

Are the Value of Benefits Appreciated by Employees in Hong Kong?

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Over 40 per cent of employers in Asia Pacific think that their employees do not appreciate the value of benefits provided for them, according to a survey on benefits trends by Watson Wyatt.

The survey of employers conducted across 12 countries in Asia Pacific in July, highlighted a significant gap between the value of benefits provided by the employer and the perceived value by the employees. This represents a key challenge that employers face in the design, implementation and communication of their benefits programs.

The survey also found that over 1/3 of the companies in Asia Pacific have not reviewed their benefits strategy in the last 12 months.

These findings have grave implications for companies on several levels – cost, employee engagement and attraction and retention of talent.

Employee benefits have always been an important component of the employment deal. They can make up between 20 to 40 per cent of the total rewards package. During dynamic economic times, it is crucial that employers review their benefits strategy and ensure that every benefits dollar will contribute effectively to the employee value proposition. This is to ensure appropriate return on investment for the organization.

Hong Kong results are quite similar to the rest of Asia Pacific. Employers may consider the following actions:

- **To conduct a benefit review** and benchmark benefits/practices against market to gain a better understanding of cost, utilization, spending patterns, and market practice, which in turn will help identify if further action needs to take place.
- **To re-examine and negotiate benefit agreements** to identify possible reduction in rates or cost control measures. Employers with regional

and/or global presence could consider investigating pooling options to achieve better rates and terms.

- **To communicate to increase employee's perceived value.** Effective ongoing communication with employees is critical in striving to increase employee engagement and their perceived value of benefits. The recent research showed that a highly engaged workforce will consistently deliver and has a stronger bond with the company. There will also be enhanced worker retention, productivity and employee morale.

The research also showed an increasing interest in adopting employee choice programs. Of the companies surveyed, six per cent are in the process of implementing it and 15 per cent are considering implementing it. A flexible benefit scheme which empowers employees to pick and choose how they want to utilize their benefits dollars, has the potential to overcome the limitations of a fixed benefits plan. It provides better control over costs, improves employee perception of benefits and thus contributes toward furthering employees' total reward satisfaction and engagement.