

# The Challenges of Managing a Workforce Across Asia

By Adam Livermore



# About Dezan Shira & Associates



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# Dezan Shira & Associates

**1992**

Dezan Shira's **establishment**

**300+**

Our team of legal, tax, accounting and audit **professionals**

**2,000+**

**Multinational clients** that have already chosen us

**80+**

**Countries served** by our professional services

**24**

Our **offices** in China, India, Vietnam, Singapore, liaison offices in Italy, the United States and Germany, and alliance offices in Indonesia, Malaysia, the Philippines, and Thailand.

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# Profile – Helen Kong



HELEN KONG

- [Helen Kong](#) works as the Manager of Human Resources Administration and Payroll Services at Dezan Shira & Associates. She has been working in the Dezan Shira HR field since 2008 and leads a specialized team in Dalian for payroll and HR admin outsourcing services.
- Helen has expertise in providing tax planning and advisory services for foreign individual income tax matters, and has also helped many newly established companies on HR start up related services.

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# Profile – Adam Livermore



**ADAM LIVERMORE**

- [Adam Livermore](#) is the newest equity partner at Dezan Shira & Associates. He directly manages Dezan Shira's Dalian, Qingdao and India offices while leading the team providing integrated payroll processing services to clients across China, Vietnam, India, Hong Kong and Singapore.
- Adam has a particular specialization in the areas of human resources in China, relating to both the legal and administration aspects, as well as possessing a comprehensive understanding of the key legal and accounting topics relating to foreign direct investment in China.

# Challenges relating to Language / Culture



# Language Challenges I

## Chi tiết về Phiếu Lương

Mã nhân viên	VN001	Lương tháng	June 2017
Tên nhân viên	Lee Yun	Ngày bắt đầu	1st Feb 2012
Tên Tiếng Anh	Ada Lee		

• Thu nhập	Số tiền (VNĐ)	• Các khoản giảm trừ	Số tiền (VNĐ)
Lương cơ bản thực tế	20,000,000	Bảo hiểm xã hội	1,600,000
Trợ cấp điện thoại	770,000	Bảo hiểm y tế	300,000
Trợ cấp tiền ăn	150,000	Bảo hiểm thất nghiệp	200,000
Thu nhập gộp	20,920,000	Thuế thu nhập cá nhân	304,000
<b>Lương thực nhận</b>		<b>Tổng giảm trừ</b>	<b>2,404,000</b>
			<b>18,516,000</b>

• Người phụ thuộc	1	• Số Ngày Làm việc tiêu chuẩn của Tháng	22
• Số Ngày Làm việc thực tế trong Tháng	22		

# Language Challenges II



## LANGUAGE MISUNDERSTOOD

The single largest cause of confusion and time waste for HR managers at US and European multinationals is language.



## POOR UNDERSTANDING OF CONCEPTS

HR managers will be familiar with the concept of “RIRO” (Rubbish In, Rubbish Out) from payroll processing work. The main contributor to “Rubbish In” relates to poor understanding of concepts translated from the original language.



## NO PRESENCE OF EXPERIENCED HR MANAGERS

This tends to be a larger problem in low-headcount countries where internal high-level HR managers are not present.

# Cultural Challenges I

List of public holidays in DSA India in 2017				
S.No	Holiday	Date	Delhi	Mumbai
1	Republic Day	26 January 2017	1	1
2	Mahashivratri	24 February 2017	2	
3	Holi	13 March 2017	3	2
4	Good Friday	14 Apr 2017	4	
5	Maharashtra Day	1 May 2017		3
6	Raksha Bandhan	7 August 2017	5	4
7	Independence Day	15 August 2017	6	5
8	Ganesh Chaturthi	25 August 2017		6
9	Gandhi Jayanti	2 October 2017	7	7
10	Diwali	18 October 2017	8	8
11	Bhai Dooj	20 October 2017	9	9
12	Christmas	25 December 2017	10	10

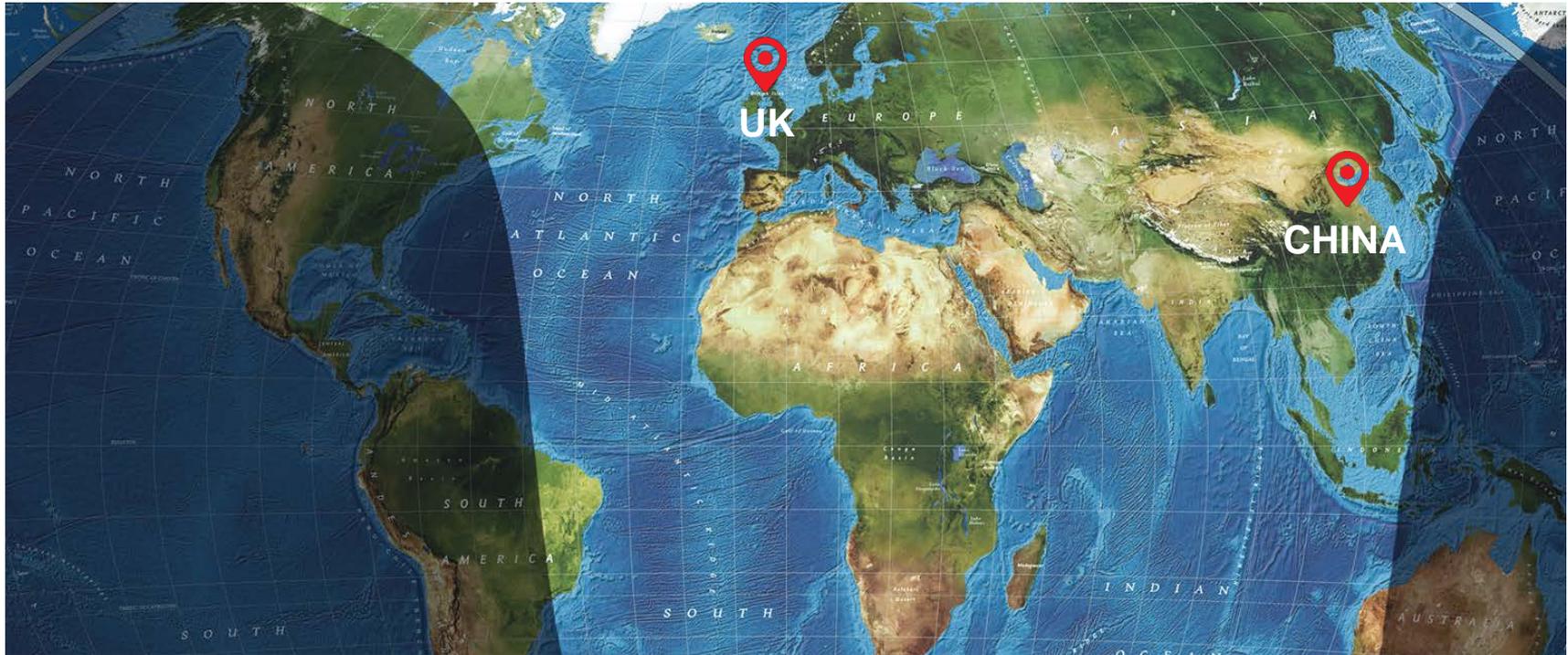
# Cultural Challenges II

Type of Leave or Holiday	Delhi	Mumbai
<b>Holidays</b>	3 National Holidays, i.e. Republic Day, Independence Day, and Gandhi Jayanti	4 holidays, including Republic Day, Maharashtra Day, Independence Day, and Gandhi Jayanti
<b>Privilege Leave</b>	15 days (after having worked for 1 years), 5 days (after having worked 4 months)	21 days (after having worked for 240 days), 5 days (after having worked for 3 months)
<b>Casual/Sick Leave</b>	12 days (in every year) 1 day for every month	Nil
<b>Maternity Leave</b>	26 Weeks	26 Weeks

# Coordination Challenges



# The World is Round

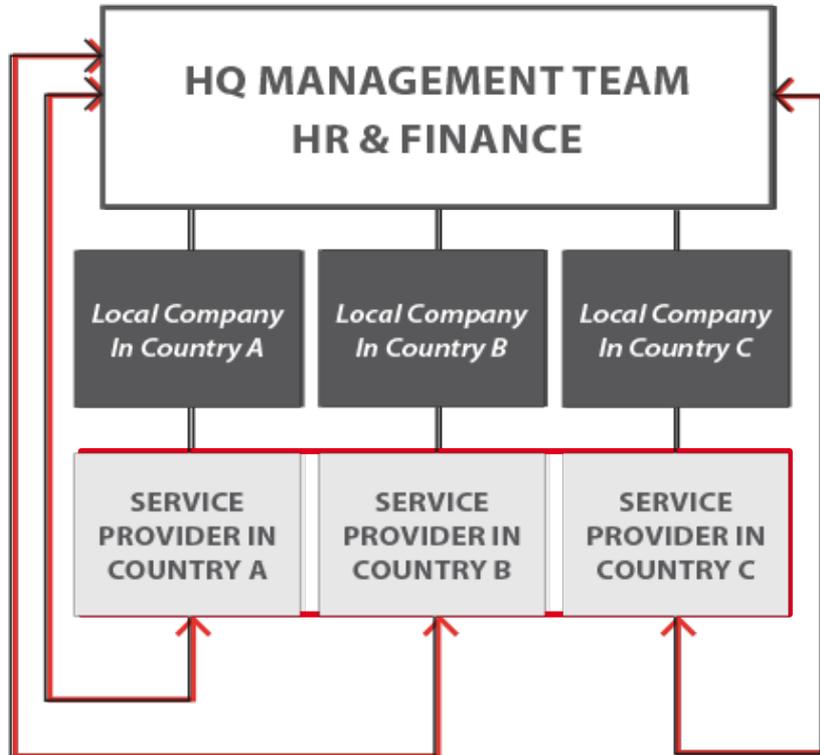


**There are only a few hours in the normal working day for an HR director based in Europe to do all the coordination necessary with their HR staff across Asia**

In our experience, these hours can also be the busiest for an HR manager relating to their work to Europe!

# Multiple Coordination Points

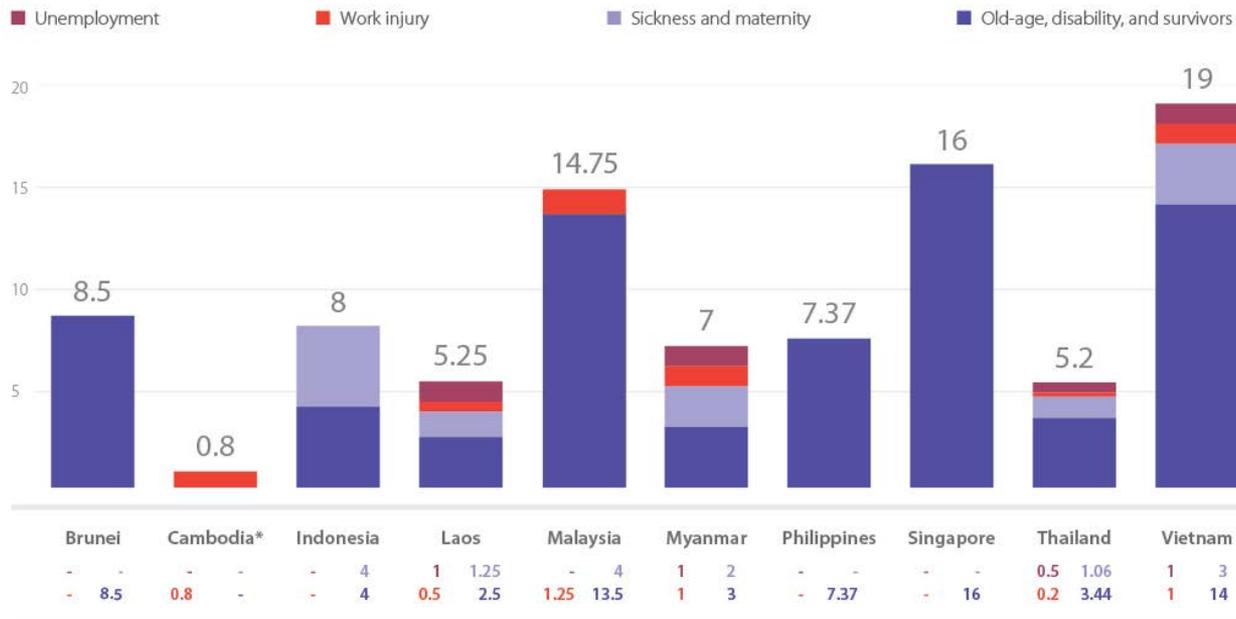
## Country by Country Model



- Coordinating with multiple parties in different countries is difficult and time-consuming. It is also stressful when payroll deadlines are getting close!
- Receiving reports in the same format for easy consolidation from multiple vendors can also be very challenging

# Major Challenges – Social Insurance Systems and High Staff Turnover

Social Insurance Contribution Rates for Employers in ASEAN (percent)

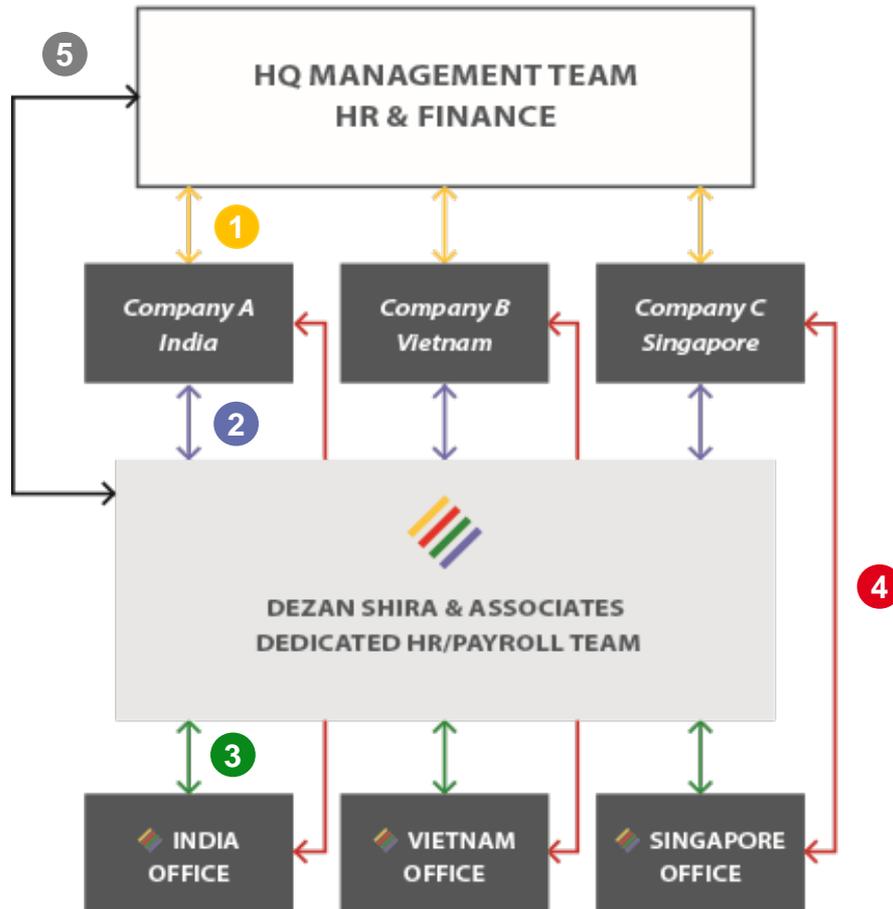


\*Note: Cambodia's adoption of social security provisions beyond work injury is in progress

- Expect high staff turnover especially if your Asian ops are based in big, super-competitive cities such as Shanghai, Bangalore or HCMC
- Plan for relatively high salary increases for your Asian staff in the first four years of their employment

# Our Solution I

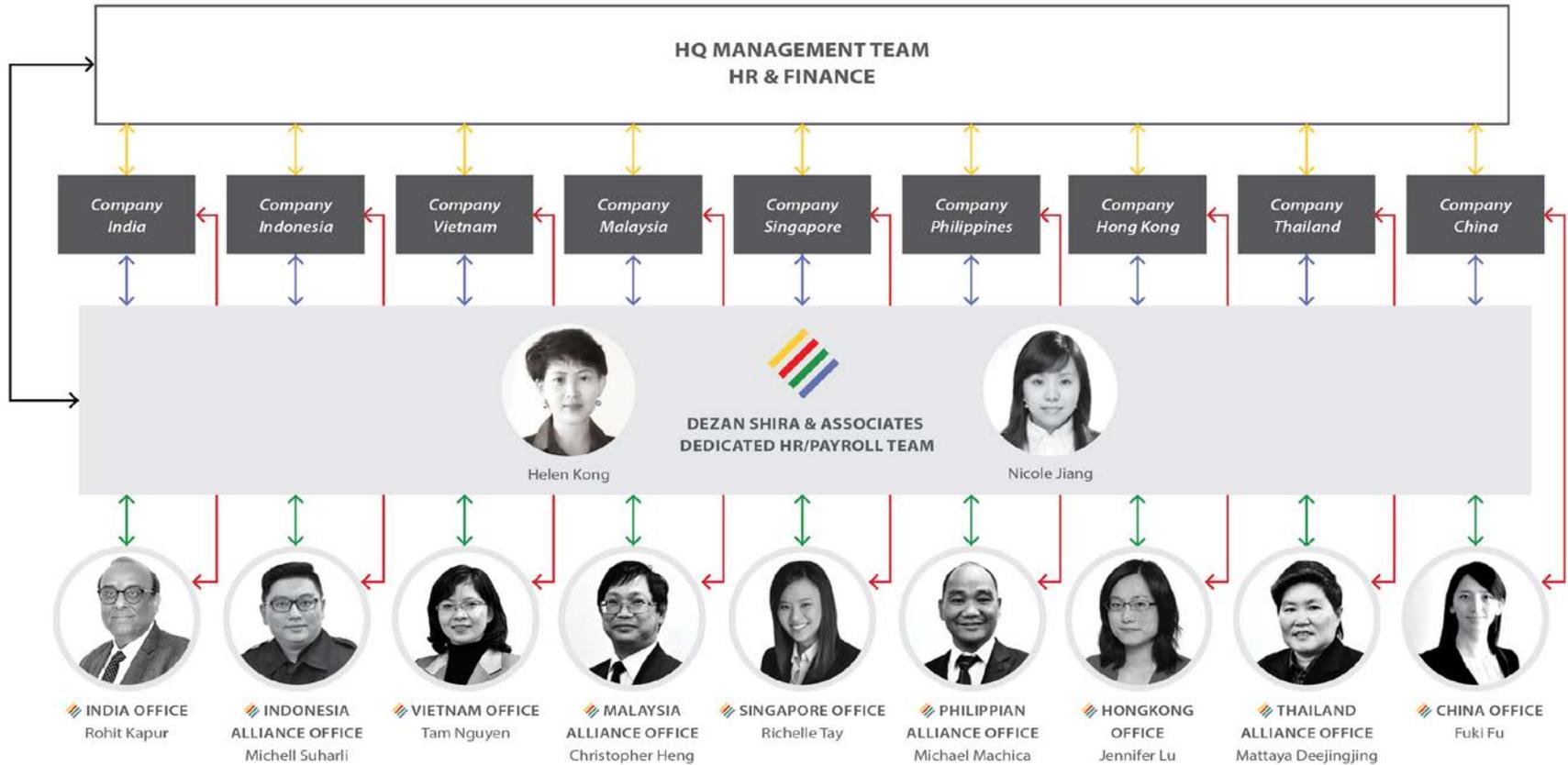
## Shared Service or Integrated Model



- 1 Hiring / training / salary increase / bonus / operational etc (client internal discussions)
- 2 Interactions between Dezan Shira and local HR team / employees
- 3 Special Requests within Dezan Shira network for Local Administrative Assistance
- 4 Implementation of administrative assistance for client's local employees
- 5 Payroll processing information exchange & approval, and explanations to HQ

# Our Solution II

## Shared Service or Integrated Model



# Our Solution III



**Clients handle “soft” HR work locally via their own internal teams.**

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This mainly comprises:

- Recruitment
- Management / Employee Communications
- Training
- Appraisals
- Compensation package structuring
- Etc



**Dezan Shira handles “hard” HR work via our dedicated team in Dalian and its support network across Asia.**

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This mainly comprises:

- Setup of HR administration infrastructure in terms of documentation templates etc.
- Payroll processing and related tax filing
- HR administration management
- Advisory for special cases

# How things can go wrong - China



1. A DSA client utilized an internal HR manager to handle all HR administration including signing of employment contracts with employees and maintained this person in her role for eight years
2. Upon implementation of an HR audit, it was found that instead of providing “non-fixed term contracts” to around ten employees that were legally obligated to receive them, the HR manager had them sign fixed-term contracts instead
3. Under China’s labour contract law, this put the company out of compliance and obligated them to pay double salary to each employee for the period of non-compliance
4. The company ended up with a liability of around EUR 150,000
5. Takeaway: In Asia, HR managers are usually generalists, not specialists. Don’t rely on them to understand the regulatory framework in great detail. Get external advice and carry out periodic reviews

# How things can go wrong - India



1. A client needed to terminate a female employee for non-performance. For white-collar employees in India, this is usually not as much of a challenge as it is perceived to be
2. This termination became acrimonious and the individual to be terminated had a background in law. She knew the regulations around protection of female employees in the workplace
3. In India, a company is supposed to setup a committee to protect the interests of female employees. Disputes or complaints from female staff should be considered by this committee. The committee members are drawn from the employees of the company itself
4. The client did not have such a committee in place and therefore put itself in a weak position to deal with the termination of this employee. In the end, it settled the matter by paying a large amount of compensation. It then setup the committee immediately!

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# Thank you!

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# Asia Briefing Resources



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# Additional Online Resources



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# Thought Leadership

Dezan Shira & Associates is committed to improving the understanding and transparency of investing across Asia. The firm publishes significant and well received business intelligence about each of the markets and disciplines in which it operates in through its publishing subsidiary Asia Briefing Ltd., which includes technical publications and highly rated websites concerning business investment in Asia, ASEAN, China, India and Vietnam. The firm also sustains an extensive business library on its own website

- Topics include Corporate Establishment, Financial Risk, Tax, Accounting & Compliance issues.
- Written in association with the legal, accounting, and auditing professionals at Dezan Shira & Associates
- Available in our online bookstore ([www.asiabriefing.com/store](http://www.asiabriefing.com/store))



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Our multimedia series of podcasts, interviews, webinars and presentations contain helpful, practical information on how to invest in and operate your business in Asia. The complete archive can be found at <http://www.dezshira.com/multimedia>



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**Years  
1992-2017**



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- Dezan Shira Asian Alliance Members

## Our Global Presence

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