

2021 Payroll and HR Trends Across APAC

What to expect as we
adapt to the 'next normal'

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Introduction

Our 2020 Payroll and HR Trends report opened by stating that "making predictions is hard". That certainly turned out to be true when the COVID-19 pandemic literally swept across the world early in the year. Nobody saw it coming, but everybody was impacted by this personally and professionally.

The 2020 trends report also stated that "trends are more tangible". And some of the trends identified around employee wellness (including flexibility), employee engagement and the adoption of technology gained a lot of attention during the year largely due to the impact of the pandemic and businesses having to quickly adapt.

For 2021, with continued high rates of infection and outbreaks of COVID-19 in countries around the region and the world, it will be a year of defining and adapting to the 'next normal'. For payroll and HR professionals this includes managing remote workforces, flexible working policies,

cybersecurity managing Government subsidies and accelerating the use of technology to increase efficiency and accountability in a very different workplace environment.

While our Asia Pacific region is very diverse, particularly in relation to legislation and regulations between countries, we view the trends of 2021 as being largely applicable across the region, whether your organisation operates in one or more countries.

COVID-19 has brought us together in that regard, with a common purpose, while pushing us apart in so many other ways.

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Adapting to a 'post-COVID' world by utilising technology to manage distributed teams and workforces while maintaining productivity and re-defining corporate culture will be a key focus for 2021.

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Remote work

The move to remote work was sudden and swift in early 2020, right across the business world. Driven by travel restrictions and lockdowns, employees who could work remotely had no choice but to work from home. This caused one of the largest workplace shifts ever seen in history.

As 2020 rolled on, some countries and cities had restrictions relaxed, but the move back to the office has been slow. Continued COVID-19 outbreaks, and so-called second and third waves, have prevented a wholesale move back to offices located in large cities and satellite towns.

For organisations, this demanded rapid implementation of technology solutions including online collaboration tools and video-conferencing. As we move into 2021, most organisations have established remote work procedures and policies, which will be utilised as COVID-19 continues to cast a long shadow over business.

With the relative success of the adoption of remote work and continued productivity, organisations may now consider hiring new team members from interstate or even overseas, which will change how they engage

with HR from hiring through to the entire employment lifecycle.

The big question that employers will be asking in 2021 is this – once employees are allowed back into the office, will they still want to come?

IMPACT ON PAYROLL

Increased use of technology with payroll teams working remotely. Need to reduce or remove manual processes and increase efficiencies, with acceleration of business process automation.

IMPACT ON HR

Employee engagement and recruitment has to adapt to remote methods such as video-conferencing and online collaboration tools with limited opportunity for face-to-face contact. Consider how to maintain corporate culture in this new environment and how to enhance the training and on-boarding experiences of employees in a virtual environment.

Employee wellbeing

The pandemic has both assisted and hindered efforts to focus on employee wellbeing, with increased flexibility in terms of work location but concerns for mental health amid unprecedented uncertainty.

Flexibility, a long-stated goal of employees, was thrust upon employers in early 2020, and looks set to continue. Working from home went from being a one day per week 'benefit' to a full-time proposition.

The good news for employers and employees alike is the experiment that was forced upon them appears to have worked. Productivity has been maintained while employees enjoyed less (or no) commuting and more time for themselves. There should be no reluctance to allow employees flexible working arrangements into the future, if and when they are able to return to the office.

At the same time, there was a massive upheaval in economic activity due to the pandemic and many industries (such as hospitality and tourism) were virtually shut down overnight. As a new balance is found

with restrictions easing somewhat, employers need to consider the mental health of employees who may be suffering from:

- **Job insecurity**
- **Financial duress**
- **Stress about the future**
- **Pressure to work from home and maintain productivity**
- **No physical and personal engagement with team members**

Look to 2021 for insights into how the organisation will engage and manage an increasing number of remote employees, while maintaining productivity and employee wellbeing.

IMPACT ON PAYROLL

Using technology to better manage large and rapid changes to workforce size and individual working arrangements as organisations deal with fluctuating demand and uncertain economic conditions.

IMPACT ON HR

Adapting to remote employee engagement, meeting KPIs and productivity results. Focus on employee mental health and access to services outside the traditional office environment, as well as maintaining company culture.

Managing Government stimulus & subsidies

Employers right across the region have benefited from different levels of various Government economic stimuli and subsidies to support businesses and employees during the pandemic. For industries (such as hospitality and tourism) that were shut down completely in some countries, employee subsidies became the sole source of funds for organisations.

These initiatives were crucial to maintain operating capacity and employment, preventing millions of people across the region from losing their jobs en masse. Most Governments are continuing some form of business and employee support into 2021.

Organisations need to be aware of the constantly changing initiatives and subsidies, including fiscal measures such as revised taxation structure and rates, to correctly pay employees.

The addition of Government subsidies to support businesses during the pandemic is undoubtedly welcome and helpful, but it will drive increased administrative

pressure for payroll and HR teams to access and implement.

A key focus for 2021 will be managing the transition as wage subsidies and related payments are reduced or removed over time. This requires a close management of workloads, employment contracts and cashflow to get the balance right.

IMPACT ON PAYROLL

Added workload to apply for and manage the receipt and distribution of Government employment subsidies and changing working arrangements for employees.

IMPACT ON HR

Management of employee compensation arrangements including benefits and implementation of changing legislative requirements adds more complexity to HR function.

Focus on technology

Technology in the context of the ongoing digital transformation imperative continues to be high on the list for organisations across the Asia Pacific region. When the pandemic hit, remote work and online access to services accelerated the digitisation of businesses. McKinsey estimated that five years of digital adoption occurred in just eight weeks in mid-2020.

For employers, technology is key to managing a distributed and remote workforce in 2021 and beyond. Investment in online collaboration tools and video conferencing software, supported by a reliable network infrastructure and increased cyber security measures, will help maintain productivity for payroll and HR teams working remotely.

HR teams will also rely on technology to provide links to engage with remote employees across the organisation, while payroll teams will continue to implement workflow automation tools to find efficiencies and remain compliant.

Further, there is an increased focus on time and attendance tracking for managing remote work, aligning staff hours to pay and ensuring productivity.

For most organisations, the upheaval of 2020 put forward-looking technology initiatives on hold. While uncertainty remains, it is hard to say when these initiatives will be firmly back on the agenda. Notwithstanding that, the following categories of technology remain important to payroll and HR teams:

- **Robotic Process Automation (RPA)** to streamline manual processes, reduce human error, remove routine tasks and increase accuracy for compliance purposes.
- **Use of Artificial Intelligence (AI) and Bots** to replace human-based support escalations, especially for a remote workforce.

In addition, investment in Business Intelligence (BI) software and predictive analytics will provide data and insights for workforce management and planning to facilitate more strategic decision-making.

IMPACT ON PAYROLL

Technology to automate manual processes and remove routine tasks will free up time to manage the ongoing impact of increased workload due to COVID-19.

IMPACT ON HR

Remote management, hiring and training/learning requires increased use of technology tools. Better access to data and insights to measure and monitor productivity of a remote workforce.

Pay rises give way to job security

Salaries and wages are likely to remain static in 2021 due to widespread economic uncertainty and ongoing restrictions to prevent the spread of COVID-19 severely dampening business activity in many sectors.

This is backed up by predictions of low global inflation and CPI across the Asia Pacific region, and indeed the world.

For employees, having and keeping their jobs through 2020 was the focus, along with adapting to new work from home arrangements. For many, the ability to work remotely with some flexibility has brought intangible benefits with better work/life balance and reduced expenditure (such as on commuting).

Job security will remain a key factor for employees, especially as Governments around the region consider scaling back or discontinuing employment and other business subsidies.

Employees want and need the technology tools to do their jobs remotely, continued (online) learning opportunities and the ability to effectively engage with managers and colleagues with no or limited face-to-face interactions.

And working remotely, they need access to support to minimise the risk of burnout with work/life boundaries acutely blurred and reduced contact/engagement with managers and colleagues.

Employers need to be mindful of executive pay and bonuses under pandemic conditions, especially while claiming Government subsidies for employees.

IMPACT ON PAYROLL

Close monitoring of changes to Government employment subsidies and consideration of how remote work has impacted non-cash benefits (such as gym memberships, lunches at the office etc.) and how packages might be restructured in the context of remote work.

IMPACT ON HR

Focus on performance monitoring with a largely remote workforce. Clear communication to allay fears around job security and provision of effective support to ensure mental wellbeing without in-person access to HR, resources and colleagues.

Legislation and regulations

Across most countries in Asia Pacific, the last few years has seen various regulatory changes impacting payroll and HR. One key area has been data protection and privacy – as employers need to access more data to help manage their workforces, they need to remain vigilant and mindful of privacy implications and data security.

Of course, COVID-19 was understandably the main focus of Governments through most of 2020, and will be for the foreseeable future into 2021. Organisations need to closely monitor updates on travel restrictions and lockdowns, as well as the important financial support and subsidies being provided (which are likely to be subject to changes or discontinued during the year).



AUSTRALIA

JobKeeper legislation was the largest piece of employment legislation in 2020, and has been extended until March 2021 (though with progressively lower payments since its introduction). At the same time, Single Touch Payroll (STP) has moved to the next phase of implementation and includes small and large businesses, and various government and industry bodies continue to investigate wage theft across a number of industries. In addition, pay transparency and pay equality remain firmly on the public agenda.

SINGAPORE

Employers in Singapore will not have to pay income tax on wage subsidies they receive under the Jobs Support Scheme (JSS), which has been extended into 2021. The JSS launched to help firms to keep people employed during the pandemic. The government funds between 25% to 75% of the first \$4,600 of gross monthly wages paid to each local employee in a 10-month period and 10% to 50% of the same in the subsequent seven-month period. The JSS is paid in five instalments (plus one special payment) based on previously paid wages. The final instalment is due to be paid in June 2021.

MALAYSIA

In response to the pandemic and resulting economic uncertainty, the Malaysian Government has introduced a range of support mechanisms for employees and employers. Commencing in January 2021, Employees Provident Fund contributions have been reduced from 11% to 9% to provide employees with more 'take home pay'. There is also a hiring incentive that has changed from a flat rate of RM800 per month to 40% of income per month (up to a maximum of RM4,000) with the goal of reducing unemployment.

IMPACT ON PAYROLL

Complexity of the legislative environment and regulatory compliance is increasing within and between countries around the region and requires vigilance and effective use of technology to stay ahead of the curve. Need to constantly monitor changing support packages being provided in response to the pandemic.

IMPACT ON HR

Continued focus on employee data and privacy. Policies around pay transparency, equality of pay and diversity need to keep up to date with legislation and public sentiment.

Conclusion

Whatever 2021 holds for society and business, we'll all be happy to put 2020 behind us. Although we will be living under the COVID-19 cloud for the foreseeable future, the aftershocks of the pandemic's onset are starting to subside, and organisations can look toward 2021 to reset and adapt to the 'next normal'.

For payroll and HR professionals in the Asia Pacific region, 2021 presents an opportunity to consolidate recent rapid changes such as remote work, and leverage the efforts made with technology, procedures and policies now in place to support a distributed workforce.

Payroll teams will be focused on managing constantly changing Government legislation and subsidies, while dealing with the likelihood of them ending as 2021 progresses. Extra demands on time and workloads will need to be offset by accelerating business process automation to find efficiencies and reduce manual processes and routine tasks.

HR teams will be challenged with keeping a remote workforce engaged, with a particular focus on employee mental wellbeing in

an uncertain employment environment. Technology will assist in engaging with remote teams and digital recruitment/onboarding.

After the COVID-driven upheavals across the region and the world in 2020, the new year promises to be a little more settled, and digital transformation projects that were shelved to deal with the demands of the pandemic can come back into focus.

Consider partnering with a specialist payroll and HR solutions provider to elevate the role of your team, find efficiencies and put your people first, wherever they are located. [Contact us](#) today to find out more.

About Ascender



With more than **1.3 million** employees of Ascender customers being paid using Ascender's Payroll and Human Capital Management platforms throughout the Asia Pacific, Ascender is trusted by approximately **1,600** accounts across more than **1,100** global brands and listed companies to meet their payroll and HR needs.

Our regional teams and operational centres service a diverse range of customers' payroll requirements through **900** dedicated professionals across eight countries, who have local payroll knowledge and expertise in seven languages and **31 country** legislations.

Ascender offers payroll outsourcing and cloud-based enterprise integration for businesses seeking to incorporate streamlined pay-run capabilities across multiple countries through leading technology and innovative processes.

To find out how **Ascender** can help you, please contact us at hello@ascenderhcm.com.au or call us at 1300 766 400 in Australia, +612 8075 0221 outside Australia, or +65 6761 9450 in Asia.



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