

# The Evolution of Benefits in Asia Pacific: From Transactional to Transformational

Asia Pacific insights from the Willis Towers Watson  
2019/2020 Benefit Trends survey





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## Contents

Introduction.....	3
About the survey.....	4
Benefit strategy.....	6
Key challenges facing employers.....	6
Benefits effectiveness.....	8
An evolving role for employee benefits.....	9
Future outlook.....	10
Key trends.....	11
Portfolio.....	11
Talent experience.....	14
Financing.....	15
Administration and operations.....	16
Analytics, insights and reporting.....	17
Modernising benefits.....	18



# Introduction

Over the past few years, employers in Asia Pacific have started on a journey to redefine and modernise their benefits. Previous Benefit Trends surveys in the region have seen a steady progression in how employers and employees view their benefits plans.

Today, employers understand that their benefit strategy can be instrumental in shaping the type of organisation they are, and the way their employees – and their peers – perceive them.

Our last survey showed a trend towards enhancing benefits to include non-core concepts such as wellbeing. Today, we see this trend go even further as employers embrace concepts such as inclusion and diversity, corporate social responsibility, and flexible work policies.

This year's survey aims to pause and reflect: as benefits become broader, are they truly effective in what they have been designed to do? Are employers getting the full value from their benefits package, and are they truly equipped to address the needs of a changing, multi-generational workforce?

We found that only a minority of employers in Asia Pacific – and globally – think their benefits are truly effective. While this can be explained by the increasingly ambitious nature of benefits programs today, it raises the question: what can employers do to ensure that benefits are truly addressing the changing needs of the future?

*From a transactional, “check the box” item, benefits have evolved into a true attraction and retention tool.*

# About the survey

The Willis Towers Watson 2019/2020 Benefits Trends survey takes the global pulse of current employer perspectives, strategies and practices.

It explores the programs they have in place, their priorities and the key challenges they face over the coming years. It seeks to understand the strategic direction of companies' employee benefits, revealing where organisations are today, and where they want to be as they look into the future.

This year's survey was conducted between May and June 2019, and received responses from over 4,300 companies – globally employing over 22 million employees in 88 markets – ensuring that our findings have global insight, as well as regional and local depth.

In Asia Pacific, we received responses from 1,188 employers, reflecting 2.6 million employees, making this the most comprehensive survey of its kind in the region.

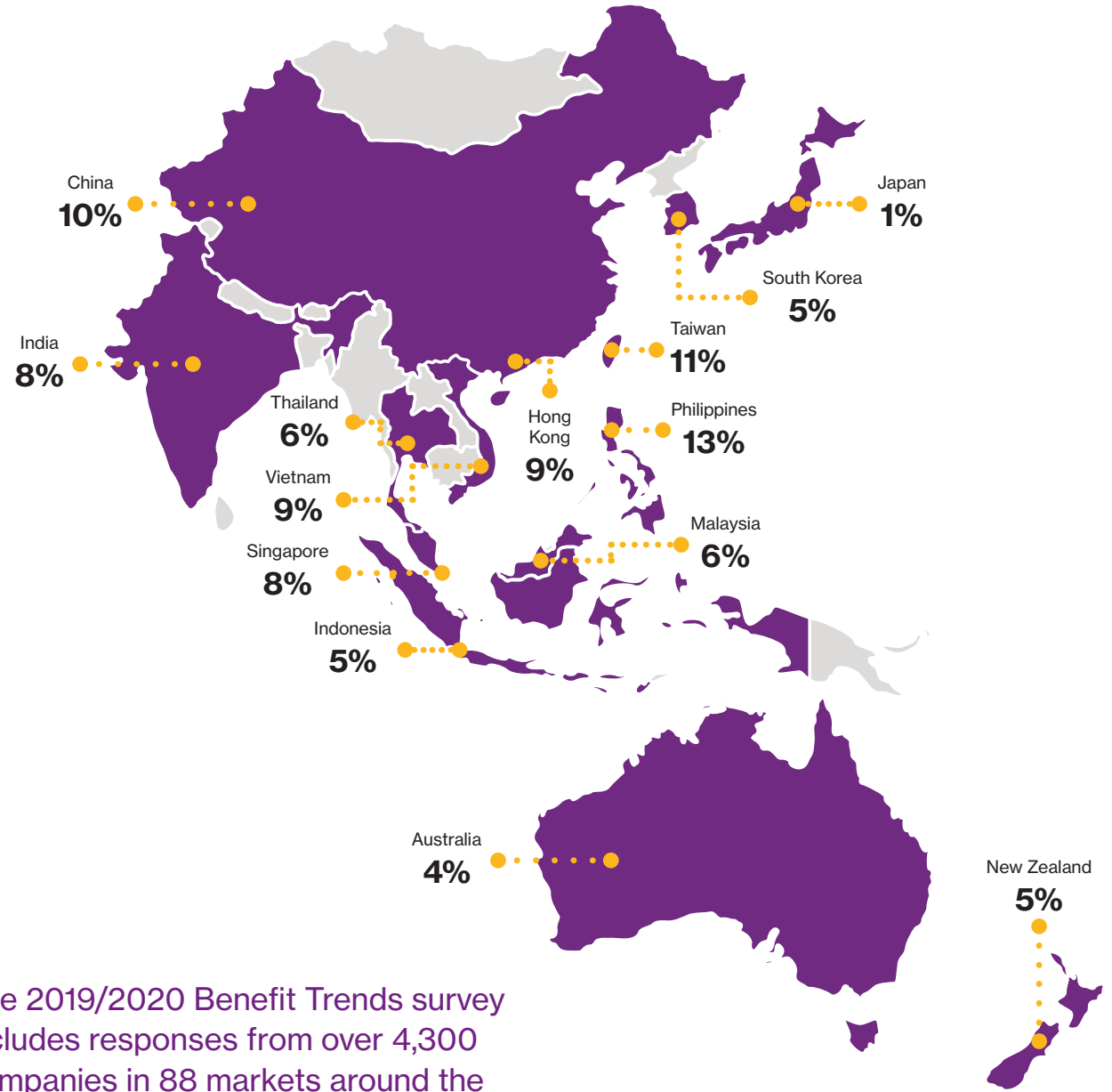
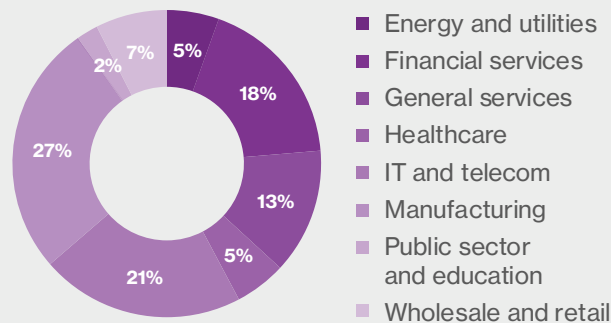


Figure 1. Participants by industry



The 2019/2020 Benefit Trends survey includes responses from over 4,300 companies in 88 markets around the world, covering over 22 million employees.



## Our approach

Willis Towers Watson's 2019/2020 Benefits Trends survey was designed to provide a strategic overview of where employers are heading with their benefits programs. The survey is based around five dimensions of managing and optimising benefit programs around the world:

Benefits portfolio in line with organisation's objectives, market norms and employee needs and values.

Use data-driven insights for informed decision making.

**Analytics, Insights and Reporting**  
Data-driven decisions



**Portfolio:**  
Optimal alignment of benefits



Optimise the financing cost of benefits by allocating costs and risks efficiently.

**Financing:**  
Cost and risk efficiencies



### Modernising Your Benefits Strategy

An operating model to make, execute and monitor "strategic" decisions related to benefit programs

Efficiently administer benefits by leveraging technology and allocating organisation resources.



**Admin and Operations:**  
Operational efficiencies

Engage employees in their benefits with the ability to make informed decisions to maximise value and appreciation.



**Talent Experience:**  
Employee engagement

In this survey, we seek to understand organisations' objectives for these dimensions and the key trends emerging in each.



# Benefit strategy

## Key challenges facing employers

Employers struggle with old challenges, as well as new:

- **The rising cost of employee benefits** have long been cited in our survey as the leading challenge faced by Asia Pacific employers (and their global peers) – and this year is no different, with 69% citing this as a top challenge.
- More than half of employers in Asia Pacific (55%) say that **dealing with a diverse and multi-generational workforce** is a top challenge.

In Asia, almost half of employers are concerned about the **impact of regulatory changes**. Additionally, there are operational challenges around a **lack of data** (40%) and a **lack of appropriate technology** (37%) that may loom large in the future as we see a shift towards automation and the increasing use of big data.

Almost two fifths (39%) of employers find **communicating benefits choice** a challenge. This number is lower in Asia Pacific than in other regions – over half of employers in North America noted this as a challenge, for instance. Potentially, fewer employers could be offering choice in Asia; if so this is an opportunity for Asia employers to catch up with their global peers.

- Three-quarters, or more, of employers in Hong Kong, Singapore and the Philippines are worried about rising benefit costs.
- Almost two thirds of employers in China and Singapore said that the needs of a multi-generational workforce are a challenge.

Figure 2. **Rising benefits costs is the primary challenge facing employers**

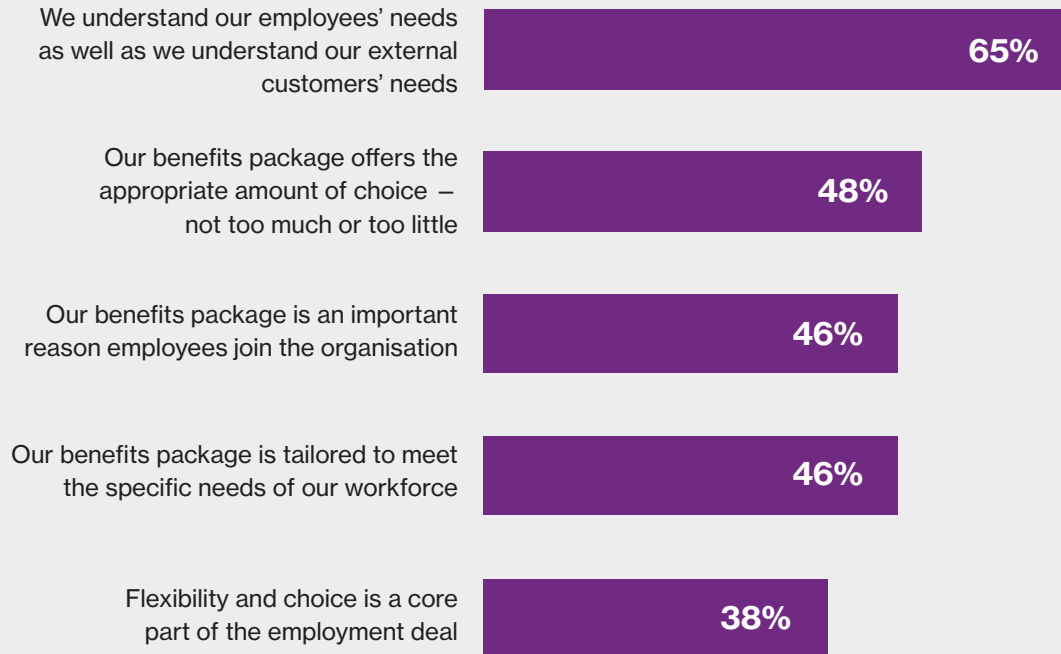
	AP	ANZ	CN	HK	IN	ID	PH	SG	TW
Rising benefits costs	69%	64%	69%	77%	65%	65%	79%	73%	57%
Differing wants and needs of a multi-generational workforce	55%	55%	65%	57%	51%	48%	58%	66%	56%
Challenges communicating around benefits choices	39%	35%	52%	36%	38%	45%	33%	40%	36%
Impact of regulatory changes/changes to statutory benefits	46%	33%	44%	33%	40%	65%	58%	39%	51%
Lack of budget to deliver effective communication strategy	36%	39%	44%	36%	32%	35%	40%	35%	35%
Lack of appropriate technology to effectively deliver company's benefits programs	37%	34%	42%	31%	35%	41%	43%	42%	37%
Lack of data to measure plan outcomes or changes in employee behaviour	40%	42%	55%	31%	38%	36%	48%	38%	41%
Lack of employee engagement with benefits programs	34%	32%	42%	39%	34%	36%	29%	46%	23%
Fragmentation of vendors/providers and lack of integrated tools	32%	36%	35%	26%	33%	33%	41%	37%	25%
Unions/collective labour agreements	12%	9%	2%	2%	7%	33%	13%	10%	10%

Note: The table above includes numbers for Australia and New Zealand (ANZ), China (CN), Hong Kong (HK), India (IN), Indonesia (ID), Philippines (PH), Singapore (SG) and Taiwan (TW). Please contact us for more country-specific data.



Figure 3. **Less than half of employers believe their benefits package is tailored to their workforce**

**How strongly do you agree or disagree with the following statements about your company's benefits package?**



Note: Percentages indicate "Agree" or "Strongly agree"

In Asia Pacific, less than half of employers believe their benefits package is tailored to meet the specific needs of their workforce.

Most employers think they understand their employees' wants and needs. But our data shows that few outside North America think they are effectively delivering flexibility and choice to their employees.

Less than two fifths said that flexibility and choice were a core part of the employment deal, compared to almost 60% in North America.





## Benefits effectiveness

Currently, only a minority of Asia Pacific employers think their benefits are truly effective (Figure 4). For most, this means their benefits plans are adequate, but not maximising value and not delivering a truly modern benefits package.

In Asia Pacific, those that do think they are highly effective are more likely to report:

- Our benefits package is tailored to meet the specific needs of our workforce (highly effective are 1.6x as likely to report as average respondent in the region)
- Flexibility and choice is a core part of our employment deal (1.8x)
- Our benefits package is an important reason employees join our organisation (1.6x)



Figure 4. **Only a minority of employers think their benefits are truly effective**



Note: Percentages indicate "To a great extent" or "To a very great extent"

\* The effectiveness score is based on employers self-reported effectiveness across each of the five dimensions. Portfolio and talent experience are based on a summary of three items. A respondent with low effectiveness for any of the three items are not regarded as highly effective. As such, effectiveness for portfolio and talent experience can be lower than the simple average of the three underlying items.



## An evolving role for employee benefits

In part, the reason for such relatively low scores on benefits effectiveness is that we are seeing a change in what benefits are being asked to do. Traditionally, benefits looked to address core health and retirement needs. Two years ago, in our first global Benefit Trends survey, we saw movement across the globe to a greater focus on addressing employee wellbeing.

Today, we see this trend continuing, but also expanding to include a broader notion of what employee benefits are – to now include workplace culture, inclusion and diversity (I&D), corporate social responsibility (CSR) and flexible work policies.

This may help to explain underperformance of benefits programs relative to organisational goals: benefits programs that were fit for purpose in the past are not addressing the changing needs employers see for the future.

## Top priorities for benefits

The top four priorities for organisations' benefit portfolios (*Figure 5*) are:

- Incorporating wellbeing\* into overall benefit strategy (60% in Asia Pacific; 66% globally)
- Enhance work policies, e.g. flexible work, recognition, mentoring, training (61% in Asia Pacific; 64% globally)
- Align benefit provisions with market norms and employee wants and needs (61% in Asia Pacific; 62% globally)
- Incorporate I&D into benefits programs design (50% in Asia Pacific; 55% globally)

This wider interpretation of employee benefits is fairly consistent internationally, although Asia Pacific employers are also still looking to enhance traditional, core benefits.

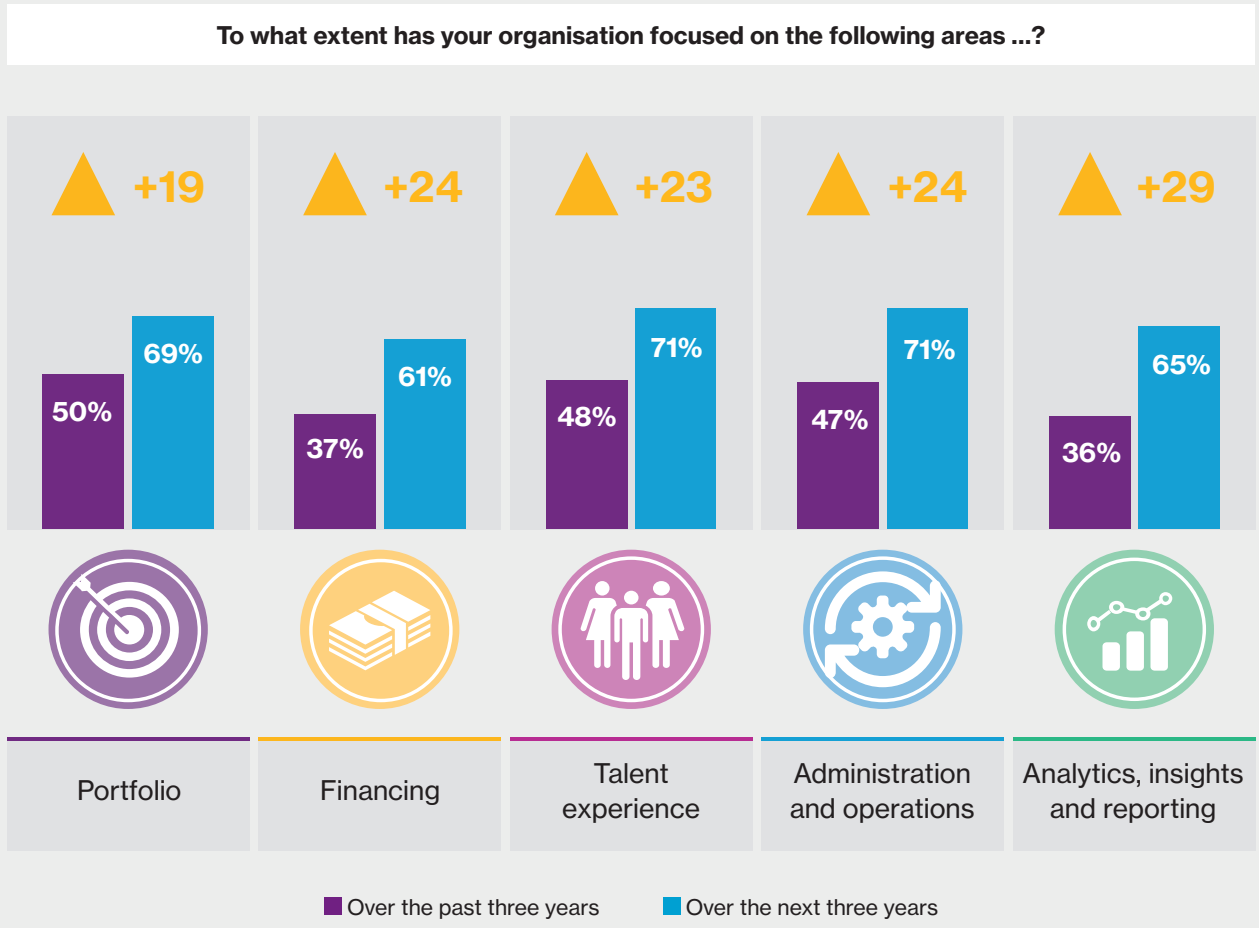
\* Financial wellbeing, physical health and emotional wellbeing, stress

Employee benefits are being challenged to do more: to better target a broader concept of employee wants and needs.

Figure 5. Top priorities for benefits portfolio by country

AP	ANZ	CN	HK	IN	ID	PH	SG	TW
Align benefit provisions with market norms and employee wants & needs	Incorporate wellbeing into overall benefit strategy	Align benefit provisions with market norms and employee wants & needs	Align benefit provisions with market norms and employee wants & needs	Enhance work policies	Enhance work policies	Enhance work policies	Align benefit provisions with market norms and employee wants & needs	Incorporate wellbeing into overall benefit strategy
Enhance work policies	Enhance work policies	Incorporate wellbeing into overall benefit strategy	Incorporate wellbeing into overall benefit strategy	Incorporate wellbeing into overall benefit strategy	Align benefit provisions with market norms and employee wants & needs	Enhance core benefits	Incorporate wellbeing into overall benefit strategy	Enhance work policies
Incorporate wellbeing into overall benefit strategy	Incorporate inclusion and diversity (I&D) into benefits program design	Enhance core benefits	Enhance work policies	Align benefit provisions with market norms and employee wants & needs	Incorporate wellbeing into overall benefit strategy	Incorporate wellbeing into overall benefit strategy	Enhance work policies	Align benefit provisions with market norms and employee wants & needs
Enhance core benefits	Align benefit provisions with market norms and employee wants & needs	Examine eligibility and coverage	Enhance core benefits	Examine eligibility and coverage	Incorporate inclusion and diversity (I&D) into benefits program design	Align benefit provisions with market norms and employee wants & needs	Incorporate inclusion and diversity (I&D) into benefits program design	Harmonise benefits across geographies/cohorts to ensure consistency
Incorporate inclusion and diversity (I&D) into benefits program design	Enhance core benefits	Harmonise benefits across geographies/cohorts to ensure consistency	Incorporate inclusion and diversity (I&D) into benefits program design	Incorporate inclusion and diversity (I&D) into benefits program design	Enhance core benefits	Incorporate inclusion and diversity (I&D) into benefits program design	Enhance core benefits	Incorporate inclusion and diversity (I&D) into benefits program design

Figure 6. **Benefits strategies shifting to focus on analytics and reporting**



Note: Percentages indicate "To a great extent" or "To a very great extent"

### Future outlook

Employers are certainly not standing still. In *Figure 6* we see:

- Employers are looking to enhance focus on benefit programs across all dimensions.
- In Asia Pacific, half of employers are focusing on their benefit portfolios, with around the same percentage also looking at the talent experience, and administration and operations.
- Looking ahead three years, three in 10 employers in Asia Pacific will increasingly look at analytics and reporting.
- Globally, employers are particularly focused on **enhanced talent experience** (to better address employees wants and needs) and **analytics, insights and reporting** (to assess current programs and to understand where best to deploy resources in the future).





# Key trends

## Benefit portfolio

The trends toward greater choice and a focus on wellbeing seen in 2017 continue, but now incorporate a broader notion of what benefits should deliver.

### Broader and enhanced benefit portfolios

Most employers are focused on managing and maintaining core benefits.

In Asia Pacific, over a third of employers are prioritising both core and broader benefits (including flexibility, wellbeing, etc.).

Those organisations who report themselves the most effective are much more likely to focus on an enhanced benefits deal (focusing on both core and broader benefits in an integrated benefits approach).

Employers are looking to supplement and enhance their portfolio by deepening their commitment to a broader, more flexible benefits deal.



Figure 7. Employer attitudes to portfolio evolution

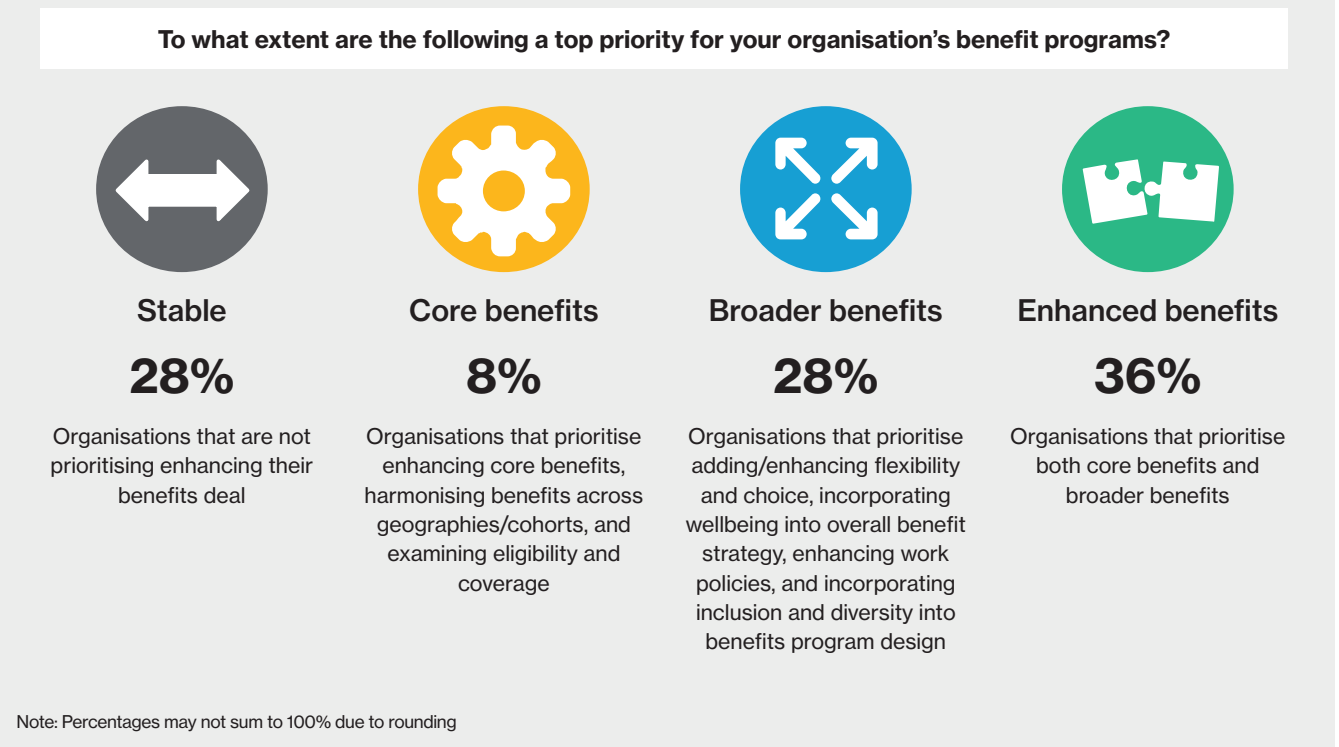
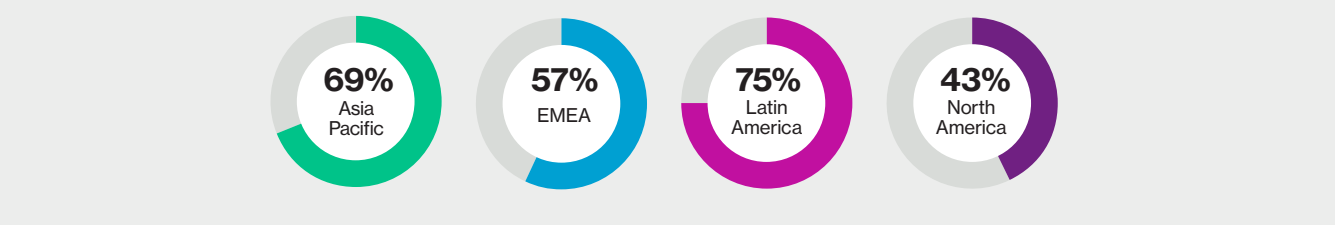


Figure 8. Among highly effective employers, we see the following percentages focusing on enhanced benefits deal:

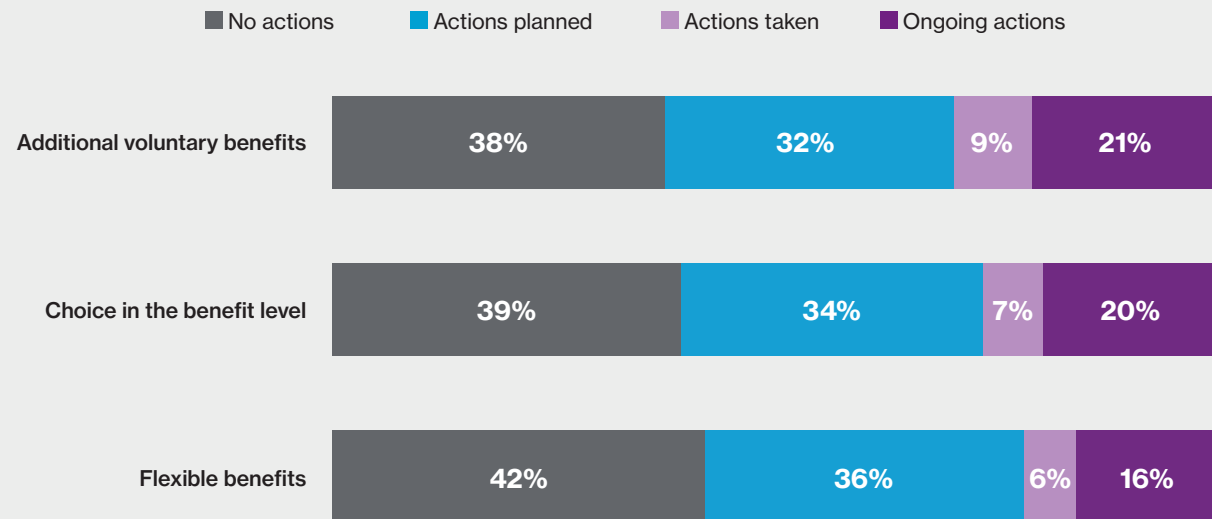


## Better use of choice

To date, we see “choice” being delivered by the addition of voluntary benefits and limited “opt-ups”.

While traditional flexible benefits plans (where employees are given a budget to spend across a number of benefit plans and options) are far less common, we do see some signs of their prevalence growing (Figure 9). However, this type of plan may not be fully meeting the needs of either employees (who can get overwhelmed by the extent of choice and complexity), or employers (who have to meet the costs of administering these complex arrangements).

Figure 9. **Employee choice is expanding**



**Choice in benefit level:** Where employees can buy a more generous or less generous option for a given benefit

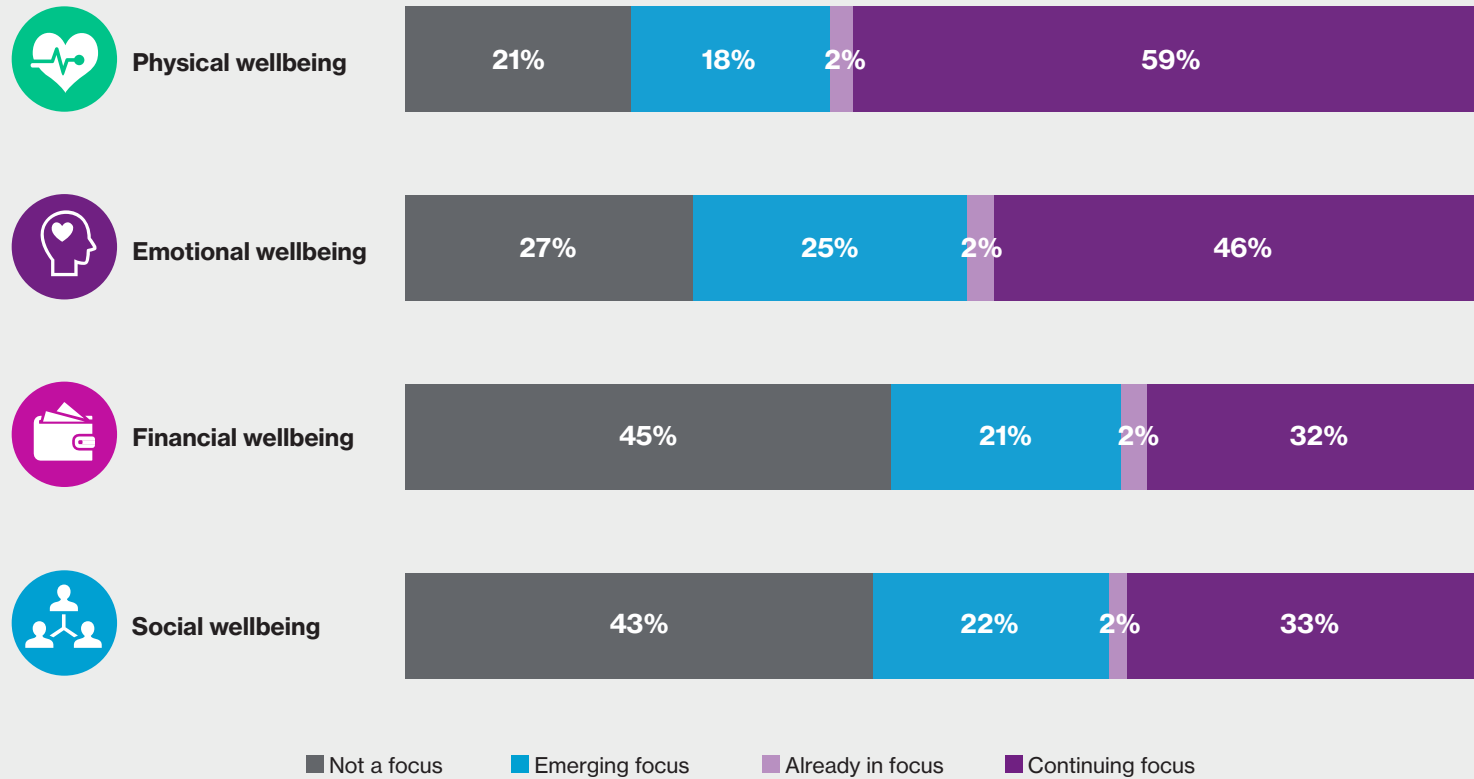
**Flexible benefits:** Where the employee chooses how to allocate money to benefits from a fund financed (in part) by the employer

**Voluntary benefits:** Where employees opt to buy products facilitated by the employer but paid for solely by the employee





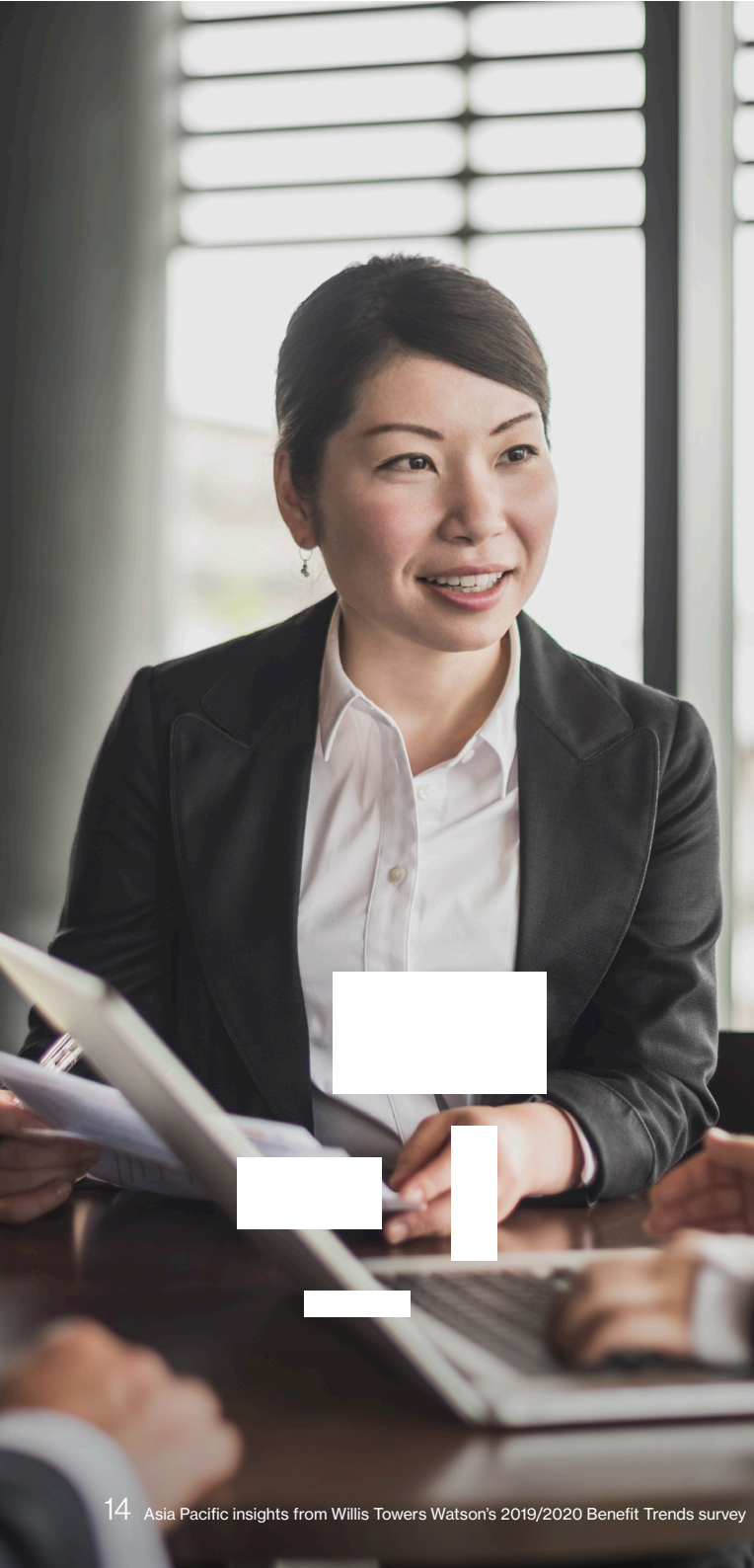
Figure 10. An evolving definition of employee wellbeing



### A wider definition of employee wellbeing

Wellbeing continues to be a focus for employers. The definition of wellbeing has broadened, moving beyond the physical and emotional to include financial and social aspects (Figure 10). However, in Asia Pacific, almost half still do not consider financial wellbeing (45%) or social wellbeing (43%).





## Talent experience

There is a continuing desire to deliver a technology-enabled benefits deal, but increasingly, the focus is moving to decision support plus simplification to enable choice.

The challenges of delivering choice have long been recognised: the perils of choice overload, how to present an effective choice architecture, and overall, how to engage employees in making benefits decisions.

To date, attention has focused on enhancing communication, which is borne out by our survey data – roughly a third of companies globally reported this.

However, both in the last survey and more so in this survey, we see a shift in how employers are approaching “choice”. In addition, we see many focusing on narrowing the range of choice to a small but meaningful set of options (Figure 11).

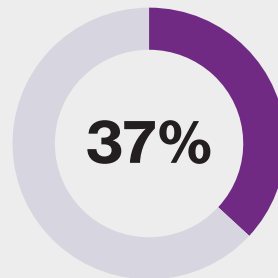
Across the world, we see attention shifting to technology as an enabler, with the focus turning to decision support tools.

Figure 11. Employer priorities for driving engagement and supporting employee decisions around benefits

Please rank the following in terms of your priorities for driving engagement and supporting employee decisions around their benefits. (% Top priority)

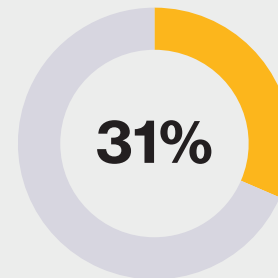
### Product simplification

Limit benefit choices to a small set of meaningful options



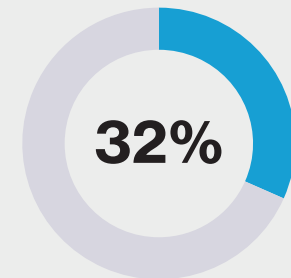
### Education and communication

Offer online or in-person training, education and communication of benefit programs



### Decision support and navigation tools

Offer tools that support benefit choices and help make informed decisions



Note: Percentages may not sum to 100% due to rounding.



## Financing

Cost control remains key, but are employers too narrowly focused on operational costs, rather than generating value from their plans?

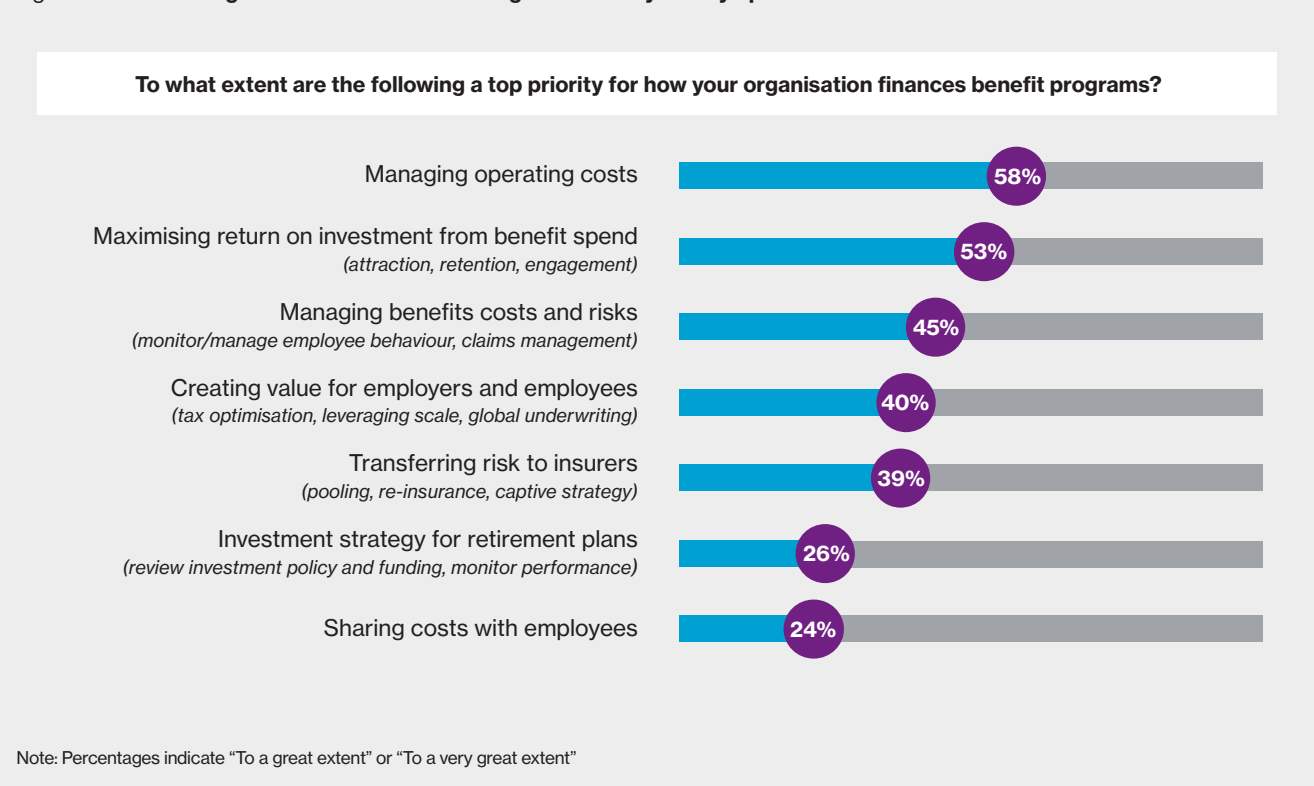
Cost control remains a major issue around the world, and Asia Pacific is no exception. Almost six in 10 said that managing operations costs are a top priority (Figure 12).

While globally, a third of employers are sharing costs with employees, only 24% of employers in Asia Pacific said they are doing so. Requiring employees participate in the cost of their benefits does more than reduce the cost on the employer, it engages employees and can actually enhance appreciation for the benefits package. Done in the right way, cost-sharing would certainly be considered low-hanging fruit to address.

In addition, while most employers want value from their plans – 53% said that a priority is to maximise the return on investment in terms of attraction, retention and engagement – only 41% are looking at actively creating value for employees and employers (via tax optimisation, leverage, etc.).

Whilst cost concerns weigh heavily, how actively, and strategically, are they being addressed?

Figure 12. **Cost management is focused on management of day-to-day operational costs**



## Administration and operations

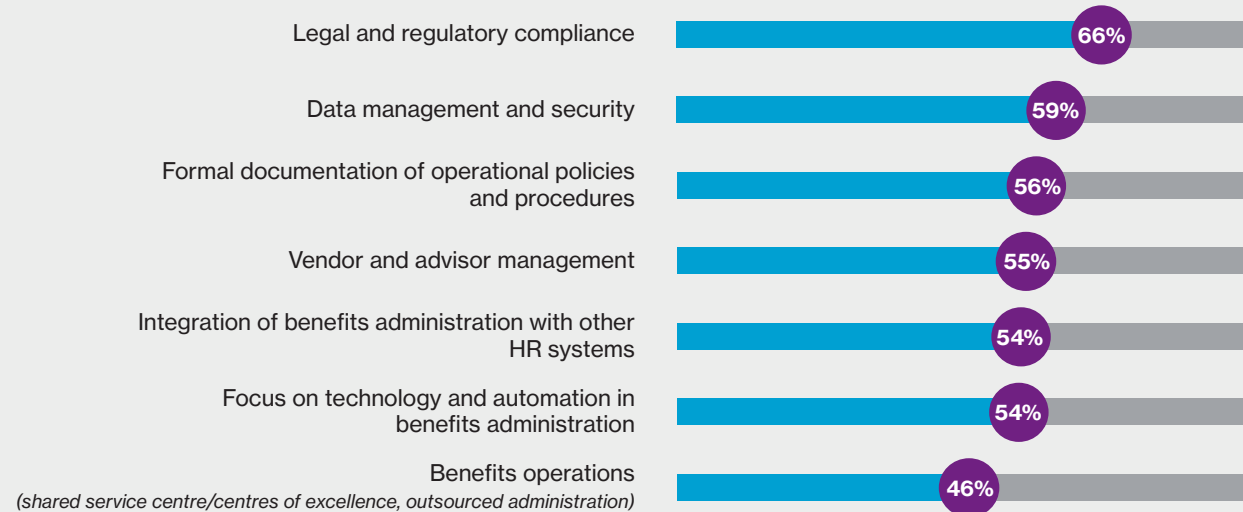
### Data management and security rising to the top of the agenda

In our 2017 survey, we saw companies focused on the enhanced use of technology to support the delivery of benefits programs. In 2019, this focus continues globally (particularly in North America, where 72% of employers said the automation of benefits administration was a priority), but other concerns are also coming to the fore.

In Asia Pacific, most employers (66%) are worried about legal and regulatory compliance, a perennial concern, and issues of data management and security have also risen to the top of the agenda. This is driven by concerns after GDPR and other global regulations tightening, and a broader concern about cyber security and data breaches.

Figure 13. **Legal and regulatory compliance is top of mind for benefits administration and operations**

To what extent are the following a top priority for your organisation's benefits administration and operations?



Note: Percentages indicate "To a great extent" or "To a very great extent"



As the concept of wellbeing becomes embedded in company mindsets and benefit programs evolve to support the diversity of employee needs, the benefits package increasingly is viewed through the lens of the broader employment deal.

Just over half (54%) of Asia Pacific organisations are focused on integrating benefits administration with other HR systems .

## Analytics, insights and reporting

### Employee sensing and Value on Investment approach coming to the fore

In our last survey, we reported a trend towards a more analytical and coordinated approach to benefits. This is reflected in *Figure 14*, where we see over half of organisations in our survey took steps in the past on:

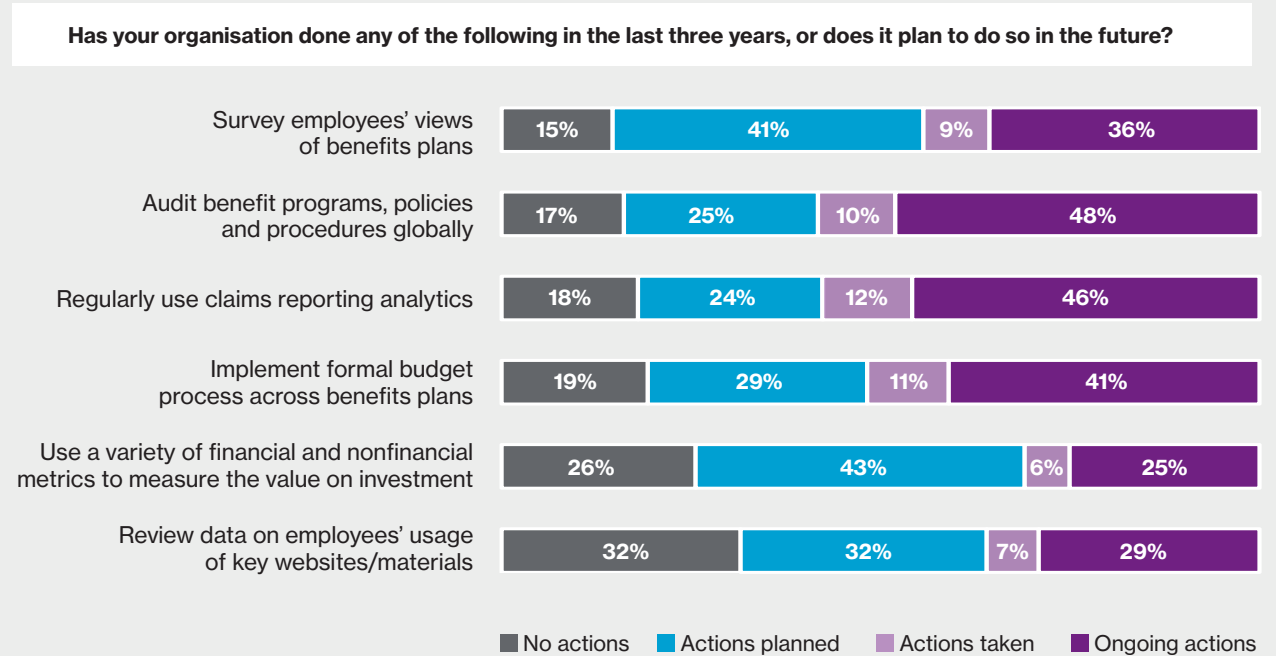
- Regular use of claims analytics;
- Audit employee benefits programs around the world; and
- Implement formal budget processes across employee benefit programs.

So, to date, organisations have principally taken steps around their understanding and oversight of current plans and employee behaviours.

By contrast, in the future we see an increased movement to expand their understanding of what employees think of their benefits, and how they use the tools, websites and material provided, as well as using other nontraditional metrics to evaluate the investment in their benefits programs using a value of investment approach.

- Around four in 10 employers are looking to survey employee views on benefits plans (including ongoing actions and actions planned)
- Over four in 10 employers are looking to use a variety of financial and nonfinancial metrics to measure the value of their investment

Figure 14. Over two fifths of employers are looking to adopt a value on investment approach (VOI)



Note: Percentages may not add up due to rounding



# Modernising benefits

## So, what can companies do to deliver a modern benefits package?

Many companies are evidently already taking actions on a variety of fronts. However, this survey highlights the importance of taking a strategic view of what employers want their benefit plans to deliver. The vast majority of respondents to our survey are looking to make their benefits programs work a lot harder; how can this be achieved, given the cost constraints we know they face?

To that end, we suggest a systematic approach to build and implement a truly effective benefits strategy:

### 1. Establish a broad-based philosophy to modernise benefits that reflect business strategy, and culture, employee values and preferences, and diversity and inclusion goals.

Break down the broad-based organisational benefit strategy into tactical goals under each of the five dimensions:

- i. Define a market-aligned portfolio of benefits – aligned with organisational culture and brand – that offers core protection (in concert with social benefits) while maximising flexibility and choice to meet the needs and expectations of a diverse workforce, and inclusion and diversity objectives.
- ii. Optimise financing of benefits commitments and benefits operations to ensure long-term sustainability.
- iii. Treat employees like consumers to deliver a technology-enabled talent experience to engage employees in their own wellbeing, nudge them to make good decisions, and ensure positive, stress-free experience when they use their benefits.
- iv. Implement process automation and technology to enable effective collaboration between group resources, local resources, and external partners.
- v. Use data-driven analytics and insights to make informed decisions to manage costs and ensure ongoing relevance of programs.

### 2. Review and update governance protocols and the operating model to execute the strategy

Review, align, and update the operating model and benefits governance to:

- i. Allocate roles and responsibilities between group functions and local/regional stakeholders.
- ii. Identify data, information, and reporting requirements.
- iii. Establish communication, reporting and approval protocols for effective collaboration between group functions and local teams.
- iv. Identify specific opportunities to align local country benefit programmes with the modernisation objectives by measuring benefits against philosophy, principles and objectives while reflecting local best practices, local business considerations/rationales and employee values/preferences/expectations.

### 3. Ensure ongoing oversight to stay on track as the business and workforce evolve, corporate transactions occur, laws and legislations change, and employee preferences and behaviours evolve.

- i. Develop consistent and regularly updated dashboards to provide real-time business insights and enable timely decision making.
- ii. Ensure that senior leadership is involved and can provide regular guidance and oversight, particularly in light of organisational change.
- iii. When working with outside vendors, ensure there is a mutual understanding of the types of data to provide, and that there is a clear path to accessing this data.



## Know your Benefits Strategy Assessment score

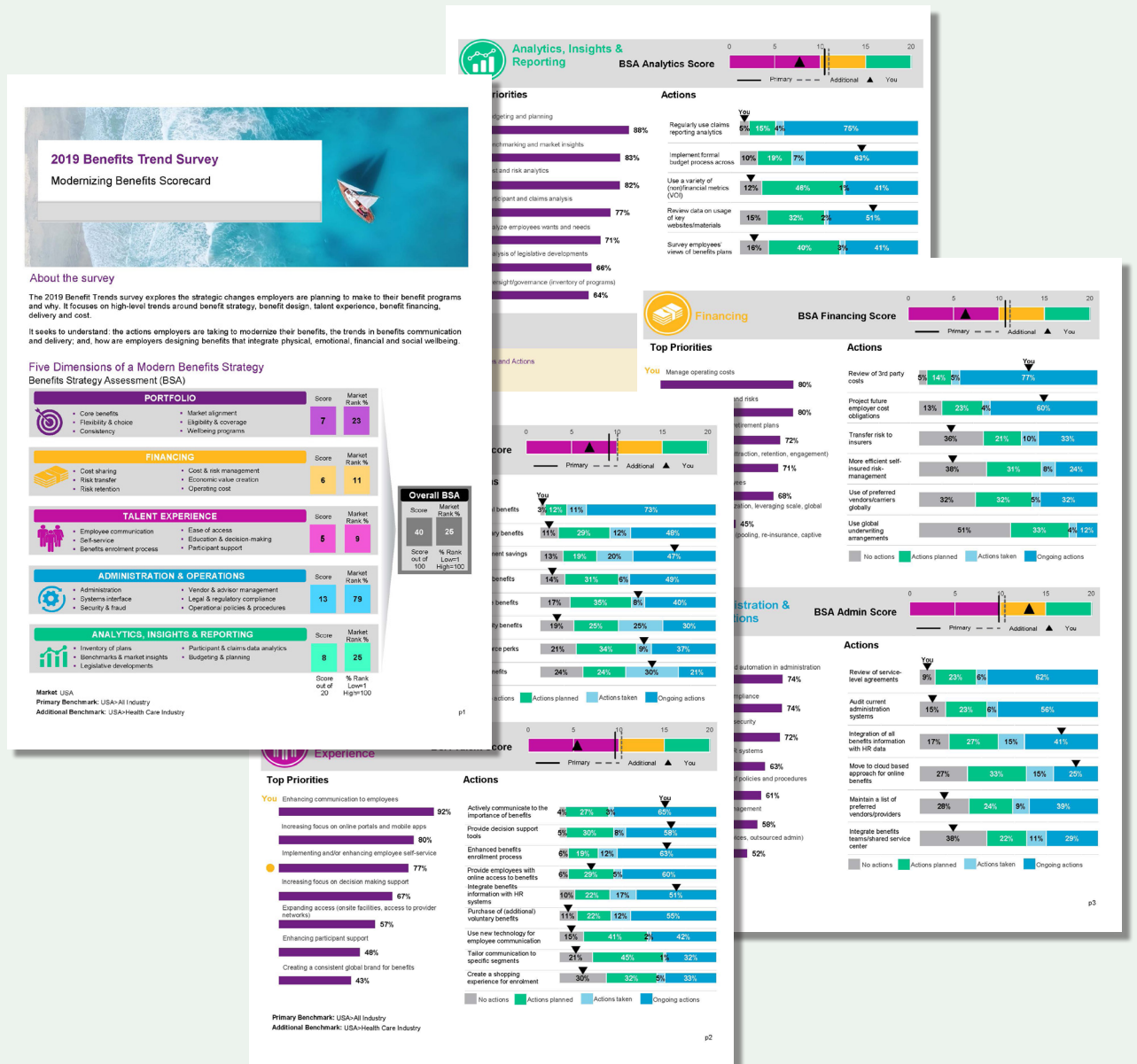
We combine employers' own self-assessment of the effectiveness of their benefits programs (as shown in *Figure 4*, page 8) with the extent they are focusing on these five areas in the next three years to form a Benefits Strategy Assessment (BSA) Score (see sample scorecard).

Where an organisation reports themselves highly effective in an area and that area is a core focus for the future, the score is 'high'. Where the organisation reports they are ineffective in an area and are not prioritising the area for change, they are scored as 'low'.

Scores are formed for each dimension and then aggregated to an overall score from 0 to 100.

In all regions the average BSA score is below 50, suggesting a number of opportunities for employers to enhance their benefits programs.

Figure 15. Sample Scorecard





# How to get a scorecard

If you would like to find out your organisation's Benefit Strategy Assessment Score, you can still take our survey, and get a personalised scorecard that benchmarks you to your peers.

**You can take the survey at the following link:** [willistowerswatson.com/benefittrends](https://willistowerswatson.com/benefittrends)

For more information, please contact your Willis Towers Watson consultant, or our Asia Pacific survey leads:



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## About Willis Towers Watson

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