Analysis of snapshot survey findings

Benefits Trends in Asia: A look at key benefits across industries and geographies

May 2011
Benefits Quick Poll

- A quick poll was conducted prior to the Mercer’s webcast “Benefits Trends in Asia: A look at key benefits across industries and geographies”
- 969 registrants from more than 600 companies participated in the survey. Registrants from these companies came from 29 different countries.
- Responses from these 969 registrants were consolidated and are presented in this document
A diverse group of participants

Industry types

- Property management: 21%
- Mining & resources: 19%
- Oil & gas: 12%
- Industrial goods & wholesale trade: 12%
- Logistics & distribution: 12%
- Transportation: 9%
- Engineering & construction: 8%
- Professional & other services: 4%
- Financial services: 3%
- Pharmaceutical & healthcare: 3%
- Retail & FMCG: 3%
- Energy & chemical: 2%
- Other: 1%
A diverse group of participants

**Headcount**

- >1500: 17%
- 1 - 99: 17%
- 500 - 1500: 26%
- 100 - 499: 40%
Companies face high turnover rate

- A relatively large percentage of companies (31%) face a turnover rate of between 10 to 15%. 19% of companies have a turnover rate higher than 20%.
- Based on the breakdown by industries, the high turnover rates (>20%) are contributed by companies in retail & FMCG, pharmaceutical and healthcare and finance industries.
Top FIVE HR Goals
With high turnover rates, retention and attraction is key

1) Retention and attraction of key talent
2) Focus on Training and development particularly in the following areas
   - Competency development
   - Talent management
   - Succession planning/ career development
3) Benefits review/ harmonization
4) Employee engagement and motivation
5) Compensation review

Other goals raised..

1) Enhance HR business partnering
2) Better communication of programs
3) To have greater cost savings initiatives
4) Wellness initiatives, work life balance
More companies reviewing benefits this year

- 83% of all respondents are reviewing benefits this year

- A higher percentage of respondents in the manufacturing and retail & FMCG industries are reviewing their benefits policies

<table>
<thead>
<tr>
<th>Industry</th>
<th>Yes (%)</th>
<th>No (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail &amp; FMCG</td>
<td>84%</td>
<td>16%</td>
</tr>
<tr>
<td>Pharma &amp; Healthcare</td>
<td>85%</td>
<td>15%</td>
</tr>
<tr>
<td>Finance</td>
<td>79%</td>
<td>21%</td>
</tr>
<tr>
<td>Energy &amp; Chemical</td>
<td>91%</td>
<td>9%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>84%</td>
<td>16%</td>
</tr>
<tr>
<td>Technology</td>
<td>84%</td>
<td>16%</td>
</tr>
</tbody>
</table>

N = 969
The priority benefits that HR wants to work on

What benefits will you be reviewing this year?

- Insurance and healthcare: 26%
- Allowance: 20%
- Training: 14%
- Flexible working arrangements: 11%
- Leave: 11%
- Vehicles: 12%
- Others: 6%
Industries focus on different set of benefits

- In general, more companies are reviewing benefits in the area of insurance and healthcare.
- Across the spectrum of benefits that companies are reviewing, there are differences in the top three benefits that companies from the different industries are focusing on:
  - **retail & FMCG, pharmaceutical and healthcare, manufacturing and technology companies**: insurance and healthcare, training and allowance.
  - **finance industries**: insurance and healthcare, flexible working arrangements and allowance.
  - **energy and chemical industries**: insurance and healthcare, vehicle policies and allowance.
In general, the benefits cost makes up 10-30% of the total payroll for employee benefits policies.

Finance companies typically spend 10-20% of the total payroll on benefits.

More companies in the manufacturing and energy and chemical industries have a benefits cost that makes up 20-30% of the total payroll.
What benefits HR thinks will be important to employees...

Which group of benefits do you think has the highest impact on employee satisfaction?

- Across the majority of industries, insurance & healthcare, allowance and training surface as the top three benefits that HR thinks will be important to employees.

- Finance companies are reviewing the benefits they feel their employees value most: insurance & healthcare, flexible working arrangements and allowance.

- Technology companies also listed flexible working arrangements as one of the top three benefits that affect employee satisfaction.
Conclusion
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- Companies across the various industries are facing high turnover rates.
- The need to attract and retain key talents has become more pressing and there is a greater urgency for companies to review the total rewards package.
- Observing the negative correlation between the benefits cost to total payroll ratio and turnover rates for energy & chemical and manufacturing industries, it is important to provide the RIGHT benefits policy and not what companies think is the BEST benefits programme.
- Companies need to understand which benefits are valued by their employees and start reviewing their benefits policies to remain market competitive.
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