

Update 4: KPMG - Employees Demand Compensation for Pay Cuts Made Due to COVID-19 Pandemic

- KPMG staff are demanding compensation for pay cuts as another Big 4 firm Deloitte reversed salary reductions a month early after recording higher-than-expected profits
- Both the firms introduced 20% pay cuts for staff in April 2020, in an attempt to safeguard profits in the expectation that work would dry up as the economy slowed down
- However, the revenue hit has not been as severe as expected and staff want to be compensated for lost wages that were not matched by reduced hours
- KPMG staff are now back on full-pay but in August 2020, they were able to submit anonymous questions at an online company-wide meeting, and many requested compensation
- The firm's Chief Executive Gary Wingrove announced 1% of the expected 6.7% annualized pay cut would be reimbursed in June 2020, but staff wants further compensation
- Further compensation would be determined by the impact of the pandemic as stated by KPMG
- In August 2020, KPMG reported that its annual revenue had increased by 7% over the year to more than US\$1.9 B, as the firm saw growth in all areas of the business including its auditing, tax, enterprise, and management consulting divisions

Source(s)

- <https://www.smh.com.au/business/banking-and-finance/kpmg-staff-demand-back-pay-as-deloitte-ends-salary-cuts-early-20200901-p55rd6.html>
- <https://internewscast.com/kpmg-staff-demand-back-pay-as-deloitte-ends-salary-cuts-early/>

Targets Affected:

KPMG

Guidance

Actions to consider:

- Consider implementing suggested actions related to 'Layoffs/Pay Cuts/Freezing of Hiring, Promotions, Appraisals, and Bonuses' under the 'COVID-19: Actions to Consider' section below / next page

Related Alerts

May 21, 2020

Low

Update 3: KPMG - Majority of Staff
Accept COVID-19 Salary Reduction
Scheme - Australia

April 14, 2020

High

Update 2: KPMG - Plans to Reduce
Employee Pay by 20% Amid
Coronavirus Pandemic

April 2, 2020

Medium

Update 1: KPMG - Plans to Lay Off
Employees Amid Coronavirus Outbreak
- ~200 in Australia

March 30, 2020

High

Audit Firms - Postpone Promotions,
Appraisals, Bonuses, and Salaries
Amid Coronavirus Outbreak - India

Impact level Definitions

Impact Level	Definitions
Immediate	Certain - Supply Wisdom recommends considering prompt action. Examples of Immediate level alert events may include bankruptcy filings, data breaches, unexpected curfews, strikes, power black-outs, major geo-political events etc.
High	Highly likely to occur in the near term (within 3 months) - Supply Wisdom recommends being in a state of readiness to take quick action. Examples of High level alert events may include withdrawal of rating by ratings agencies, hostile takeover, multiple cyber-attacks, new business policies causing significant hardship etc.
Medium	Likely to occur in the mid-term (within 3 to 6 months) - Supply Wisdom recommends reviewing current mitigation steps and being ready to take proactive actions if and when situation deteriorates further. Examples of Medium level alert events may include unplanned C-level exits, suppliers caught in bribery cases, economy slipping into recession.
Low	Possible in the long-term (after 6 months) - Supply Wisdom recommends taking proactive action if situation does not resolve. Examples of Low level alert events may include lawsuits filed against suppliers, client losses, air pollution alerts issued by country's local authorities, unexpected holidays announced for the location etc.
Informational	The event is pertinent information but does not have a risk element associated with it. Examples of Info level alert events may include launch of new solutions, partnerships signed, industry outlook, positive changes in government policies, announcements regarding launch of software parks/ free trade zones/special economic zones etc.