



Asia Employee Rewards Watch 2010





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Welcome to the third edition of the Asia Employee Rewards Watch survey. Since its launch in 2007, we have seen a substantial increase in respondents and we are delighted that 201 companies participated this year – a threefold increase. We are pleased to share with you the research findings in relation to reward trends and hope that you find the information insightful and relevant.

From year ending 2008 to first quarter 2009 it was quite clear that Asia Pacific, like the rest of the world's economy, went through unpredictable economic times. As the global debate wanes as to whether the worst is now behind us, it now seems Asia is quietly emerging with fewer economic backlashes than its western counterpart. Two thirds of respondents are preparing for a period of growth, whereas only one in six believe their business is heading for a period of contraction. Our research also shows that the Asian economies of Hong Kong, Japan and Singapore were observed to have suffered the most during the global recession.

During the course of the recession, there was a great deal of media attention on pay and bonuses, with one clear message emerging - the need for greater governance of reward programs. 64 percent of respondents now have HR representation at board level, compared to 58 percent in 2008. In addition, there has been a noticeable increase in the number of companies with a written reward strategy, half of respondents (50 percent) reported that they have one in place, up from 36 percent in 2008.

Given that economic conditions have placed reward strategies under the spotlight, it comes as no surprise that eight in ten respondents believe they are under more pressure to minimise costs and improve return-on-investment. However, around four in ten respondents claimed their reward costs are escalating most significantly on salaries. With these two opposing forces, it is no surprise that reward professionals are unable to demonstrate the return-on-investment in relation to reward spend – over five in ten reward professionals cannot defend or poorly defend their reward spend.

The current and future economic climate looks promising for Asia, while uncertainty persists for western economies. Companies in Asia are now in acquisition and expansion mode, credit flows are returning to normal levels (in some places asset bubbles have formed), and (if not already) Asia will return to robust employment norms. Employees will need to be engaged all over again and the war for talent will become a familiar dilemma.

Forward thinking companies are looking for ways to improve employee engagement and how they communicate reward programs. According to our research, nearly a quarter of respondents with traditional benefit plans (21.76 percent) are considering implementing flexible benefit programs over the next two years. It is a clear sign that companies in Asia are bracing for better times ahead and it is a testament to the fact that companies want more efficient use of their reward spend.

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Methodology

Respondents were asked to complete a series of questions online regarding the reward strategy and the employee benefits they are offering in Asia Pacific. The questions were designed to understand their views and motives corresponding to this strategy and their future expectations.

Respondents completed questionnaires in quarter 4 2009.

The questions were split into categories including reward strategy, health and wellbeing, flexible benefits, total reward, communications and administration.

A total of 201 respondents took part in the research and their profile is included in the appendix of this report. This represents a threefold increase in participation since the last survey.

The volume of respondents enables us, where possible, to make commentary on key segments of the respondents. In particular we have sufficient data to make cuts available for small, medium and large organisations as well as sector specific cuts such as manufacturing, finance and technology companies. If you find these segments of interest please email marketing@thomsons.com.

Economic Environment

Key Statistics

- Respondents appear confident in their outlook for 2010, with the majority (63.68 percent) predicting a period of growth), a testament to the declining economic turmoil we were experiencing. However, there is a legacy of companies who expect to contract or downsize (13.43 percent). These views are a significant improvement on the views for 2009.
- As a result of the recession, more than eight in ten (85.88 percent) respondents believe that reward professionals are under more pressure to minimise costs and improve return-on-investment.
- Interestingly, given the current economic climate, the HR challenge most frequently identified by respondents is employee retention (61.19 percent). This was followed by maintaining/improving morale and employee engagement (54.23 percent) and controlling employee costs (39.80 percent). This reflects the overall confidence and the concern that growth will lead to familiar pressures on employee retention.
- The countries identified as being most affected by the recession were Singapore, Japan and Hong Kong - reflecting the international nature of those trading bases.
- Most organisations had tightened their reward strategy in 2009 to control costs and allocate them more effectively based on business performance.

Chart 1

What activity and challenges has your company faced in the last 12 months?

Please tick all that apply.

It comes as no surprise that re-structuring/outsourcing (43.78 percent) was the biggest challenge that HR respondents reported having faced over the last twelve months. Companies were then split as to whether growth or contraction was likely. Financial companies were more likely to be more downbeat whilst technology companies had more of a bias towards diversification. Large companies made up a high proportion of the companies undergoing re-structuring/outsourcing.

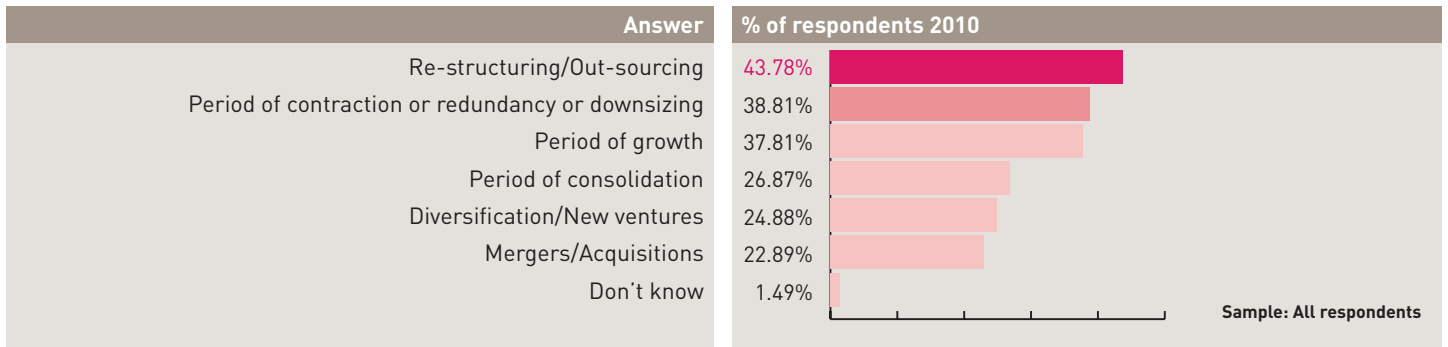


Chart 2

Which objectives and challenges will the next 12 months bring for your company?

Please tick all that apply.

As a testament to the expected rebound in the marketplace most companies (63.68 percent) expected growth to return, but a number of companies also expected to continue the restructuring commenced in 2009 (35.53 percent). Manufacturing had the biggest turnaround in market perception compared to 2009. Medium sized companies were the most buoyant in viewpoint by company size.

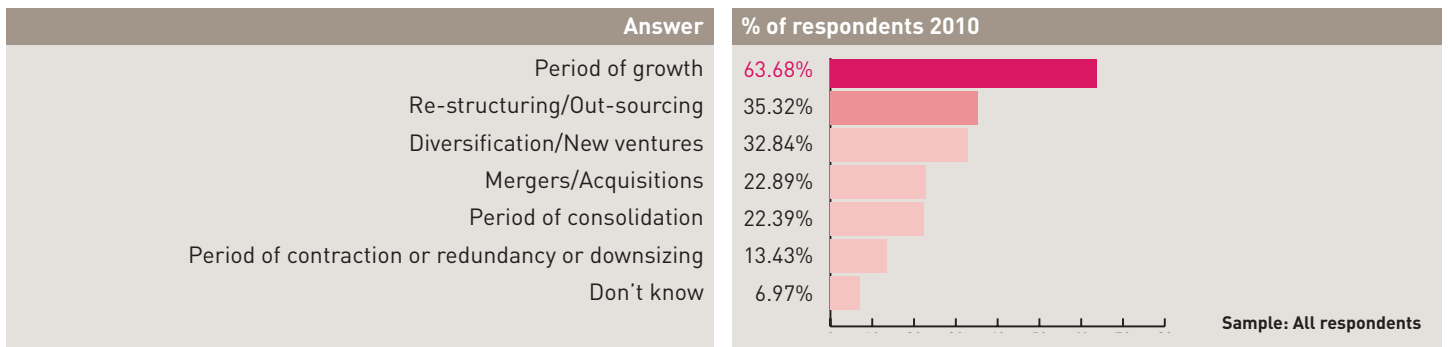


Chart 3

Does your Human Resources function have direct representation at Board Level?

The majority of respondents (64.18 percent) reported that they had direct representation at Board Level. This is a slight increase on 2008 levels. Medium sized and technology companies had the highest representation.

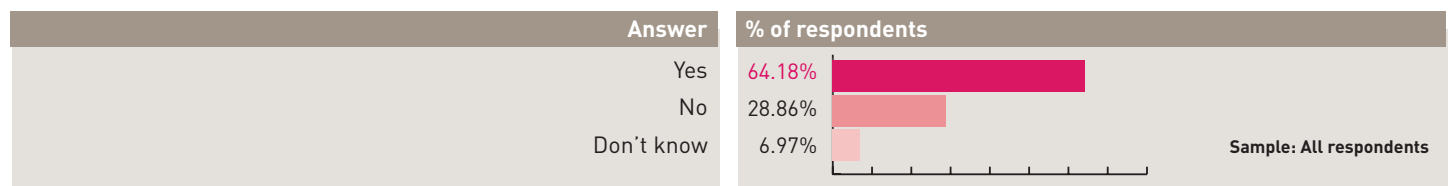


Chart 4

What are the 3 biggest HR challenges that you expect to face in the next 12 months?

Interestingly, despite the economy, employee retention (61.19 percent) was the biggest issue. This was followed by maintaining morale (54.23 percent) and controlling employee costs (39.80 percent). Cost control was more of a focus for financial companies whilst retention more of an issue for technology companies. Smaller companies reported employment law was the biggest challenge and larger companies were more likely to look at new software.

Answer	% of respondents
	2010
Employee retention	61.19%
Maintaining/improving morale and employee engagement	54.23%
Controlling employee costs	39.80%
Improving performance management	35.82%
Reviewing benefits/reward package	28.36%
Recruitment	22.89%
Implementing culture change	16.42%
Restructuring/Redundancies	12.44%
Implementing new payroll/HR software	10.45%
Harmonisation of terms and conditions	9.45%
Complying with employment law	5.97%
Outsourcing HR	1.00%
Reducing absence	1.00%
Other	1.00%

Sample: All respondents

Chart 5

What decisions have you made in relation to your reward strategy over the last 12 months based on the current economic environment? Please tick all that apply.

The action most commonly taken by respondents was to make reward spend dependent on company performance (34.16 percent). This is most likely in the area of bonus and pay awards. Most companies operated some form of cost control. Large companies were more likely to reduce costs than other sized companies and small companies more likely not to implement any change.

Answer	% of respondents 2010
Spend dependent on company performance	34.16%
Reduce spend on existing reward package	22.36%
No change	19.25%
Freeze reward spend	16.15%
Increase reward spend	7.45%
Don't know	0.62%

Sample: All respondents who have a reward strategy

Chart 6

Do you believe that reward professionals are under more pressure to minimise costs and improve return-on-investment in 2010 as a result of the credit crunch?

As a result of the recession more than eight in ten (85.88 percent) respondents believe that reward professionals are under more pressure to minimise costs and improve return-on-investment. Medium sized companies and manufacturing felt the most pressure.

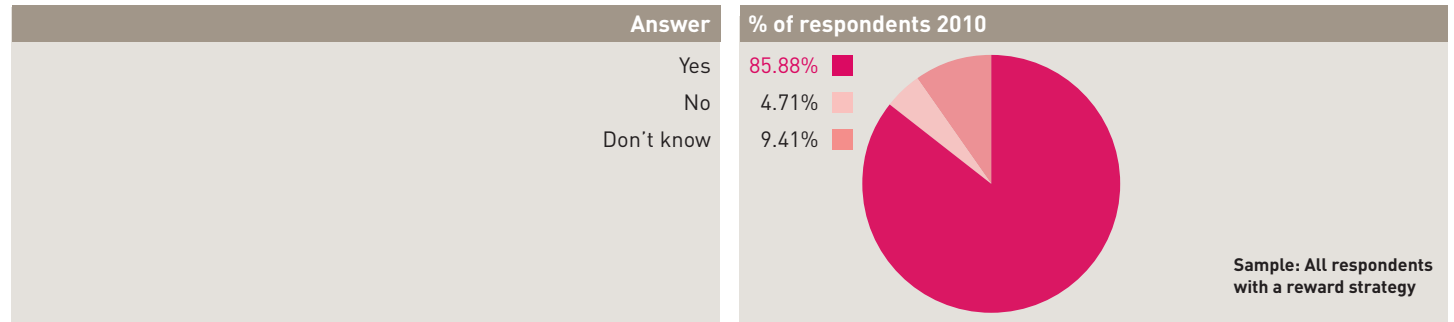


Chart 7

Which 3 countries do you believe have been most affected by the recession?

The three countries respondents felt were most affected were Singapore (44.12 percent), Japan (39.41 percent) and Hong Kong (30.00 percent). Financial companies felt greater impact in Hong Kong and Technology companies felt more impact in Japan.

Answer	% of respondents 2010
Australia	25.88%
China	17.06%
Hong Kong	30.00%
India	10.59%
Indonesia	18.24%
Japan	39.41%
Malaysia	15.88%
New Zealand	8.24%
Philippines	17.65%
Singapore	44.12%
South Korea	16.47%
Taiwan	13.53%
Thailand	17.65%
Vietnam	7.65%
Not Sure	17.65%

Sample: All respondents with employee benefits in place

Reward Strategy

Key Statistics

- The majority of respondents (50.25 percent) have a documented reward strategy in place. This represents a significant increase over 2008 suggesting that the economic downturn has placed more importance on having a robust governance approach to reward. Surprisingly though two in ten companies still do not have a robust reward framework.
- Reward strategy is most likely to be stated at a global level (47.20 percent) reflecting the multinational basis of the respondents. It is typically reviewed annually (57.14 percent).
- Key issues being faced are dealing with escalating costs (63.35 percent) and economic issues (47.20 percent). Cost pressures are felt most around base salary (44.72 percent).
- Despite the importance placed on the ability to report return-on-investment of reward spend, the majority of respondents could not do this very well (33.53 percent), or at all (27.06 percent).
- The three most common media for measuring reward effectiveness were employee opinion surveys (56.47 percent), employee turnover statistics (52.35 percent) and employee engagement tools (44.12 percent).

Chart 8

Does your company have a written reward strategy?

The majority of respondents (50.25 percent) have a documented reward strategy in place. This represents a significant increase on 2008 suggesting that the economic downturn and markets maturing has placed more importance on having a robust governance approach to reward. Smaller companies were less likely to have the strategy documented.

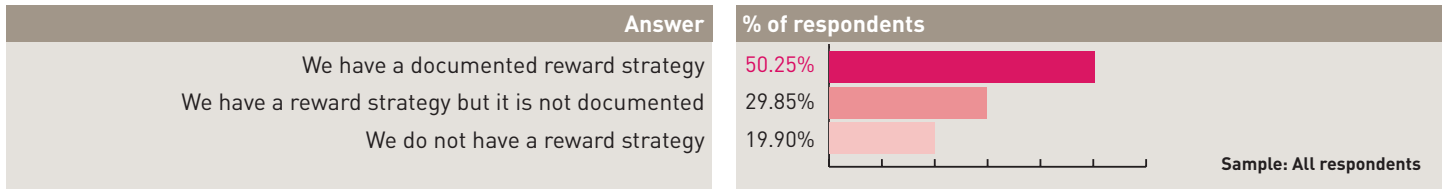


Chart 9

Where is the company's reward strategy determined?

The majority of respondents (47.20 per cent) reported that their company's reward strategy is determined by Global Head Office with only a quarter of respondents (24.22 per cent) determining reward separately for each country.

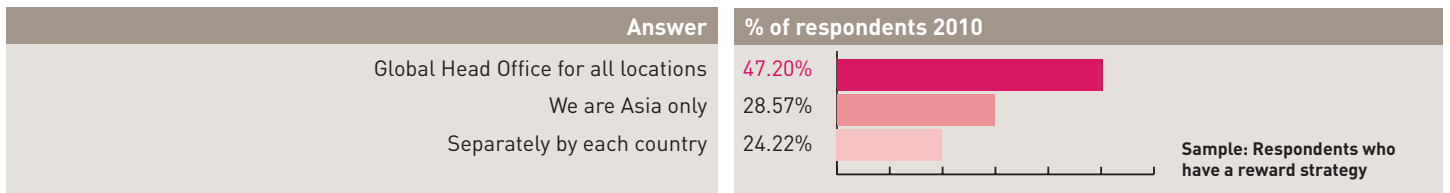


Chart 10

Do you have a separate employee reward department/function?

Nearly half of respondents (47.20 percent) report that reward forms part of a generalist HR role and around a quarter (26.71 percent) have a standalone function. 38.33 percent of large companies had a standalone function and 61.02 percent of small companies reported that the activities were part of a generalist HR role.

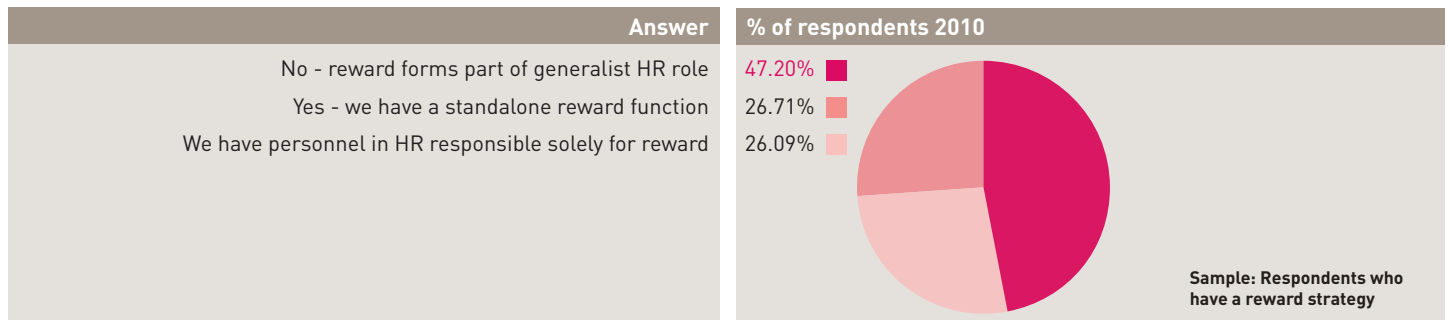


Chart 11

What are the 3 biggest influences on your employee reward? Please select 3 options.

The three biggest influences on employee reward were reported as business performance (75.16 percent), competitive benchmarking (54.66 percent) and economic conditions (42.24 percent). Smaller companies were more likely to use business performance and large companies to competitively benchmark. For manufacturing companies, business performance rated more highly and competitive benchmarking less so.

Answer	% of respondents
	2010
Business performance	75.16%
Competitive benchmarking	54.66%
Economic conditions	42.24%
Board/Senior management team	40.99%
Business objectives/vision	26.09%
Global Head Office	18.63%
Company culture	17.39%
Employee feedback	13.04%
Line Managers	7.45%
Trade Unions/Works Council	2.48%
External advisers	1.24%
Other	0.62%

Sample: Respondents who have a reward strategy

Chart 12

How frequently do you review your reward strategy?

The majority of respondents review their reward strategy annually (57.14 per cent) while around one in ten (12.42 per cent) review it more than once a year.

Answer	% of respondents
Once a year	57.14%
Less than once every 2 years	16.15%
Once every 2 years	14.29%
More than once a year	12.42%

Sample: Respondents who have a reward strategy

Chart 13

Who do you benchmark your reward strategy against? Please tick all that apply.

Respondents were most likely to benchmark their reward strategy against other businesses in their sector (42.24 percent) and their direct competitors in Asia (41.61 percent). Technology companies showed a higher level of global benchmarking than other sectors.

Answer	% of respondents
	2010
Other businesses in your sector	42.24%
Direct competitors in Asia	41.61%
Businesses local to your office locations	37.89%
Direct competitors globally	27.95%
Other businesses in all sectors	26.09%
We don't benchmark	6.83%
Other	3.11%

Sample: Respondents who have a reward strategy

Chart 14

What issues do you currently face with your reward strategy? Please tick all that apply.

The most commonly reported issues in relation to respondents' reward strategy were escalating costs to remain competitive (63.35 percent), pressure from adverse economic conditions (47.20 percent), and that they were uncompetitive according to employee feedback (23.60 percent). Large companies were more likely to state employee feedback and smaller companies were more likely to have a wrong balance of reward than other sized companies.

Answer	% of respondents
	2010
Escalating costs to remain competitive	63.35%
Pressure from adverse economic conditions	47.20%
Uncompetitive (employee feedback)	23.60%
Strategy is not aligned to individual objectives	19.88%
Uncompetitive (benchmarked)	14.91%
Wrong balance between pay, bonus and benefits	13.66%
Don't know	6.83%
None	4.35%
Other	3.73%

Sample: Respondents who have a reward strategy

Chart 15

In which area are costs escalating most significantly?

Around four in ten respondents (44.72 percent) claimed their reward costs are escalating more significantly on salaries. However, a significant number of respondents (16.15 percent) did not know where their costs were escalating. Medium sized companies were more likely to be concerned about salary and large companies with benefit premiums.

Answer	% of respondents 2010
Salary	44.72%
Benefit premiums	18.63%
Don't know	16.15%
Bonus	9.94%
Benefit administration	6.21%
Other	3.73%
Employee communication	0.62%

Sample: Respondents who have a reward strategy

Chart 16

How well does your reward strategy support your business strategy?

The majority of respondents reported that their reward strategy supported their business strategy quite well (61.49 per cent), whilst only 10.56 per cent claimed it did not very well.

Answer	% of respondents 2010
Quite well	61.49%
Unable to measure	16.77%
Not very well	10.56%
Very well	6.21%
Don't know	4.97%

Sample: Respondents who have a reward strategy

Chart 17

**Do you believe that your reward strategy directly impacts on the following?
Please tick all that apply.**

Most companies state employee engagement (90.59 percent) is the key impact of their reward strategy. This was strongest in medium sized companies but ranked high for all sized organisations.

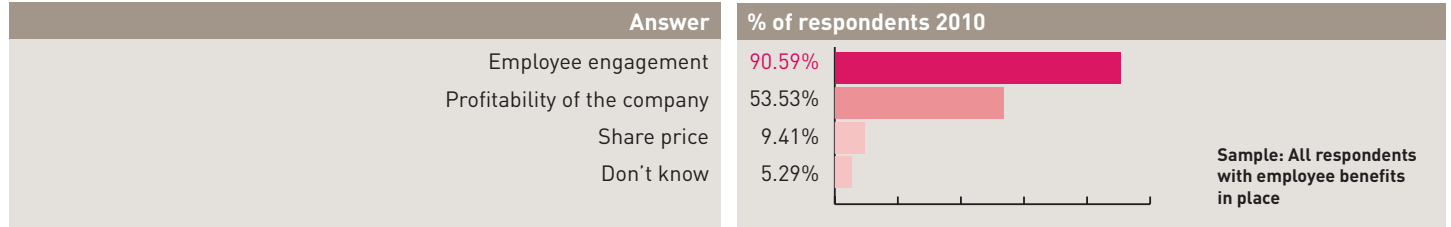


Chart 18

How do you measure the effectiveness of your reward strategy? Please tick all that apply.

The most common measurement is employee opinion surveys (56.47 percent). This was more significant as companies grew larger and in sectors such as technology.

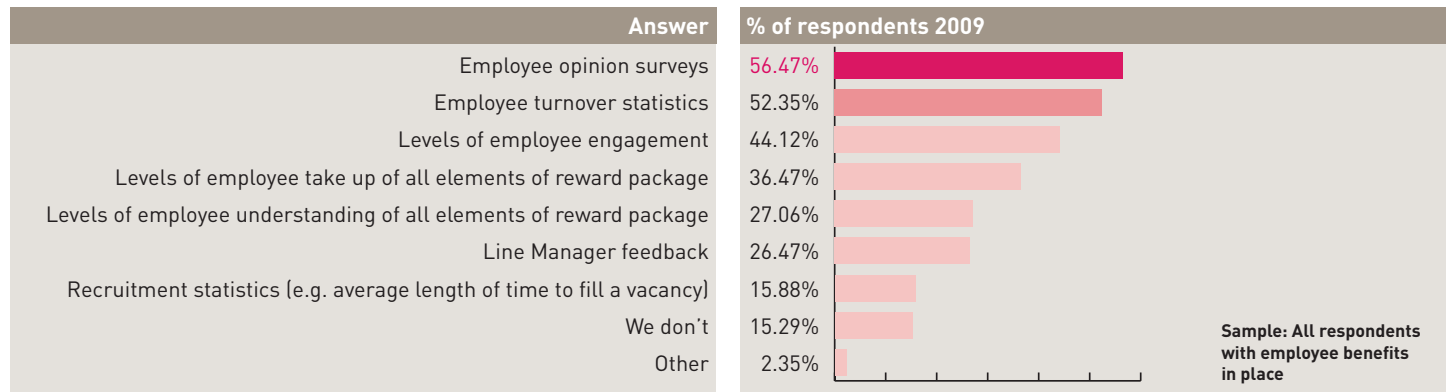


Chart 19

**What is preventing you from measuring the effectiveness of your reward strategy?
Please tick all that apply.**

The most common reason preventing measuring reward effectiveness was that it was not a priority (40.74 percent).

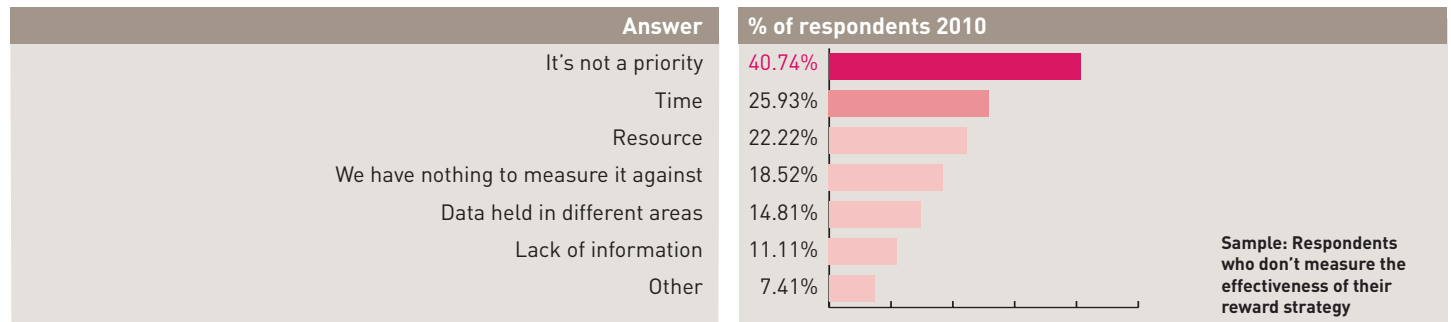


Chart 20

How important do you believe it is to be able to demonstrate the return-on-investment you obtain from your reward spend?

The majority of respondents believe it is either very important (28.82 percent) or important (38.82 percent) to be able to determine a return-on-investment of their reward spend. Manufacturing and large companies were most likely to state very important.

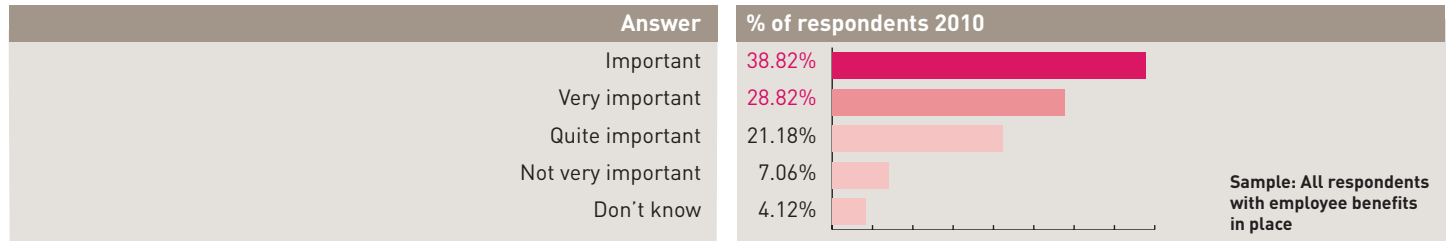
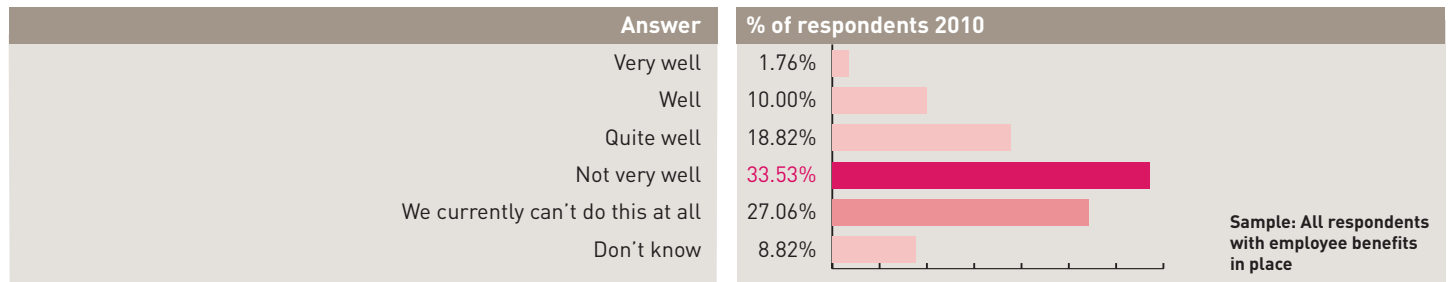


Chart 21

How well would you rate your current ability to demonstrate the return-on-investment you obtain from your reward spend?

Despite the importance placed on the ability to report the return-on-investment of reward spend, the majority of respondents claim that they could not do this very well (33.53 per cent), or at all (27.06 per cent).



Employee Benefits

Key Statistics

- The vast majority of respondents (84.58 percent) reported that their company provides funding towards employee benefits.
- Around a quarter of respondents (26.47 percent) claimed that their biggest issue in relation to their benefits package administration is the burden on internal resources. Whilst around two in ten (23.53 percent) bemoaned the administration efficiency of the benefit providers.
- Nearly two in ten organisations (18.82 percent) did not know how much they spend on employee benefits. Of those that did know, the most common estimate was 15-25% of salary (21.18 percent).
- Nearly one third of respondents still use old fashioned paper based processes for benefits administration (37.43 percent). One in five organisations expected to introduce new technology in 2010 (22.94 percent).
- The changes companies are most likely to introduce into their benefits package in 2010 are reviewing their health & wellbeing offering (49.12 percent), considering implementing flexible benefits (32.75 percent), and introducing total reward statements (21.05 percent).
- The biggest issues in implementing benefit changes were initial and ongoing costs (68.42 and 25.73 percent respectively) reflecting the tight operating environment in 2009.

Chart 22

Does your company provide funding towards employee benefits (above mandatory levels)?

The vast majority of companies provide employee benefit funding in excess of statutory levels (84.58 percent). Smaller companies dominated those that did not.

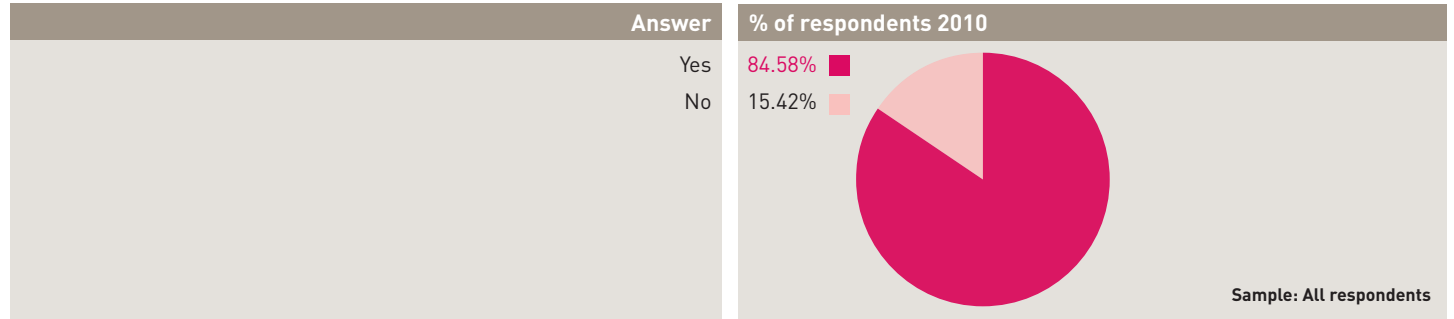


Chart 23

Do all employees have access to all benefits you offer?

The majority of employers give access to all employees (79.41 percent). Larger employers and manufacturing companies were less likely to do so.

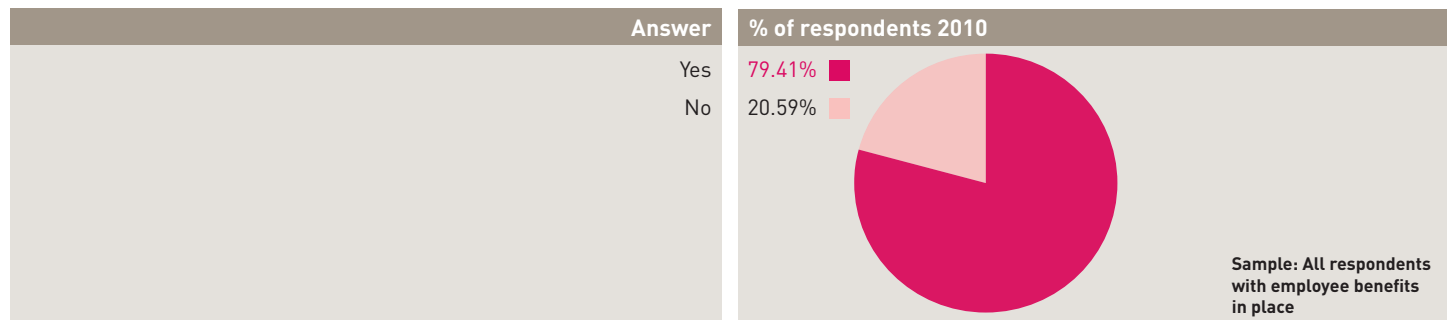


Chart 24

Approximately how much do you spend on your employee benefits package as a percentage of payroll?

Nearly two in ten respondents (18.82 percent) do not know how much they are spending on employee benefits. Of those that do know the most common range was 15-25 percent of payroll (21.18 percent of respondents). Larger employers and manufacturing companies were less likely to know how much they spent

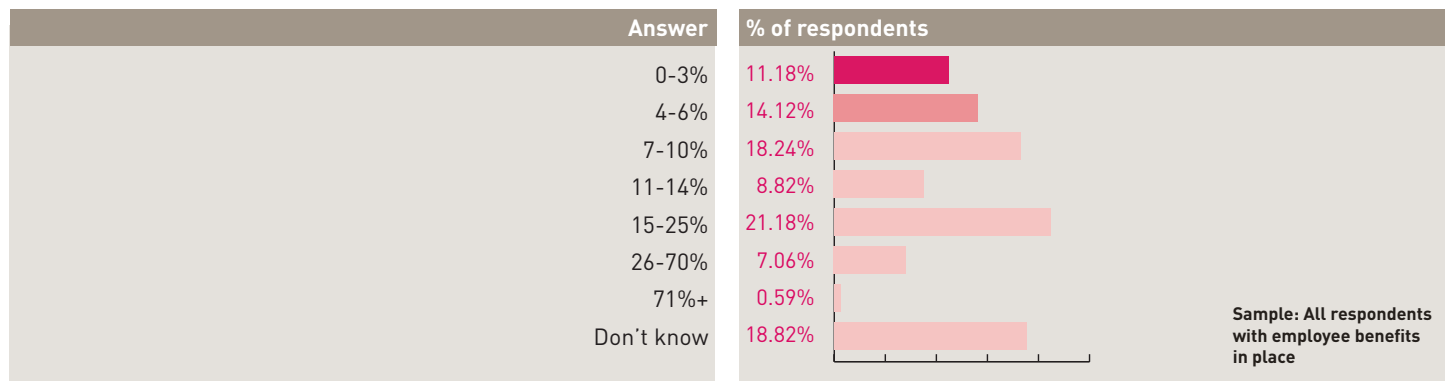


Chart 25

**By what criteria does entitlement to benefit funding from the company differ?
Please tick all that apply.**

The most common criteria by which funding varied within a company was Grade/Seniority (66.67 percent) followed by length of service (35.09 percent). Grade/Seniority was rated very highly by manufacturing companies.

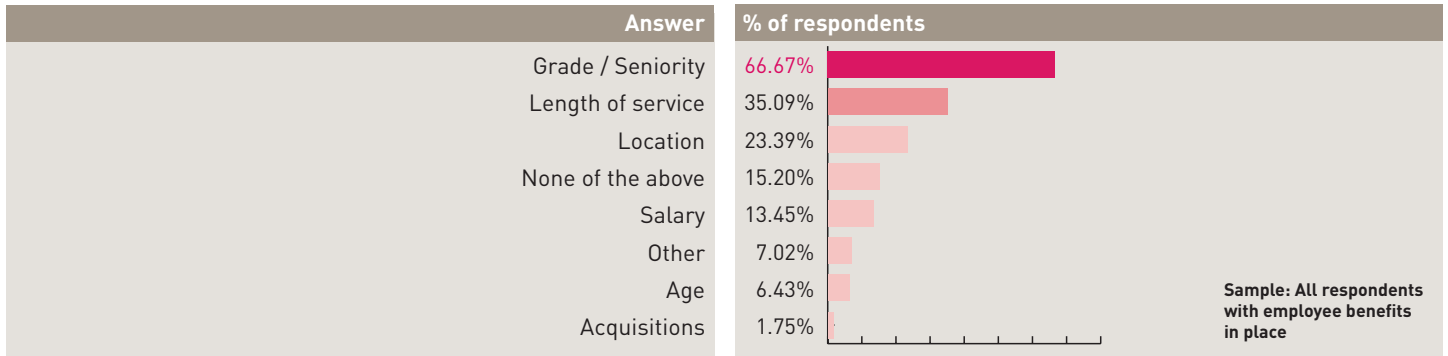


Chart 26

How do you currently administer your benefits? Please tick all that apply.

The majority of respondents (52.04 percent) either administer their benefits through HR software or employee benefits software.

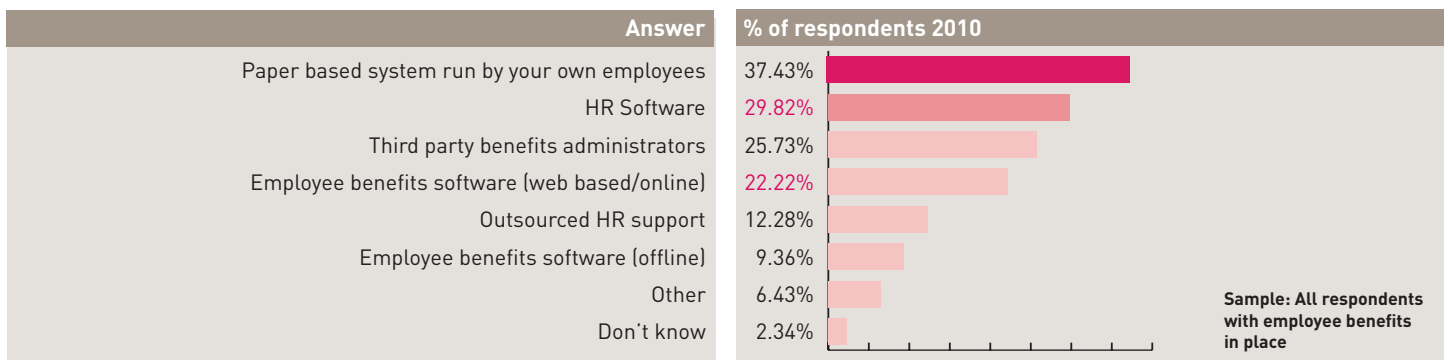


Chart 27

Are you planning to introduce new technology to administer or communicate your benefits in the next 12 months?

About two in ten respondents are planning to introduce new technology to administer or communicate their benefits (22.94 percent) in the next twelve months. Within these companies there was a high correlation with those companies looking at flexible benefits. The likelihood of change increased with company size.

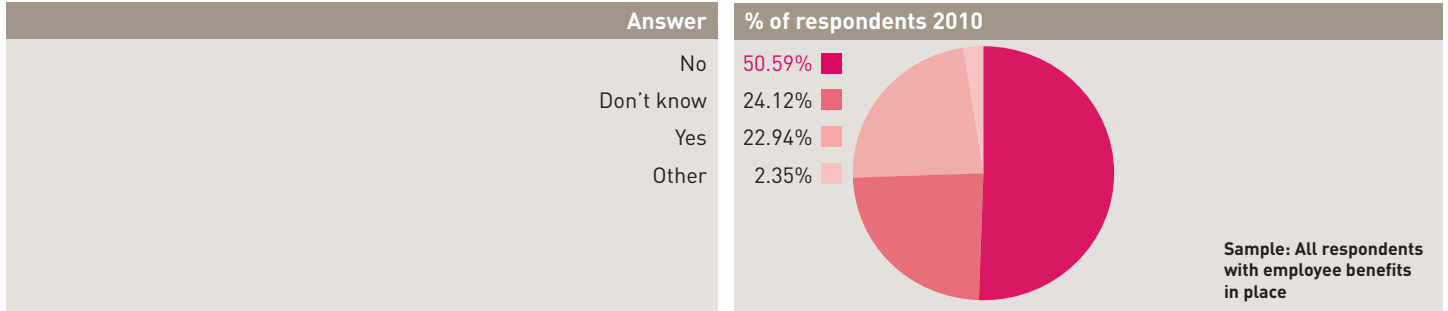


Chart 28

What have been your biggest issues with regards to the administration of your benefits package?

Around a quarter of respondents (26.47 per cent) claimed that their biggest issue in relation to their benefits package administration is the burden on internal resources. Whilst around two in ten (23.53 per cent) bemoaned the administration efficiency of the benefit providers.

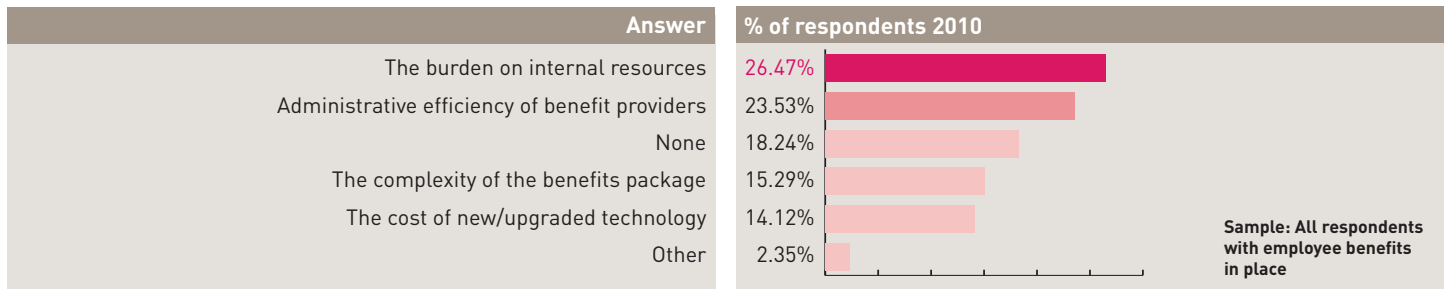


Chart 29

What changes will you be introducing to your benefits package in 2010? Please tick all that apply.

The two most likely changes were reviewing health and wellbeing offerings (49.12 percent) and introducing flexible benefits (32.75 percent).

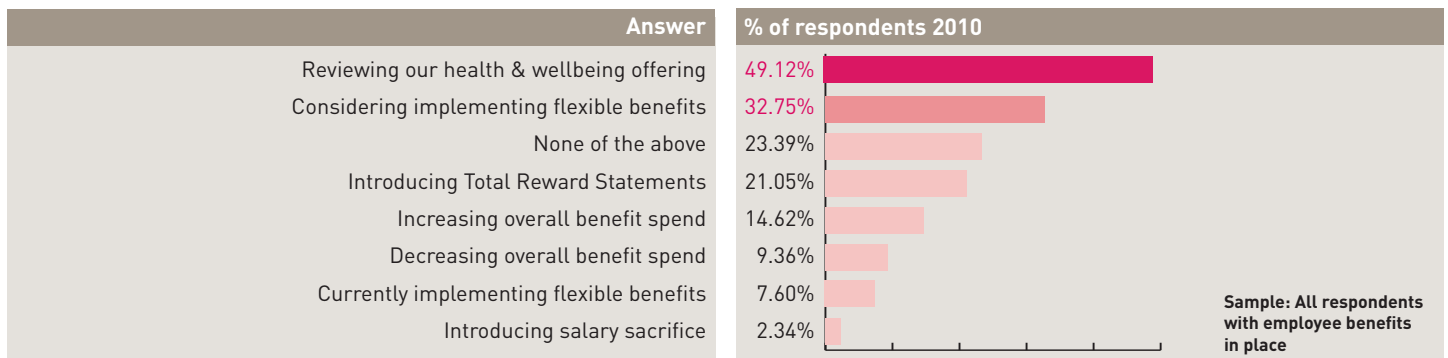


Chart 30

**What do you see as the biggest barriers to implementing changes to your benefit package?
Please tick all that apply.**

The biggest barrier to benefits change was increased initial cost of benefits (68.42 percent) and ongoing administration (25.73 percent). Manufacturing and financial sector companies most feared the cost exposure.

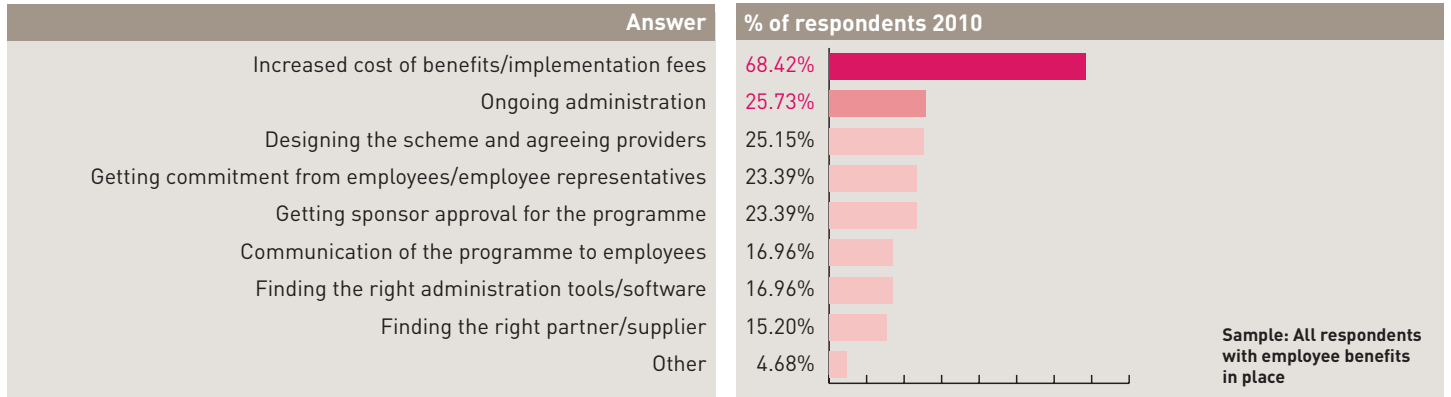


Chart 31

**What are the greatest advantages to your Company of your current benefit package?
Please tick all that apply.**

Half of respondents made a link between employee benefits and improvements in employee retention (52.63 percent) and increased employee engagement (49.71 percent). This was more prevalent in smaller companies.

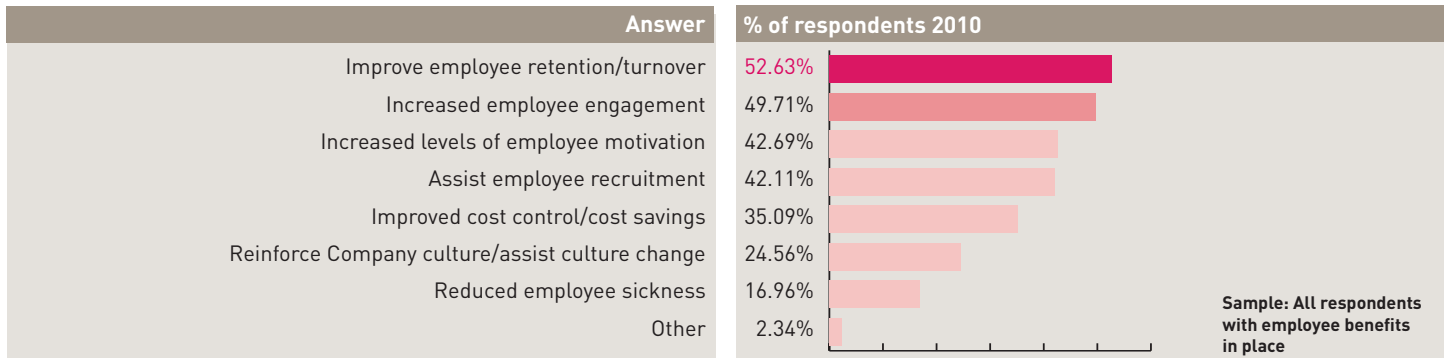


Chart 32

**How, if at all, have you measured the success of your current benefit package?
Please tick all that apply.**

Around four in ten companies either do not measure (39.18 percent) or use employee surveys (39.18 percent). These views were largely independent of sector and company size.

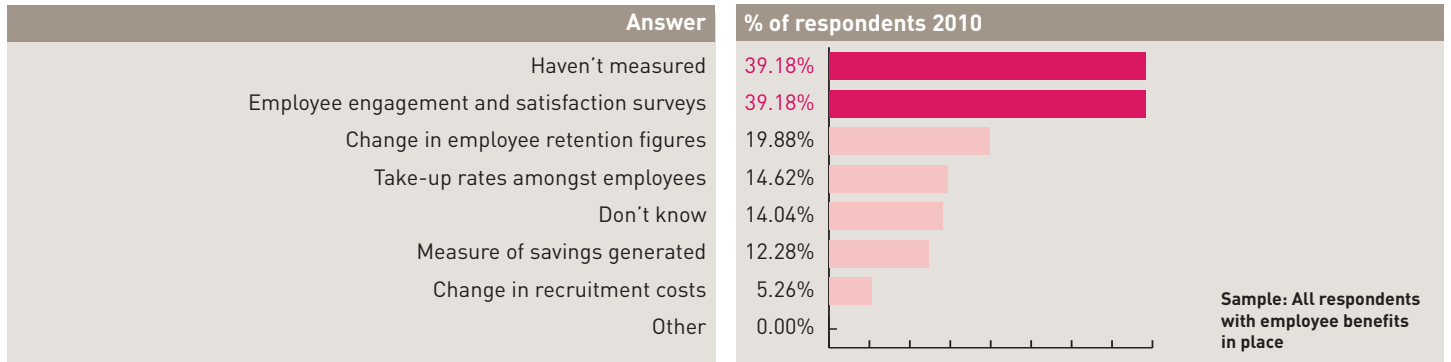
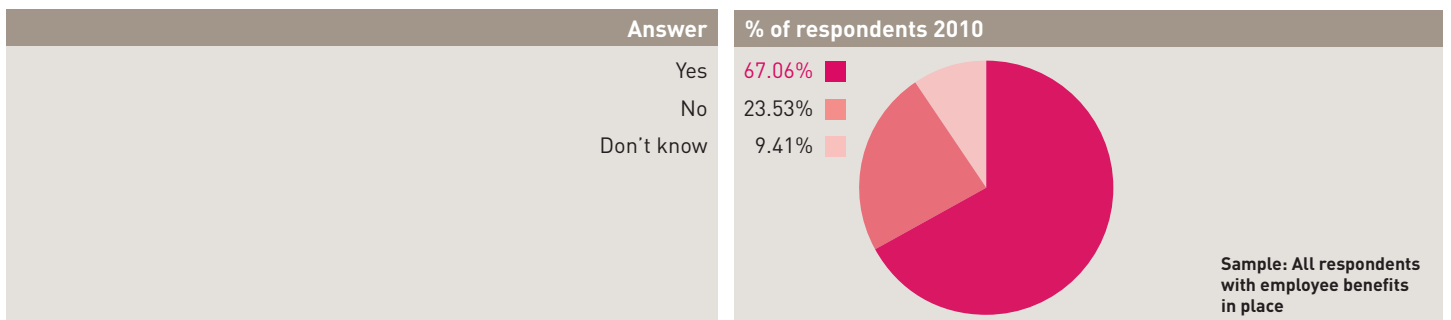


Chart 33

Are you able to report accurately on your organisations total reward costs? This includes all elements of your reward package e.g. base pay, bonuses, commission, employee benefits, etc.

The majority of respondents (67.06 percent) were able to accurately report on their organisation's total reward costs. Financial and technology sectors had a better understanding of their costs than other sectors.



Flexible Benefits

Key Statistics

- Around four in ten respondents either already have flexible benefits (19.41 percent) or are considering implementing them (21.76 percent), with a handful (2.70 percent) currently in the process of implementing them.
- The majority of respondents (57.46 percent) who are planning to implement flexible benefits are looking to do so within six months to two years. Costs were the primary factor in the implementation decision.
- Where a flexible benefit scheme had already been implemented, the majority had been in existence for more than two years (60.61 percent).
- The three biggest issues in implementation seen by companies with a flexible benefits scheme were administration (48.48 percent), implementation cost (33.33 percent) and communication (30.30 percent). These answers probably reflect that implementations were carried out prior to new software being available in the marketplace, which can now alleviate the key issues in all three areas.
- Holiday (57.58 percent) and life assurance (57.58 percent) were the common benefits to be flexible.
- The Asia Pacific countries that respondents felt were more likely to implement flexible benefits programs were Singapore (60.61 percent), China (24.24 percent), and Australia (21.21 percent).

Chart 34

Do you currently operate a flexible benefits scheme?

Around four in ten respondents either have a flexible benefits scheme (19.41 percent) or are considering implementing one (21.76 percent). Larger companies were more likely to have a scheme.

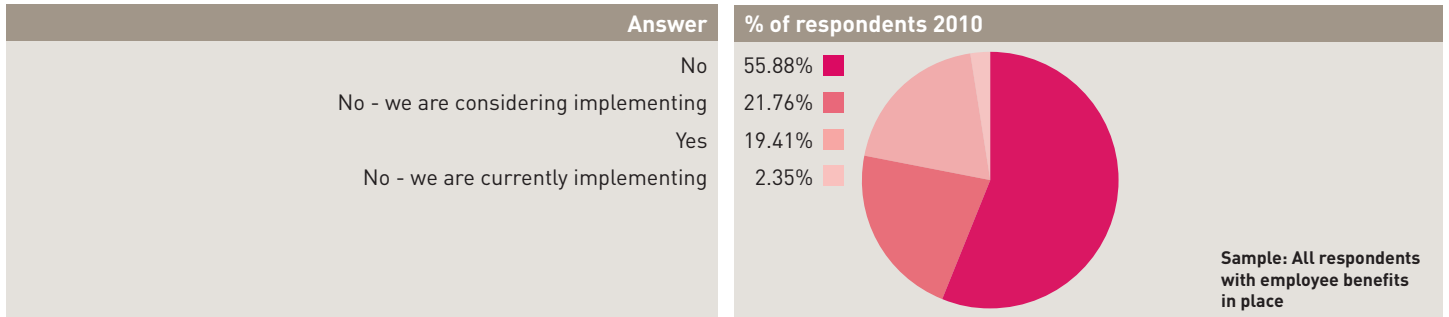


Chart 35

When are you likely to implement flexible benefits?

The majority of respondents who are looking to implement a flexible benefits scheme expect to do so within six months to two years (59.46%)

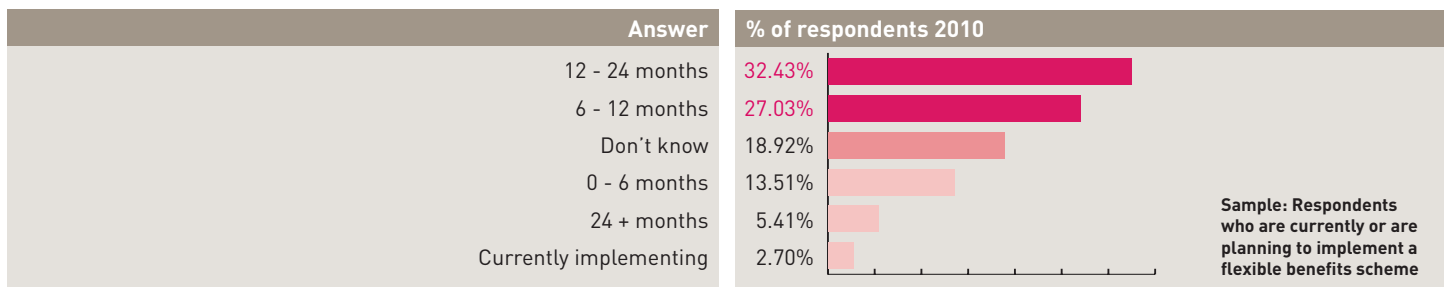


Chart 36

What will be the main criteria in deciding whether or not to implement a flexible benefits programme? Please tick all that apply.

The main criteria respondents cited as to whether or not they would implement flexible benefits were implementation costs (70.27 percent), ongoing costs (67.57 percent) and the decision of the board (48.65 percent).

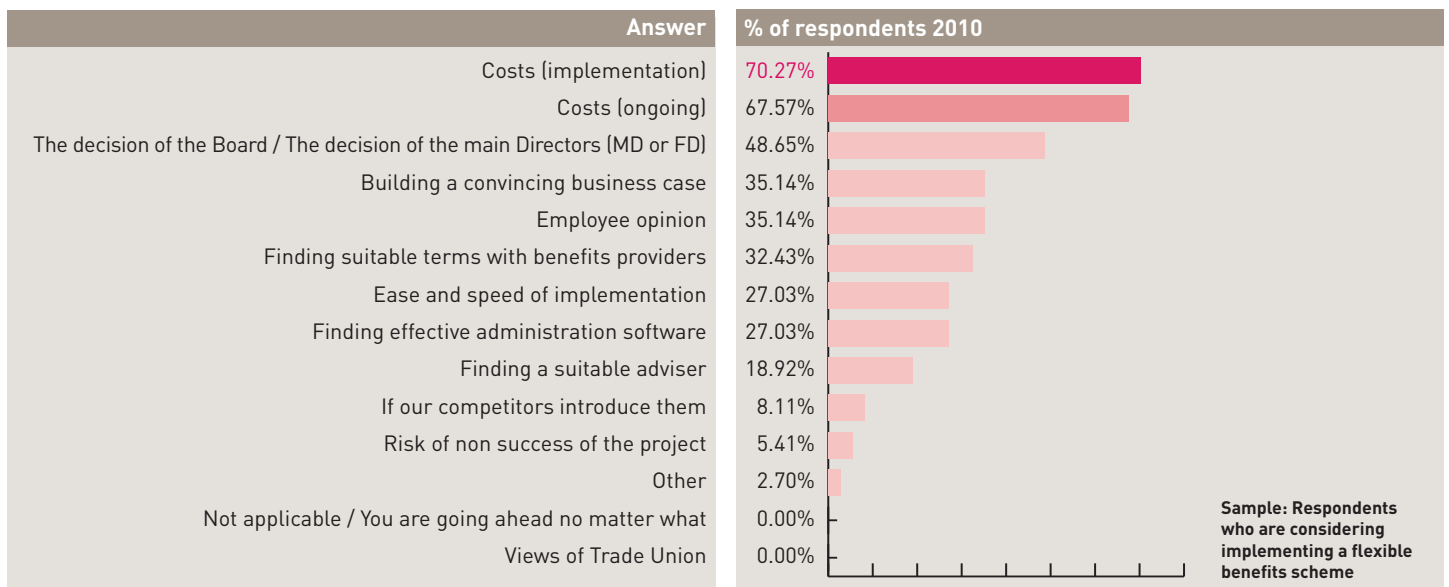


Chart 37

How far into the process of selecting an adviser is your company?

The majority of respondents (67.74 percent) who are planning to implement a flexible benefits scheme have not yet started the selection process.

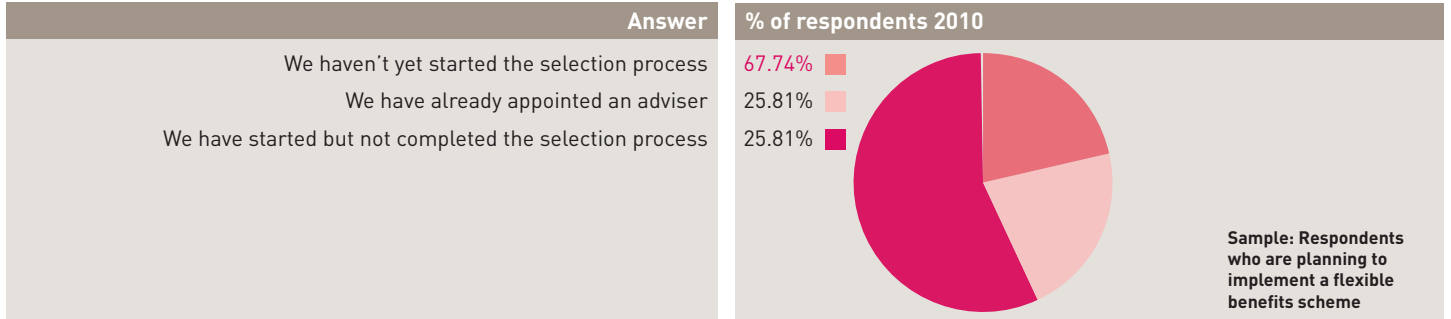


Chart 38

What do you think will be the greatest benefits your Company would derive from implementing a flexible benefits scheme? Please tick all that apply.

The most common advantage companies believe they would derive from implementing a flexible benefits scheme is that employees can choose benefits more appropriate to them (81.08 percent), it would improve employee retention (75.68 percent) and demonstrate the value of benefits and total remuneration (64.86 percent). Large companies saw it more as a recruitment tool.

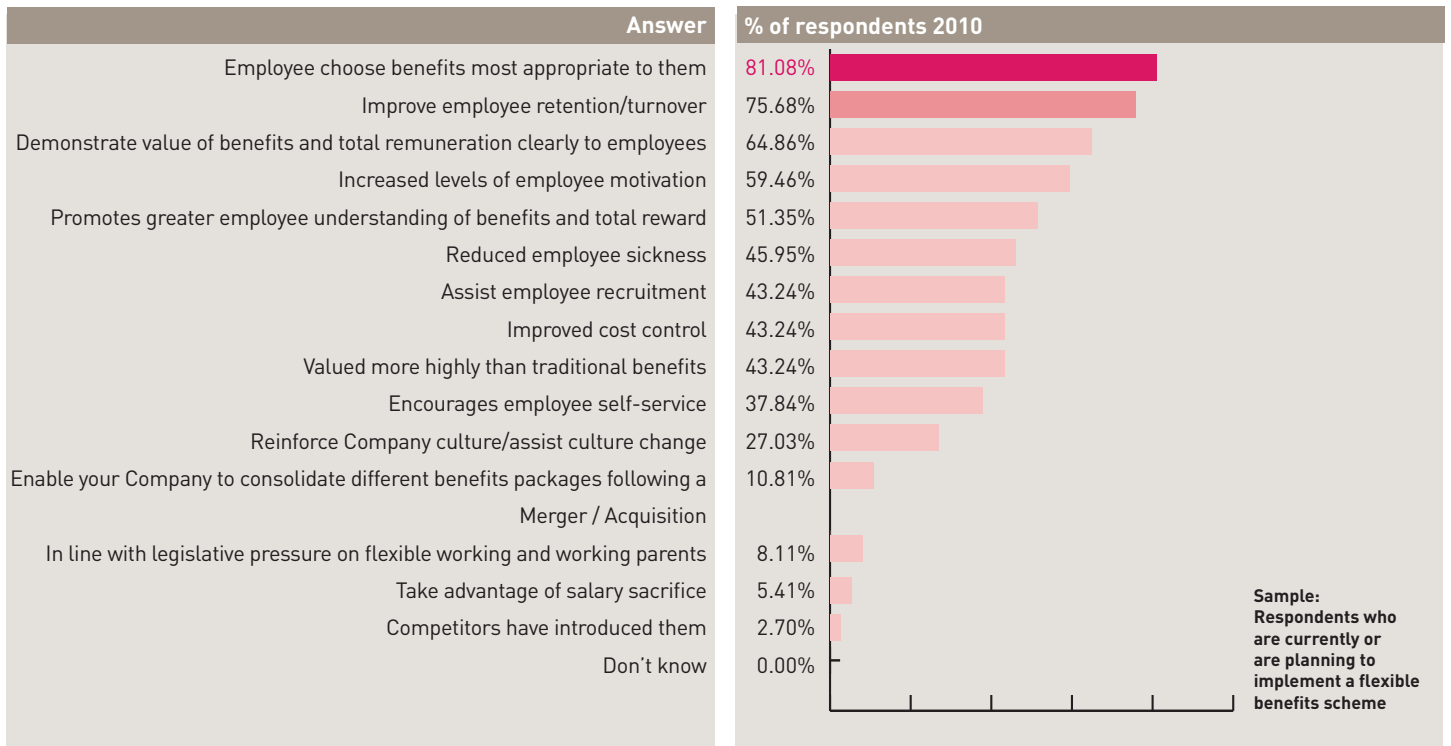


Chart 39

When did you implement your flexible benefits scheme?

Of those respondents who have already implemented a flexible benefits scheme, most of them had launched the programme more than 24 months ago (60.61 percent) whilst there was also a considerable number of launches within the last year (18.18 percent).

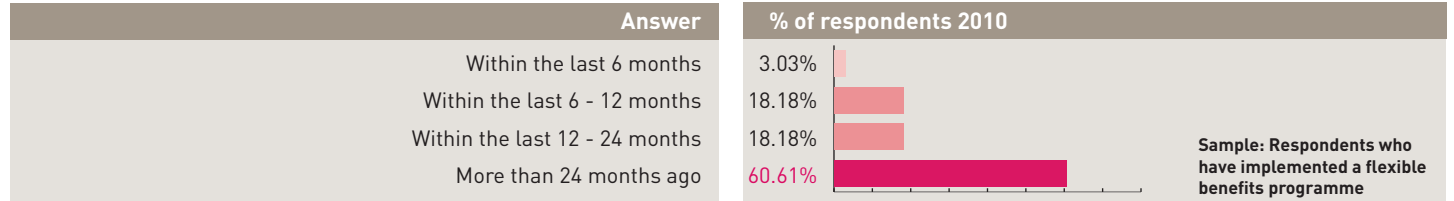


Chart 40

Is your flexible benefits scheme available to all of your employees?

The majority of respondents who have implemented a flexible benefits scheme cite it is open to all employees (87.88 percent). Manufacturing companies were less likely to make it open to all staff.

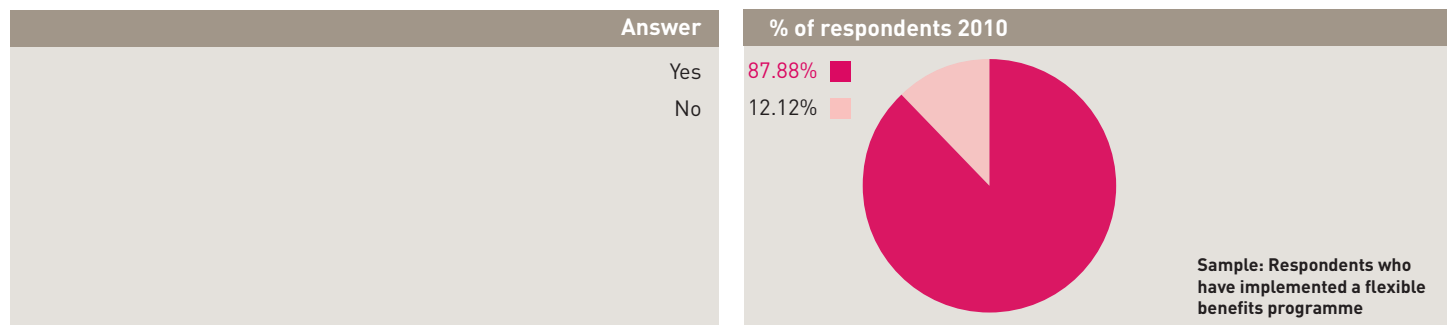


Chart 41

**What were the main criteria for deciding to implement a flexible benefits scheme?
Please tick all that apply.**

Nearly half of respondents cited employee views as the primary reason for implementation (42.42 percent). Smaller companies were more likely to have required a demonstration of return-on-investment.

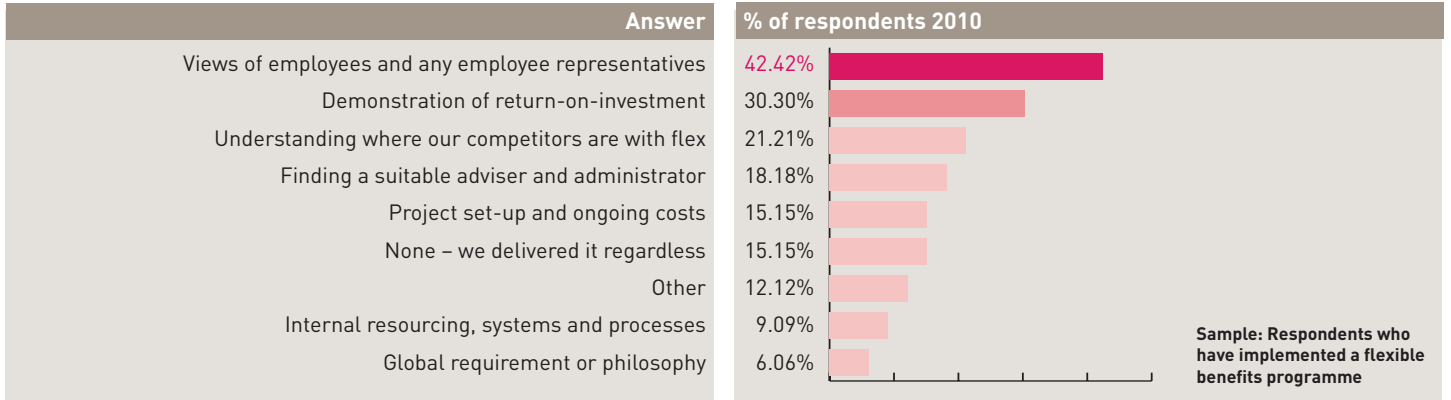


Chart 42

**What were the most challenging parts of implementing your flexible benefits programme?
Please tick all that apply.**

The most challenging aspect cited by nearly half of companies was administering the changes (48.48 percent). This was particularly prevalent in medium sized companies, whilst larger companies generally had fewer issues than smaller companies.

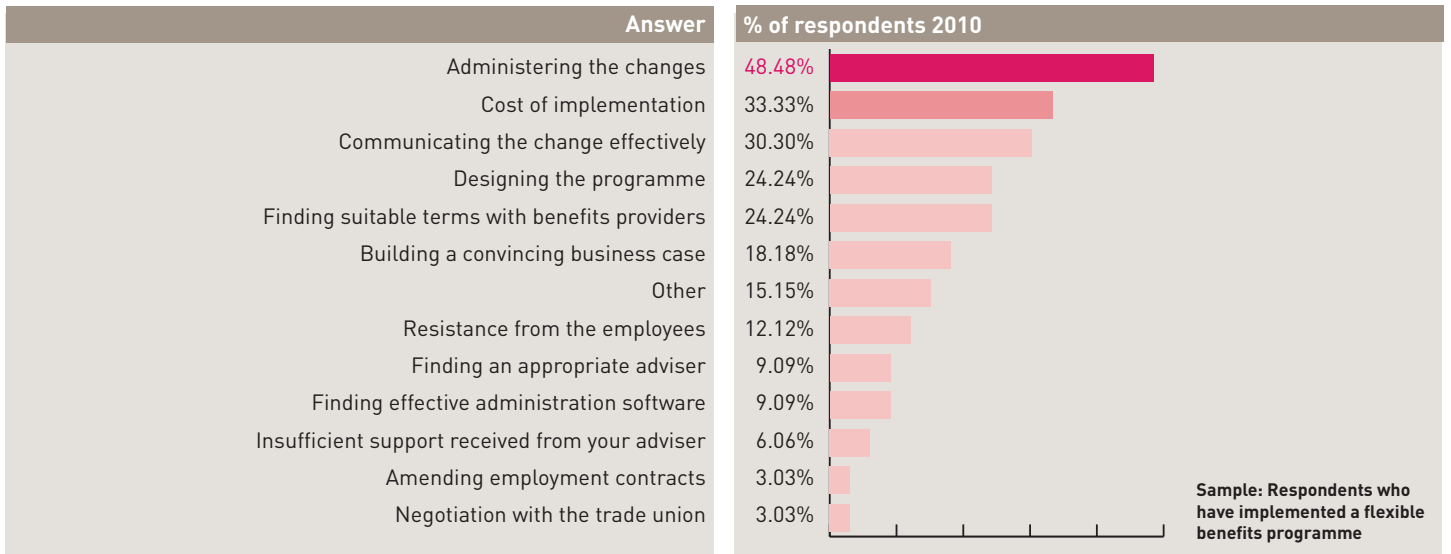


Chart 43

How did you select the appropriate mix of flexible benefits? Please tick all that apply.

The most common methods of selecting the appropriate mix of benefits were employee survey (57.58 percent) and management decision (57.58 percent). Management decision was most prevalent in larger companies.

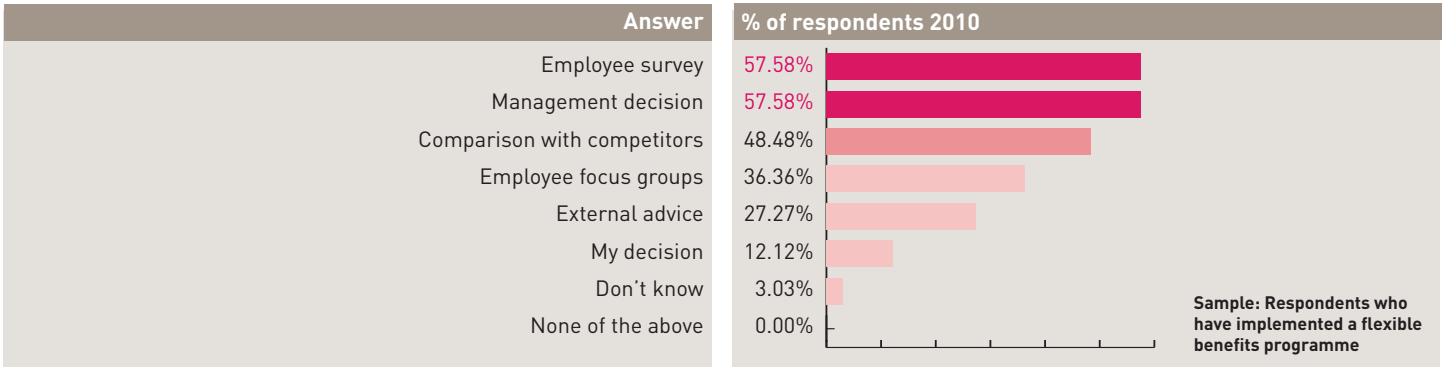


Chart 44

Did you provide employees with a flexible spending account?

The majority of employers utilised a flexible spending account mechanism (70.97 percent).

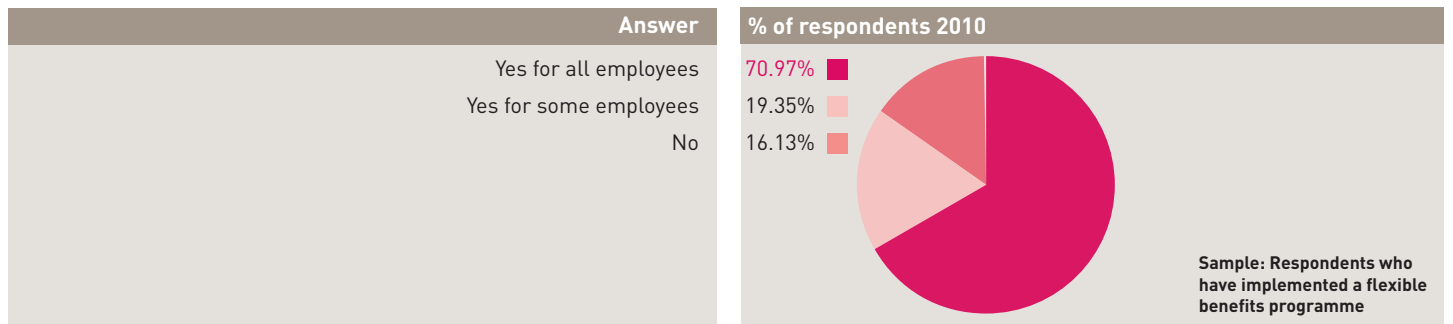


Chart 45

Which of the following benefits were flexible options, whether or not they received any company funding? Please tick all that apply.

Holiday entitlement and life assurance were the most common benefits to be flexible (57.58 percent).

Answer	% of respondents 2010
Holiday entitlement	57.58%
Life assurance/Death in service	57.58%
Medical screening	51.52%
Dental insurance	48.48%
Personal accident cover	42.42%
Critical illness cover	39.39%
Gym membership	39.39%
Disability income protection	39.39%
Private medical insurance	39.39%
Medical cash plan	36.36%
Childcare	33.33%
Car allowance	15.15%
Travel insurance	15.15%
Company car	12.12%
Charitable/Payroll giving	9.09%

Sample: Respondents who have implemented a flexible benefits programme

Chart 46

Which benefits have proved most popular with employees? Please select up to 3 options.

The most popular benefits with employees were holiday entitlement (54.55 percent), medical cash plan (36.36 percent), and dental insurance (33.33 percent). Holiday was particularly prevalent in larger companies.

Answer	% of respondents 2010
Holiday entitlement	54.55%
Medical cash plan	36.36%
Dental insurance	33.33%
Childcare	24.24%
Life assurance/Death in service	24.24%
Private medical insurance	21.21%
Gym membership	18.18%
Medical screening	18.18%
Critical illness cover	15.15%
Disability income protection	15.15%
Personal accident cover	15.15%
Other	12.12%
Car allowance	6.06%
Company car	3.03%
Travel insurance	3.03%
Charitable/Payroll giving	0.00%

Sample: Respondents who have implemented a flexible benefits programme

Chart 47

Which Asia Pacific countries do you believe are more likely to implement flexible benefits programs? Please tick all that apply.

Singapore (60.61 percent), China (24.24 percent) and Australia (21.21 percent) were the most likely countries to implement flexible benefits. Singapore was a clear leader in respondents' views.

Answer	% of respondents 2010
Singapore	60.61%
China	24.24%
Australia	21.21%
Hong Kong	18.18%
India	15.15%
Japan	15.15%
Malaysia	15.15%
Not sure	15.15%
Indonesia	12.12%
New Zealand	9.09%
Philippines	9.09%
South Korea	9.09%
Taiwan	9.09%
Vietnam	6.06%
Thailand	3.03%

Sample: All respondents with employee benefits in place

Health & Wellbeing

Key Statistics

- Nearly all respondents (92.98 percent) reported providing funding to healthcare and risk/insurance benefits.
- The most common company paid benefits were life cover (81.13 percent) and personal accident insurance (83.02 percent). The most common part employer funded benefits were dental insurance (27.04 percent) and medical screening (27.04 percent).
- The majority of respondents (61.39 percent) source their benefits externally through an insurance broker, with around a third approaching the provider directly (34.81 percent).
- Just under half of respondents (48.73 percent) actively measure and report on sickness absence levels.
- Health screening was the most common benefit linked to reducing sickness absence (44.03 percent).
- Nearly half of respondents indicated that technology solutions which can track absence and make interventions to manage absence are attractive (43.67 percent).

Chart 48

Do you provide funding towards or access to any healthcare and risk/insurance benefits?

Nearly all respondents (92.98 percent) reported providing access to health or risk related benefits.

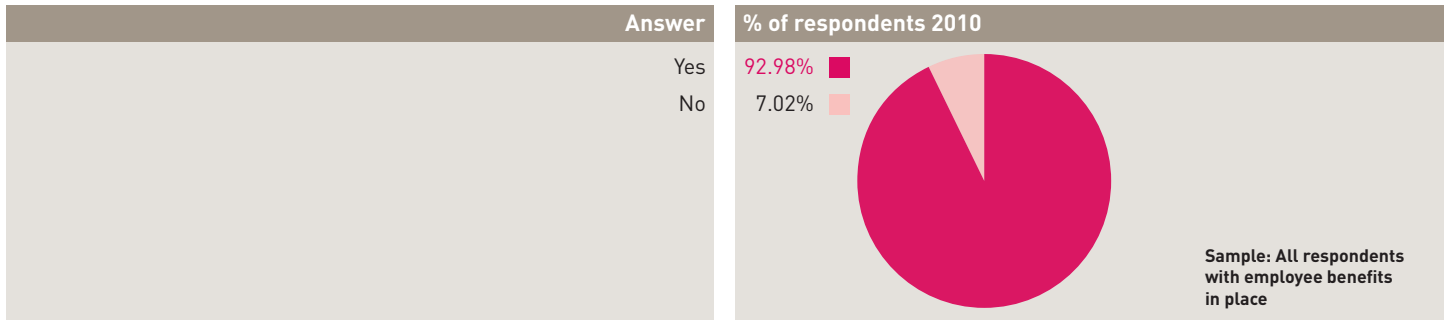


Chart 49

Which of these benefits do you currently offer your staff and on what basis?

The most common paid benefit was personal accident cover (83.02 percent) and life cover (81.13 percent). The least likely paid for benefits were income protection (12.58 percent) and gym membership (9.43 percent).

Answer	% of respondents 2010		
	Company paid	Part company funded	Not funded
Critical illness cover	54.72%	13.21%	31.45%
Dental insurance	31.45%	27.04%	40.88%
Employee assistance programme	23.27%	13.21%	62.89%
Gym membership	9.43%	11.95%	77.99%
Healthcare cash plan	27.04%	8.81%	63.52%
Income protection/PHI	12.58%	6.29%	80.50%
Life Cover/Death in service	81.13%	8.18%	10.06%
Medical screening	50.94%	27.04%	21.38%
Personal accident insurance	83.02%	7.55%	8.81%
Private medical insurance	34.59%	16.35%	48.43%

Sample: Respondents who have health and wellbeing benefits in place

Chart 50

How do you source your benefits?

The majority of respondents sourced benefits through an insurance broker (61.39 percent).

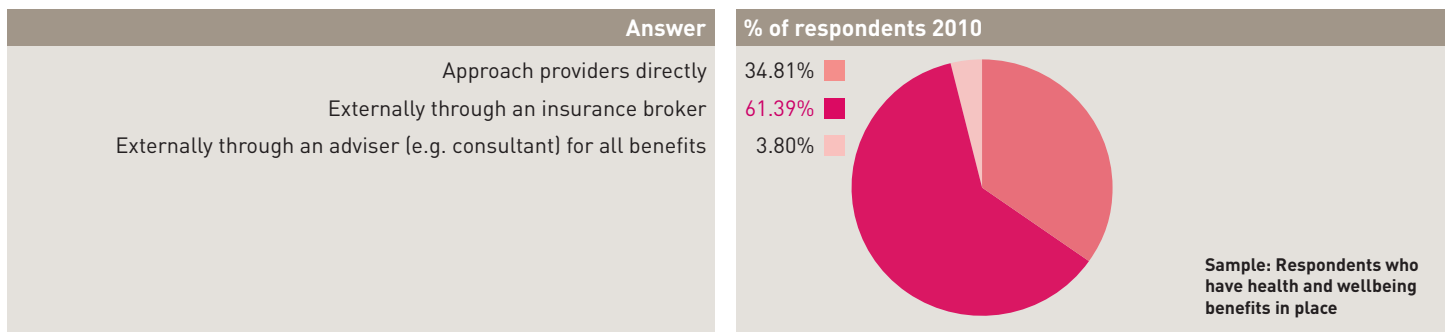


Chart 51

Does your company actively measure and report on sickness absence levels?

Less than half of respondents actively measure sickness (45.03 percent). Interestingly, larger companies were less likely to measure sickness absence.



Chart 52

What was your average sickness absence level per full time employee in the last 12 months?

Around half of employers estimated sickness absence at 1-5 days per employee (46.8 percent). Smaller companies were more likely to report higher absences.

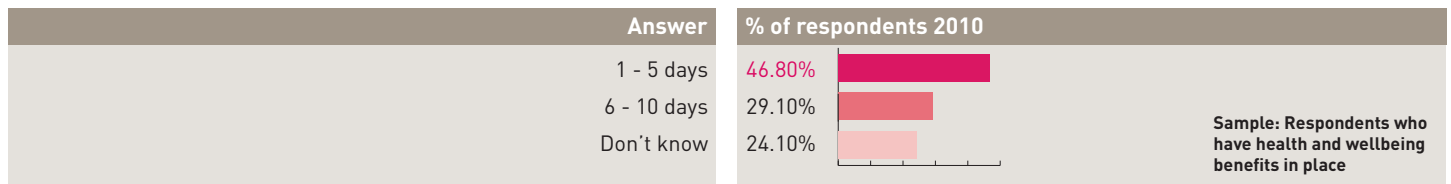


Chart 53

Would you consider implementing an absence management system if you believed this would reduce your absence levels and benefit premiums?

Around half of employers would implement more robust absence management systems (43.67 percent) if they thought it would reduce absence. This was higher amongst larger companies.

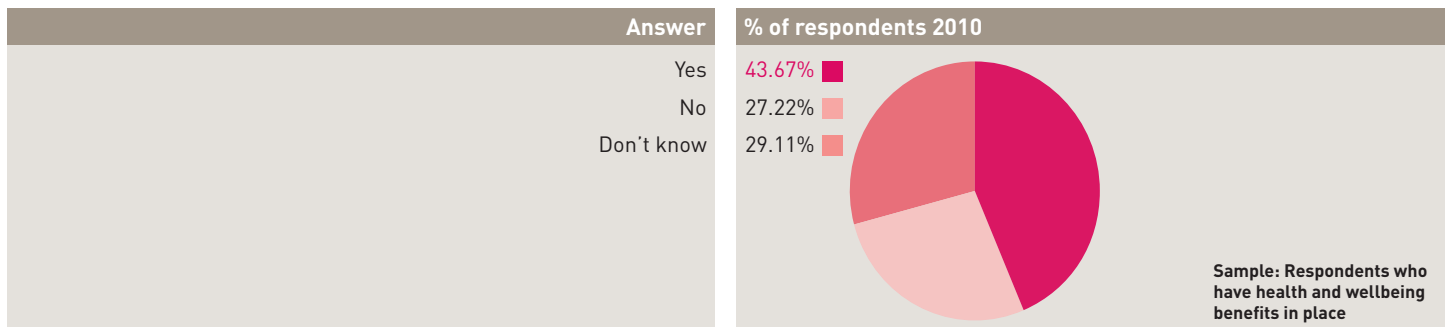


Chart 54

Do you believe that your benefits package has a positive impact on your sickness absence rates?

The majority of companies believed their benefits package supported the reduction of sickness absence (51.90 percent).

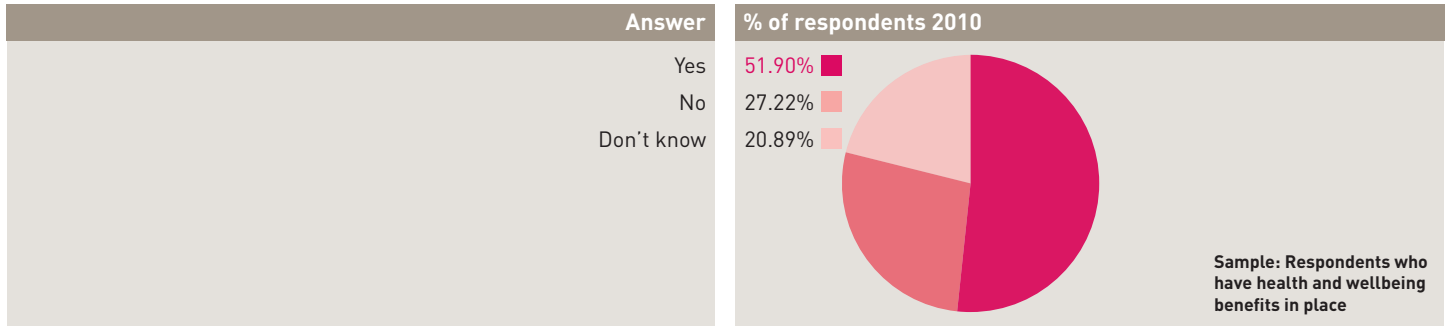
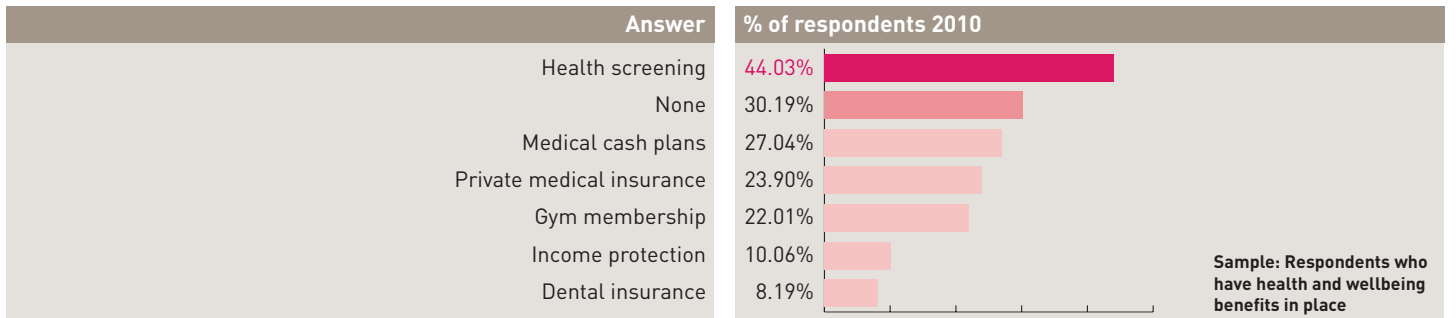


Chart 55

Which benefits do you feel have the most positive impact on reducing absence levels?

Please tick all that apply.

Nearly half of respondents believe health screening has a positive impact on sickness absence reduction (44.03%).



Reward Communication

Key Statistics

- Around three in ten respondents offer total reward statements either on paper (20.59 percent) or online (10.00 percent).
- There was a resounding difference in views on how well the total reward package was understood between companies who do and those who do not communicate total reward. The majority of those that do communicate total reward believe their employees know its full value (57.69 percent), while only 15.25 percent of those that do not communicate total reward believe their employees know the full value.
- Around four in ten respondents reported that their benefit communication is not branded (38.24 percent), whilst less than one in ten had a specific reward brand (9.41 percent).
- Around a third of respondents (32.94 percent) have no budget for employee benefits communication. Of those with a budget, the most common allocation is less than US\$5,000.
- Employee handbooks (79.53 percent) and email (72.51 percent) were the primary benefit communication channels. To date there has been limited adoption of modern technologies for generation Y communication.

Chart 56

Does your company offer employees Total Reward Statements?

Around three in ten companies communicate total reward (30.59 percent). Medium sized companies were less likely to communicate total reward and financial sector companies were the most likely to communicate total reward.

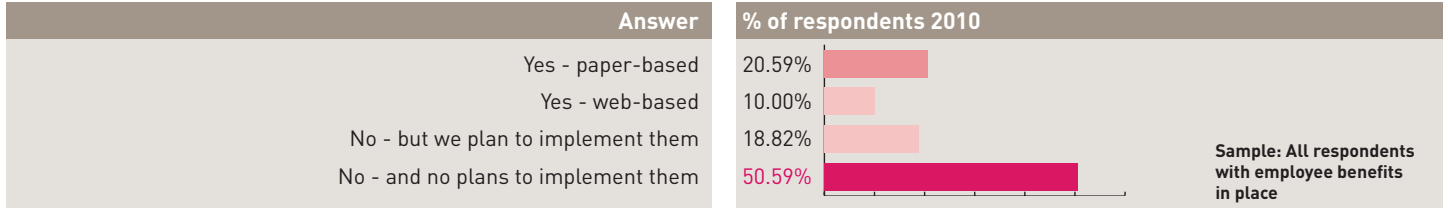


Chart 57

What benefits has your company derived from offering Total Reward Statements? Please tick all that apply.

Those respondents who offer total reward statements indicate that it helps improve employee understanding of their reward package (61.54 percent) and the value of their reward package (57.69 percent).

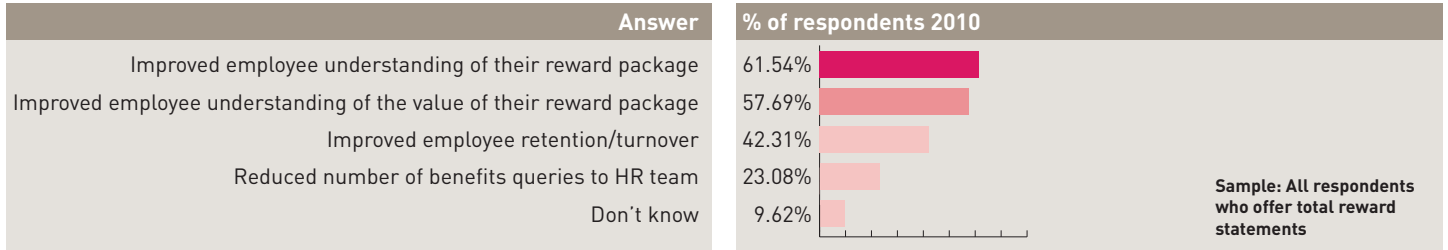


Chart 58

Do you think that your employees know the full value of their Total Reward package?

There was a resounding difference in views on how well the total reward package was understood between companies who do and those who do not communicate total reward. The majority of those that do communicate total reward believe their employees know its full value (57.69 percent), while only 15.25 percent of those that do not communicate total reward believe their employees know the full value.



Chart 59

Which of the following do you aim to communicate to employees on a regular basis, as part of your internal communication strategy? Please tick all that apply.

The most common key measures communicated were company performance (86.55 percent) and business strategy (67.25 percent). Interestingly, only half of companies expressed they communicated their vision and values (50.88 percent).

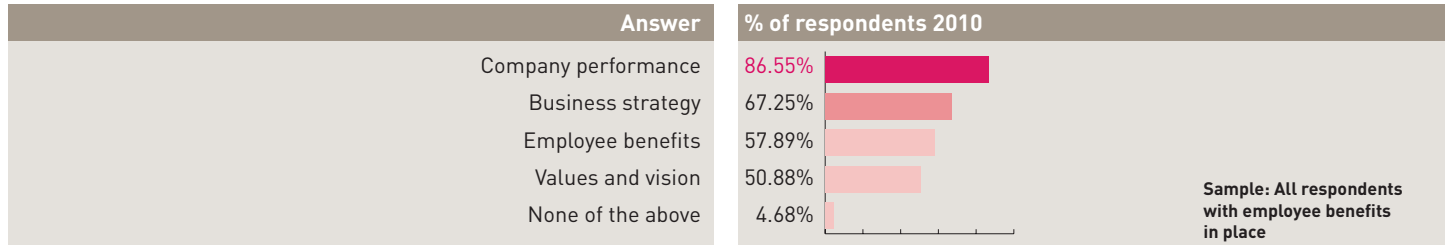


Chart 60

How is your benefit communication branded?

Around four in ten respondents indicated their benefits were not branded (38.24 percent). Medium sized employers were more likely to have a specific reward brand.

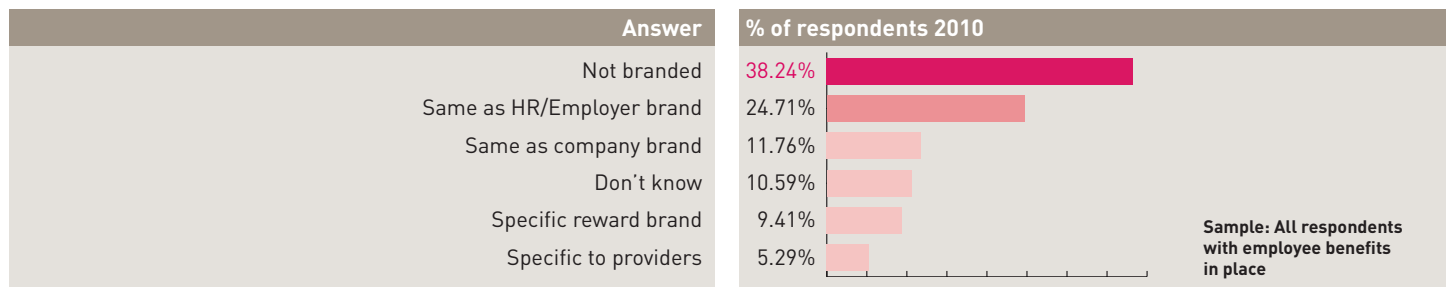


Chart 61

How important do you think it is to brand your benefits package to maximise impact?

Around four in ten respondents believed it was very important to brand their benefits package (38.24 percent), however only one in ten have a specific reward brand (9.41 percent).

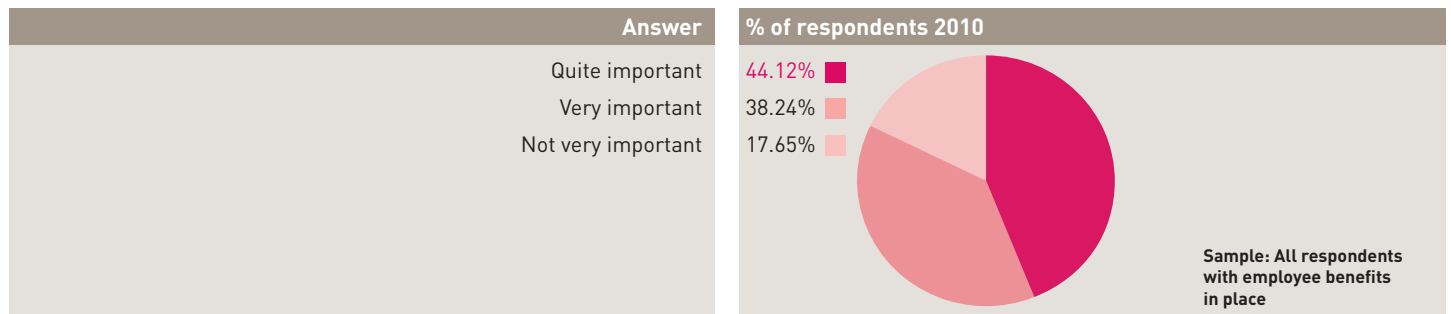


Chart 62

Do you gather information from employees about the impact of your internal communication?

Six out of ten companies sought employee feedback on internal communication (60.59 percent). This was highest in smaller companies and in technology companies.

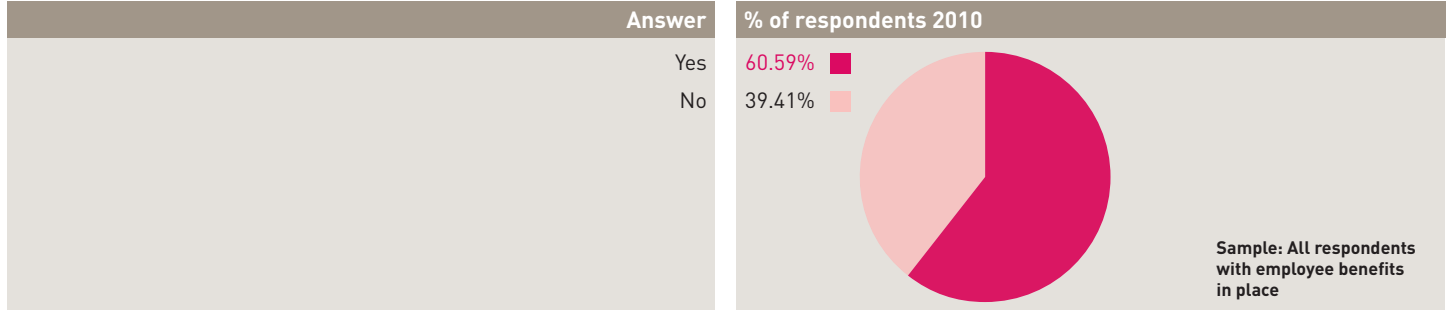


Chart 63

Which of the following methods do you use to communicate your benefits package? Please tick all that apply.

Employee contract/handbook (79.53 percent) is the most common method of communicating the employee benefits package. Despite differences in requirements of generation Y, most companies do not utilise modern technology solutions, although larger companies showed higher usage.

Answer	% of respondents 2010
Employee contract/Handbook	79.53%
Emails	72.51%
Induction sessions	60.23%
Group presentations	49.12%
Internet/Intranet	49.12%
One to one meetings	21.05%
Posters	13.45%
Printed booklet	12.87%
Multimedia	2.92%
Online seminars	2.92%
DVDs	2.34%
Blogs	1.75%
Video	1.75%
None of the above	1.75%
Podcasts	0.58%

Sample: All respondents with employee benefits in place

Chart 64

Who plans and designs the communication of your benefits package?

Nearly all respondents indicate that benefits communications strategy is owned internally (89.47 percent).

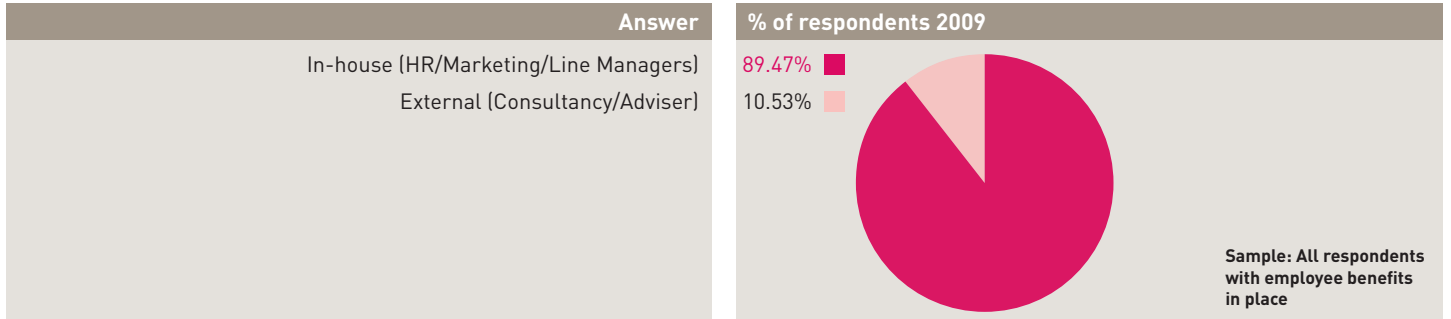


Chart 65

Who is responsible for the delivery of the communication of your benefits package? Please tick both if applicable.

Nearly all respondents indicate that communications are delivered internally (89.47 percent).

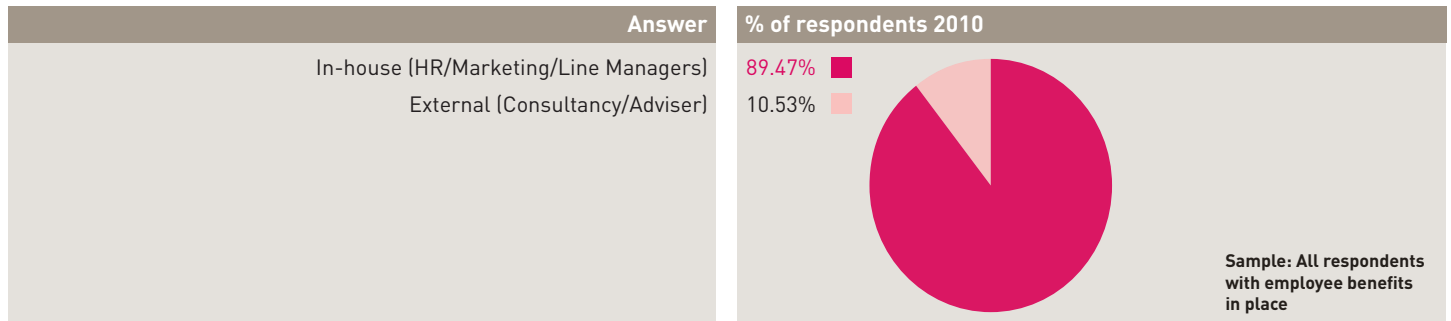
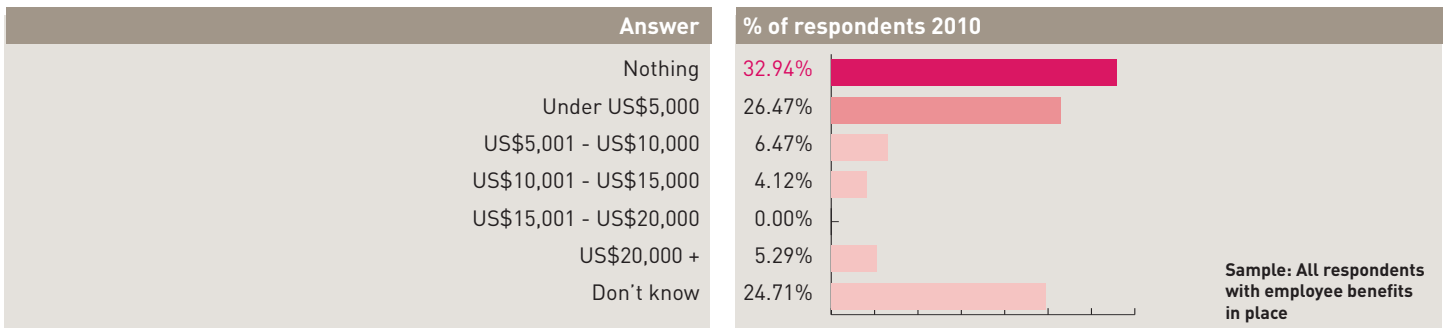


Chart 66

How much do you spend/budget per year on employee benefits communication?

Around a third of companies do not budget for employee benefit communications (32.94 percent). Medium sized companies were less likely to have a budget.



Appendix

Industry sector

Answer	% of respondents 2010
Accountants	0.76%
Advertising	1.53%
Aerospace & Defence	1.15%
Agriculture	0.00%
Banking	0.76%
Biotechnology	0.00%
Business Services	1.53%
Chemicals	4.96%
Civil Engineering	0.00%
Communications	0.38%
Construction	1.91%
Consulting	3.44%
Education	2.67%
Electronics	4.20%
Energy	3.44%
Engineering	2.67%
Environmental	0.00%
Financial Services	8.40%
Food & Beverage	2.67%
Government	1.91%
Healthcare	4.20%
Hospitality	2.67%
Housing Association	0.00%
Insurance	1.53%
IT - Hardware	0.00%
IT - Software & Consultancy	5.73%
Legal	0.76%
Leisure	0.76%
Machinery	1.15%
Manufacturing	15.27%
Media	2.29%
Not For Profit	1.91%
Pharmaceuticals	0.38%
Property	0.76%
Publishing	1.53%
Recruitment	0.76%
Retail	3.44%
Sales	2.29%
Services	5.73%
Shipping	2.67%
Sports	0.38%
Surveyors	0.00%
Telecommunications	1.15%
Transportation	1.91%
Travel	0.00%
Utilities	0.00%
Professional Body	0.38%
Voluntary	0.00%

Sample: All respondents

Appendix

Job Title

Answer	% of respondents 2010
Accountant	0.38%
Company Secretary	0.00%
Compensation & Benefits/Reward Manager	12.98%
Compensation & Benefits/Reward Officer	2.29%
Finance Director	0.38%
Finance Manager	1.15%
HR Administrator	7.25%
HR Assistant	1.15%
HR Director	9.54%
HR Manager	39.69%
HR Officer	8.40%
Managing Director	0.76%
Office Manager	1.91%
PA/Secretary	1.91%
Partner	0.76%
Payroll Assistant	0.00%
Payroll Manager	0.00%
Payroll Officer	0.38%
Other	11.07%

Sample: All respondents

Appendix

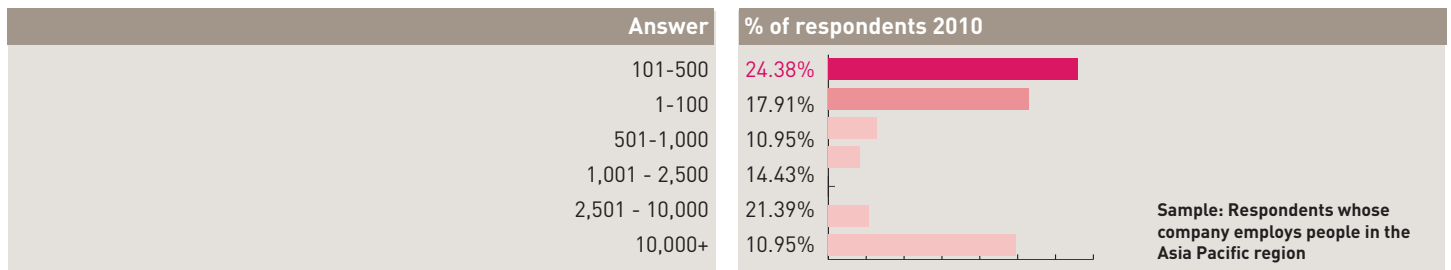
Where is your Asia Pacific regional headquarters?

Answer	% of respondents 2010
Australia	3.98%
China	3.48%
Hong Kong	6.97%
India	0.50%
Indonesia	0.00%
Japan	1.99%
Malaysia	4.48%
New Zealand	0.00%
Philippines	0.50%
Singapore	66.67%
South Korea	0.00%
Taiwan	0.00%
Thailand	1.00%
Vietnam	0.00%
No regional headquarters exists	8.96%
Other	1.49%

Sample: Respondents whose company employs people in the Asia Pacific region

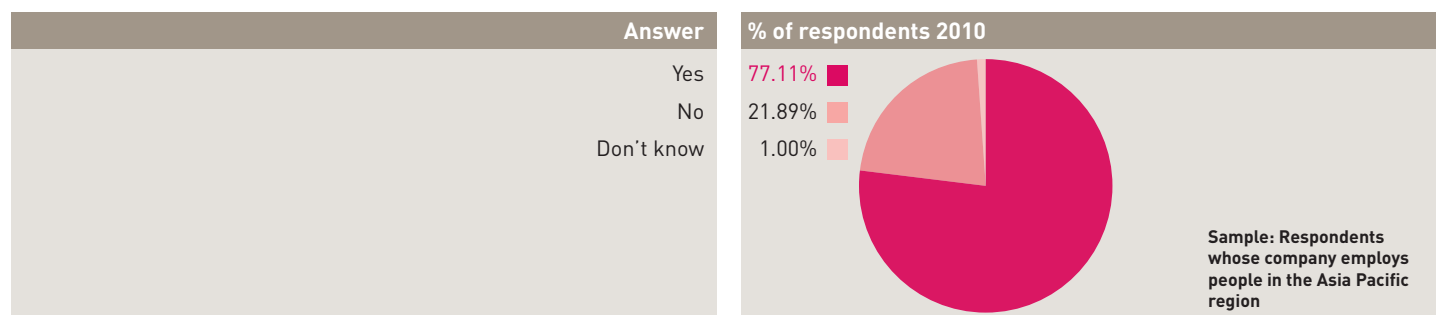
Appendix

How many people does your company employ in the Asia Pacific?



Appendix

Does your company employ people in 5 or more Asia Pacific countries?



Appendix

In which location is your Global Head Office?

Answer	% of respondents 2010
UK	7.96%
Africa	0.50%
Asia Pacific	38.81%
Europe (outside UK)	16.42%
Middle East	1.49%
North America (excluding US)	1.00%
North America (USA)	33.83%

Sample: All respondents

Appendix

Which region is your personal remit concerned with?

Answer	% of respondents 2010
Global	18.41%
Asia Pacific (includes Aus/NZ)	31.84%
Asia (excludes Aus/NZ)	21.89%
Asean	9.45%
North Asia (HK, China, KR, JP)	5.47%
Country specific	12.94%

Sample: All respondents

About Thomsons Online Benefits:

Ever since we were founded in 2000, Thomsons Online Benefits has worked to help businesses gain the most value from their reward spend, at minimal cost. This simple goal has enabled us to transform the reward strategies of some of the world's leading employers.

We call the way we work Intelligent Reward™ – a unique blend of technology, consultancy and communication that allows you to:

- Reduce the overall cost of your reward programme
- Increase the value you gain from your reward spend
- Make informed decisions about your reward strategy

Whether you measure success by financial size, clients, or awards, Thomsons is proud to be the market leader. As a world-wide company, with multiple locations and with technology that works across currencies and languages, we offer a truly global service.

And we are 100 per cent independent, allowing us to pour all our attention into delivering excellence for you and your reward programme.

A client achieving **Intelligent Reward™** is



Maximising the value of their reward spend



At **minimum** cost



Through real-time **empowering information**

In 2003 Thomsons implemented the world's first online, multilingual, multi-currency flexible benefits scheme. Since then, we have developed a reputation as the leading provider of global reward schemes for clients such as Alexander Mann Solutions, Dow Chemical, RBS and Trowers and Hamlins.

We have won numerous awards for our global reward work on behalf of our clients, including three recognitions for the "Best Use of an International Benefits Strategy".

All our clients – wherever they are in the world – use the same version of our highly configurable software. This means they have central control over their reward spend and easy access to all the information they need to allow day-to-day management at a local level. It's an approach that works – just ask our clients.

"As a market leader and innovator ourselves, we wanted to use a partner whose technology was market leading and for us Thomsons stood out from the crowd."

Cisco

"Following an extensive and robust procurement process GSK chose to partner with Thomsons Online Benefits. We believed that Thomsons' technology contained the most relevant functionality to deliver our complex requirements in relation to online total reward statements and benefit enrolment. We are delighted that the first phase of the project has now successfully gone live, with the second phase planned for Q1 2010."

GlaxoSmithKline

"RBS are committed to the principle of employees creating added value through benefits choice. But doing this globally presents many challenges. This award recognises how well the combined team at RBS and Thomsons Online Benefits have risen to these challenges and delivered."

Royal Bank of Scotland (RBS)



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