

Are Flexible Benefits Plans Failing in Asia?

7 April 2017

In Asia the success of flexible benefits programs hasn't been as successful compared to mature markets in the west, with the fundamental problem laying in how flex is perceived in Asia. While traditional approaches of implementing flex programs focused on it as a standalone solution, when in reality flex should be viewed as a component of the total rewards framework. This holistic view along with the use of data which not only backs up any anecdotal assumptions HR may have about how employee engage with the program, but can also be used as a cost containment tool when managed effectively.

4 Reasons Flexible Benefits Programs Fail

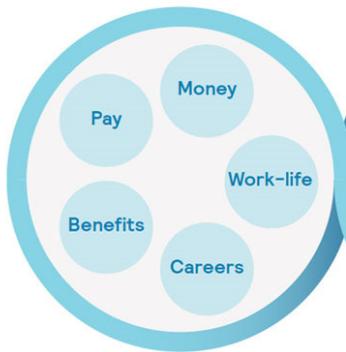
Flexible benefit programs can be simple and effective but have not actually been successful in engaging employees because of three key pitfalls:

1. **Too much choice:** Existing choice programs struggle to achieve success because they offer too many choices with too little differentiation. This compounds administration complexity and makes communicating benefits difficult. The value of the benefit is lost on employees as they struggle to understand what's being offered and what it means for them.
2. **Designed based on market benchmarking data alone:** This means employers are taking an external view only and missing the internal perspective of ensuring the plan supports business goals and meets the needs of their unique employee profile.
3. **No regular review:** Too often, a plan receives only a few tweaks to design and structure over the years. Only comprehensive, regular revision can ensure that the plan continues to meet changing business goals and employee needs.
4. **No branding and/or communication strategy:** The program should be branded to resonate with employees, offer engaging, guided decision-making and be communicated throughout the year using various media.

Employers need to expand their view of benefits to be all encompassing. Flex isn't a single component of the total rewards framework but can roll into career, work/life balance and where we work, including telecommuting and flexible work arrangements.

DESIGN

THINK HOLISTICALLY



Reward elements are interdependent

DRAW ON MULTIPLE PERSPECTIVES



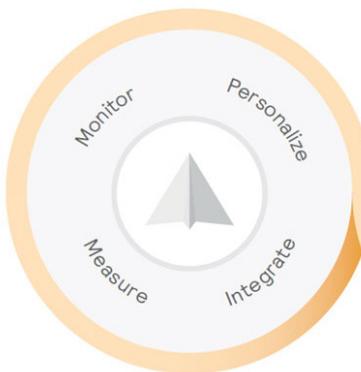
Use facts and analytical tools

CONSIDER OUTCOMES BEFORE DESIGN

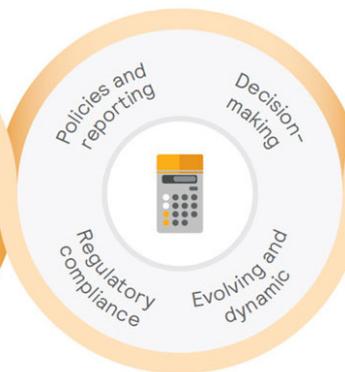


Drive productivity, budget and profit

DELIVERY



Focus on outcomes and service



Consider risk optimization and cost sustainability



Craft a story with a compelling employee proposition

The importance of taking a Total Rewards approach

With the current talent shortage in Asia, cash is no longer king. Employer focus needs to shift away from compensation alone. But the reality is that many employers are still struggling to see benefits beyond just medical, risk (life and disability) and retirement programs.

By HR aligning the needs of the business to the needs of employees and ensuring that this is uniquely branded and communicated, employers will be able to tackle the four reasons why flex programs as failing in Asia outlined in this article.

<https://www.asean.mercer.com/our-thinking/voice-on-growth/are-flexible-benefits-failing-in-asia.html>