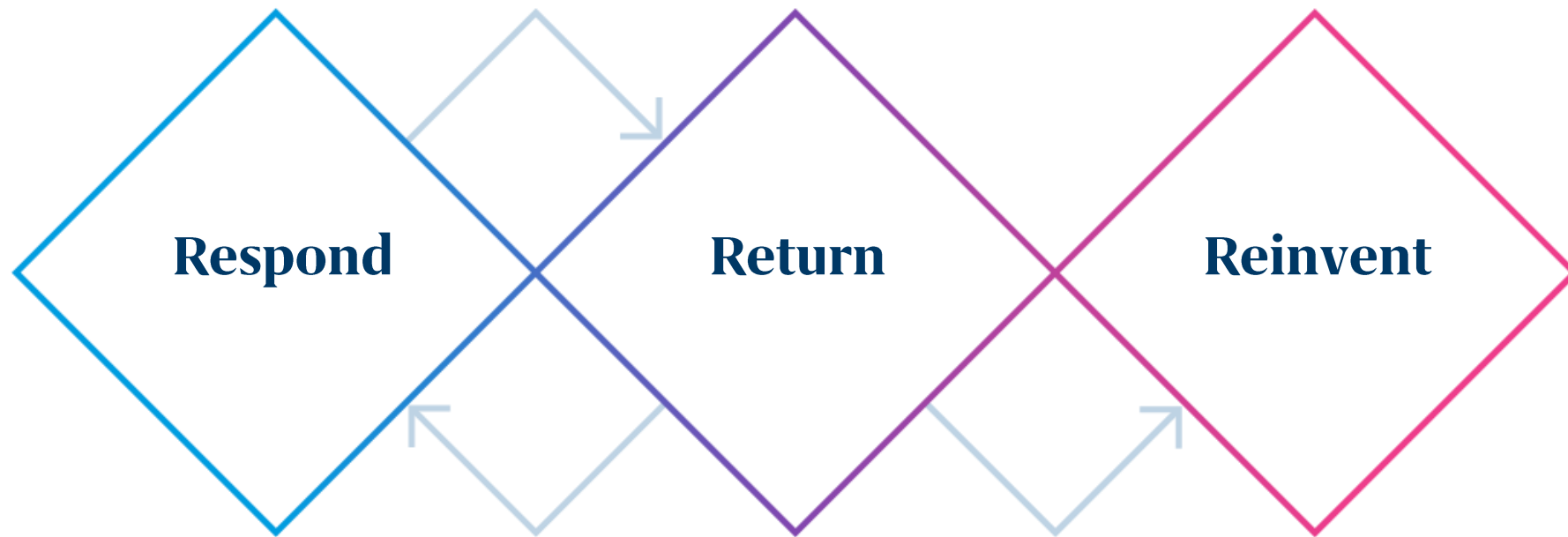


Q. Where would you say your organization currently resides on the pandemic planning and strategy spectrum?

- Respond
- Return
- Reinvent

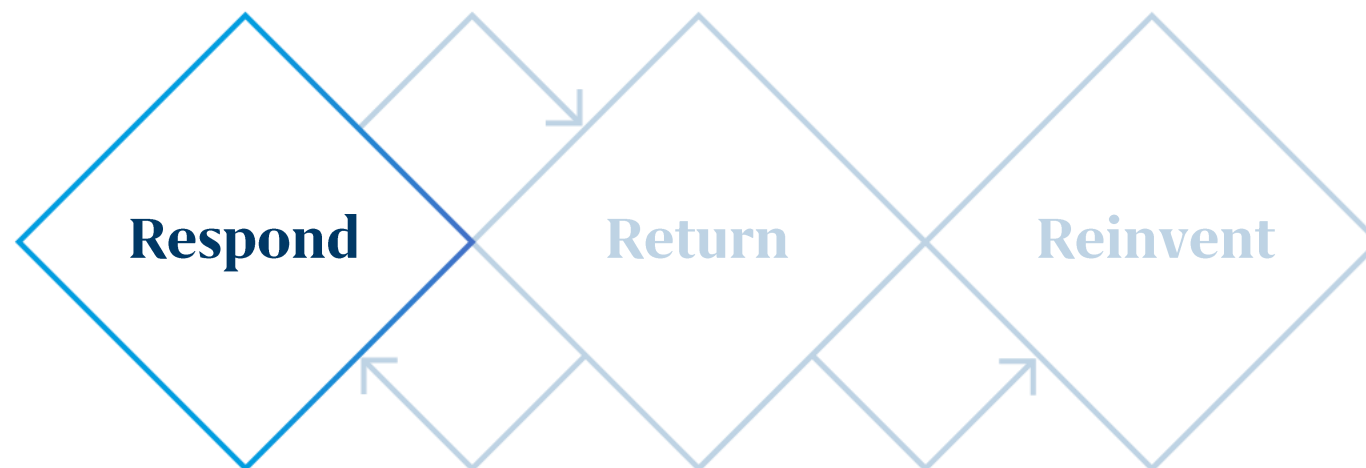
The Three R's: A framework for recovery

The COVID-19 pandemic has changed the way we work and these changes are permeating far beyond the peak of the contagion. As we navigate these uncharted waters we find ourselves dealing simultaneously with a health crises, a digital crises and an economic crises.



What we are finding is that companies are alternating between the phases depending on the course of the pandemic, government responses and the resilience of their industry & business.

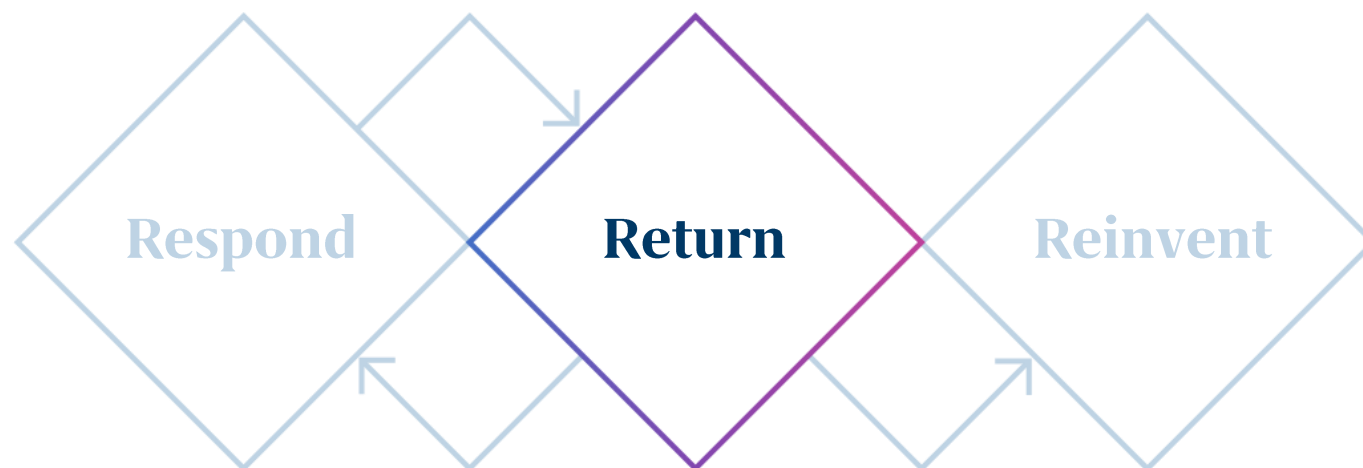
What do you need to think about at the “respond” stage?



- Colleague health and safety
- Emergency response
- Cost containment and cash flow protection
- Business continuity plans
- Governance of retirement plans
- Communication and welfare



What do you need to think about at the “return” stage?

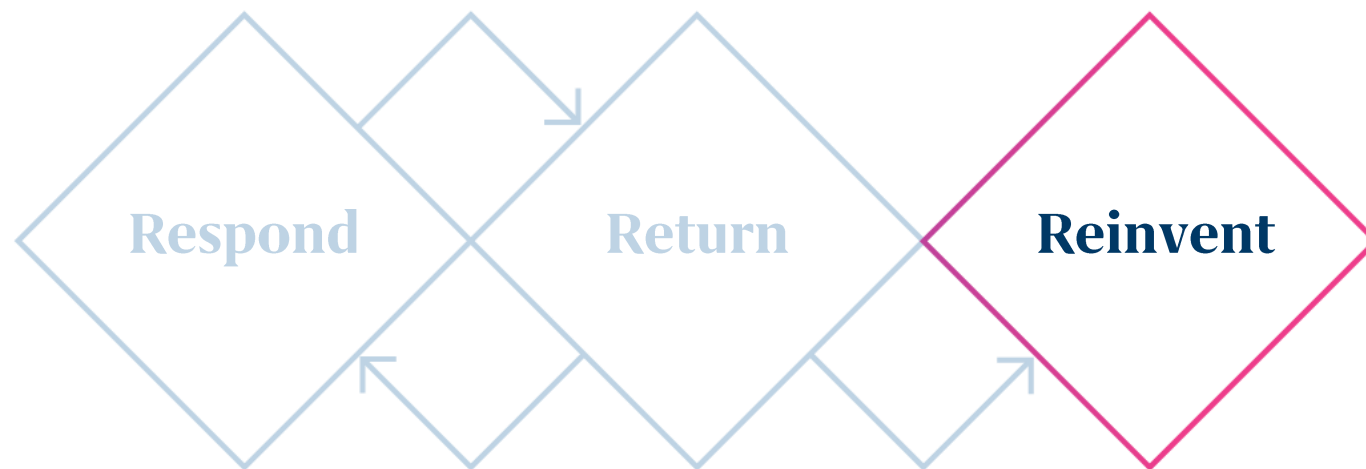


- Scenario plans and triggers and how this impacts people strategies
- Return-to-work protocols, safety policies and business continuity plans
- Alternative work plans, unpaid leave and job redesign, as well as discontinuity

- Digitize work practices
- Continued financial management
- Employee experience revisions
- Telemedicine and other work enablers
- Productivity and metric realignment



What do you need to think about at the “reinvent” stage?



- Investment and governance strategy
- Business and organisational redesign
- Talent acquisition and EVP alignment around “employer of choice” for re-hiring
- Redesign of incentives programs to align with new growth drivers
- Health & benefits supply chains that can deliver in the next crisis



**What are the tough challenges
you are facing? How can you
win with empathy?**

What CHROs are telling us they're concerned about

- **Ensuring health and safety of employees, enabling employee wellness, and ensuring mental health during social distancing**
- Containing costs and curtailing/prioritizing investments
- Managing and communicating unpaid leaves, their extension, expectations, and responsibilities. As well as looking for alternative options
- **Establishing and communicating new compensation programs; Executive and BOD adjustments especially**
- **Defining and deploying expanded benefit programs while suspending retirement contributions for others**
- Establishing work-from-home guidelines and ensuring network reliability
- Executing Paycheck Protection Program applications
- Realigning or freezing hiring processes, suspending internship programs
- Joining collective action groups or creating partnerships to tackle COVID issues: VentilatorChallengeUK, Eightfold.ai Talent Exchange and more
- Scenario planning for return to work and refining pandemic responses



For more insights and updates on the impact of COVID-19 and industry best practices, we recommend our POVs and surveys

Surveys

MERCER

Global COVID-19 Pulse Survey #3: How are companies supporting their employees during this pandemic?
Protect your workforce. Manage the impact. Provide your perspective.

If you have questions or require assistance, please email: globalpulse@mercer.com

Company information

Company name: _____
Your name: _____
Email address: _____
Country: _____
(Please select one)

What is the size of your organization?
☐ Under 1,000
☐ 1,000 - 4,999
☐ 5,000 - 9,999
☐ 10,000 - 49,999
☐ 50,000 and above

Committed to helping employers & institutions manage disruptions during COVID-19
Go virtual & build business continuity with our digital solutions

Build ro

Online Examination

Law and Policy Group | Roundup
COVID-19 resources for employers
By Stephanie Rousseau and Fiona Webster
3 Feb 2020; revised 31 Mar 2020

welcome to brighter

Workforce implications

MERCER

COVID-19: An employer's guide
Ten considerations to support your workforce
March 2020

"Help, I'm working from home." Tips for a productive new groove

coronavirus
leading during a pandemic
Four critical questions for senior leaders to consider

Webinars

Mercer's COVID-19 Weekly:
Return to Work: preparing the worksite & getting to the worksite
April 30, 2020

MERCER

Flexi Work
How to develop a flexible working arrangement during this Covid-19 outbreak (Adaptive working Model)

Panelists:
Poojai Swani, Career Leader
Amita Surajprasad, Career Business Leader
Pratima Soodaneni, CHRO

Date and Time: _____
Contact: _____

MERCER

Webinar Series
Creatively deploy workforce & reward executives during non-peak period from the impact of COVID-19

Panelists:
Siddhant Thakur, Director, Career Services, Mercer India
Nishant Mahajan, Head of Executive Remuneration, ASIAN, Mercer Singapore
Rupali Gupta, Lead Talent Mgt, Mercer Singapore
Aloysius Budi, Chief of Corporate Human Capital Development, Astra International

Date and Time: Thursday, April 2, 2020
4:00 pm - 5:00 pm GMT+7
Cost: Complimentary
Contact: andy.jie@mercer.com
dina.sulistyoning@mercer.com

Kindly visit the below link to stay updated on the latest information on Coronavirus:
<https://www.mercer.com/our-thinking/managing-novel-coronavirus.html>

Q&A



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Isdar Andre Marwan
Director, Career Services
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Astrid Suryapranata
Director, Career Product
Mercer Indonesia



Sidhant Thakur
Director, Career Services
Mercer Indonesia

Feedback

Please scan the QR Code or
go to the link to fill in a 2-minute
short feedback for our webinar!

THANK YOU!



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