



Reinvigorating the reward space post COVID-19 and beyond

In the past, there have been conversations about the rate of technological advancement and the possibility of a world where almost all business activities are conducted virtually. Most of the debate has been around the pros and cons of an almost virtual world. Less focus has been on how fast this will happen and the timeframe. Safe to say, the speed and quantum at which the world adjusted to the “new normal” as a result of COVID-19 could not have been anticipated.

As governments in various countries are implementing their “reopening” plans, businesses are deploying their crisis strategies and modifying them as events unfold to ensure business survival, sustain stakeholder engagement and ensure employee well-being. Underlying the issue of employee wellbeing is the question of “how well is your organisation’s reward strategy positioned for a reopening post COVID-19 and beyond?” This article is a summary of focus areas that reward professionals need to consider post COVID-19 and beyond.

Outside-the-norm approach to remuneration

Clearly these are not normal circumstances and the road-to-recovery may not be straight-forward. It may be time to re-examine how much flexibility organisations have built into their reward strategies. We have seen many different approaches to reward since the start of the crisis, including deferring unpaid bonuses and providing shares in lieu of cash pay. Also, with regards to variable pay, companies have been adopting interim solutions to the approval of bonus and long-term incentive grants as businesses struggle with predicting business performance, particularly in the long term. In terms of base salaries, we have seen higher paid staff agreeing to reduce salary while lower paid staff who are viewed as “key” in the present circumstances may have received salary top-ups. The question will be how these salaries are re-adjusted and whether it impacts the business’s pay banding structure. There is never going to be a “one-size fits all” approach which stresses the need for reward professionals to understand their organisation’s peculiar circumstances and incorporate flexibility now and beyond this period.

Global perspective and timing:

As some countries are easing the lockdown, others are still at the peak of the crisis. The pace of economic recovery in various countries will be different. Therefore, organisations with global presence may struggle with the varying impact of the crisis in different business locations. In terms of reward and employee value proposition, conscious decisions on the appropriate timing to implement pay and benefits programmes is crucial. For example, enhancing the medical benefits for employees in a location still severely impacted by the crisis may be welcome. However, in other locations that are reopening, introduction of flexible working programs may be more beneficial to give employees time for their families.

There is an increased expectation on employers to develop policies that reflect employees’ general wellbeing. We are also now seeing countries, such as the UAE, introducing a national wellbeing strategy with which employers may need to comply.

Consider employee preferences and communicate

Following the earlier point, it is important to consider employee preferences. If an organisation decides to provide additional benefits to employees, such benefits need to be purposeful. A pulse survey to collect information on employee preferences will provide valuable data. While it may be difficult to fulfil every need and preference, organisations will be able to provide benefits that fulfil a required purpose for various employee demographics. Also, it is important to communicate the available benefits and how to access them. Overall, pulse surveys, feedback platforms and constant communication will better shape pay and benefits decisions now and in future.



Leverage “soft” areas of reward

In situations where bonuses are unpaid and companies are implementing salary-cuts, it is imperative to consider how to keep employees engaged. Aside from pay and benefits, it is a good time to explore the entire employee value proposition. For example, revamping informal and non-monetary recognition programmes to appreciate employees still delivering exceptional performance in these unprecedented times. At the end, winning employers will be the ones that are able to keep their employees engaged and retain talent for a long period.

Effectively manage mobile workforce

Many organisations with “mobile” employees have had employees stuck in other countries due to the lockdown. It brings to the fore the need to properly manage and be accountable about employee movement across locations. Going forward, organisations need to ensure that they have a system for tracking and monitoring employee movement to mitigate tax and legal issues that may arise if employees work overseas longer than planned in unforeseen circumstances such as this crisis.

Workforce planning

During this crisis, one of the crucial decisions that organisations have taken is deciding on which, if any, employees will be furloughed. These decisions were often made quickly but businesses are now starting to think more strategically about the longer term shape of their workforce: when will employees return from furlough; will this be part time; will we need to permanently reduce the workforce. As workforce plans feed into pay and benefits budgets, it is important to ensure these plans are updated and relevant.

Technology

Technology plays a key role in delivering HR & reward programmes. An integrated HR & Reward system supported by technology will provide a “one-stop shop” for information needed to deliver reward initiatives. For example, where a company is calculating furlough pay, this can become extremely complex, particularly where there are multiple payrolls. Technology can help support these calculations and in deciding on future technology support for reward initiatives, it is important to ensure that the technology is adaptable, flexible and can support the organisation’s needs.

Reward governance

The need for proper reward governance and documentation has become even more important. With the number of changes to pay and benefits during this crisis, it is important to keep a record and audit trail of reward-related decisions. In the UK, organisations benefiting from the government’s Job Retention Scheme will have to keep records of their supporting calculations on claims for at least 6 years. It may be useful for reward professionals to liaise with the information technology teams of their organisations to ensure that such records are retained and organised in the event of any future audit.

These are unprecedented times and the answers are not clear cut. However, some of the lessons from this crisis will shape organisations’ reward value propositions going forward. Decisions taken now are not limited to financial decisions but there are also reputational implications to be considered. In the meantime, organisations and reward professionals need to be ready to answer questions from potential talent/hires, investors and other stakeholders about the type of support that were provided during this period.

How we can support you

Please contact [Chris Barnes](#) (Partner), [Joanne Brien](#) (Partner) or [Busola Farinmade](#) (Manager) if you require further guidance on understanding and addressing the implications of COVID-19 for your reward strategy.

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