Benefit Trends and Landscape for Technology Companies in Southeast Asia

Health care benefits remains top priority in the region

According to the Aon Hewitt 2013 Global Benefits Survey for the Technology Sector, the overall prevalence of employee benefit items among global technology companies in Southeast Asia is trending upwards. While there may be differences in the ways employers invest in employee benefits, health care benefits remain the top priority in most Southeast Asia markets. We observe a rise in the prevalence of vision care, maternity benefit, and major medical across all Southeast Asian countries in the past two years. Despite this upward trend, no new health care benefit items have been introduced.

<table>
<thead>
<tr>
<th>Country</th>
<th>Top 1</th>
<th>Change in %</th>
<th>Top 2</th>
<th>Change in %</th>
<th>Top 3</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>Vision</td>
<td>31%</td>
<td>Maternity</td>
<td>26%</td>
<td>Inpatient</td>
<td>10%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Vision</td>
<td>45%</td>
<td>Maternity</td>
<td>19%</td>
<td>Dental</td>
<td>14%</td>
</tr>
<tr>
<td>Philippines</td>
<td>Vision</td>
<td>23%</td>
<td>Outpatient</td>
<td>13%</td>
<td>Major</td>
<td>Medical 10%</td>
</tr>
<tr>
<td>Singapore</td>
<td>Vision</td>
<td>36%</td>
<td>Maternity</td>
<td>18%</td>
<td>Major</td>
<td>Medical 18%</td>
</tr>
<tr>
<td>Thailand</td>
<td>Maternity</td>
<td>19%</td>
<td>Major</td>
<td>Medical</td>
<td>12%</td>
<td>Vision</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Major</td>
<td>Medical</td>
<td>22%</td>
<td>Critical Illness</td>
<td>11%</td>
<td>Maternity</td>
</tr>
</tbody>
</table>

Source: Aon Hewitt 2013 Global Benefit Survey for the Technology Sector

A shift in focus for risk benefit

Traditionally, employers provide protection against unforeseeable circumstances that are accidental in nature, whereby a lump sum benefit is paid to the employee. Employers have now advanced to ensure the continuity of an employee’s economic security. Income protection benefit is gaining a foothold among Tech Companies in Southeast Asia. Compared to our 2011 survey results, there has been an upward shift in the presence of a disability income benefit in most markets.
Disability income benefit can be financed either through self-funding or insurance. It is typically based on a percentage of the employee’s monthly base salary, with the norm ranging from 50% to 75%. The benefit payment period is between two to five years and is subject to the provider’s yearly assessment of the employee’s ability to work to either full or partial prior capacity.

**Top Three Risk Benefit Prevalence Increases from 2011 to 2013**

<table>
<thead>
<tr>
<th>Country</th>
<th>Life</th>
<th>Personal Accident</th>
<th>Disability Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>▲ 10%</td>
<td>▲ 10%</td>
<td>▲ 4%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>▲ 19%</td>
<td>▲ 21%</td>
<td>▲ 10%</td>
</tr>
<tr>
<td>Philippines</td>
<td>▼ 3%</td>
<td>▼ 23%</td>
<td>▲ 20%</td>
</tr>
<tr>
<td>Singapore</td>
<td>0%</td>
<td>▼ 5%</td>
<td>▲ 13%</td>
</tr>
<tr>
<td>Thailand</td>
<td>▲ 15%</td>
<td>▼ 5%</td>
<td>▲ 4%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>▼ 16%</td>
<td>▼ 16%</td>
<td>▲ 11%</td>
</tr>
</tbody>
</table>

Source: Aon Hewitt 2013 Global Benefit Survey for the Technology Sector

**Country Snapshot**

**Indonesia**

**What’s Hot?**

**Complementing the nation’s universal health care with vision care and maternity benefits**

Effective 2015, private sector employers must enroll employees in the new National Social Security (SJSN) health care regime. Anticipating the government’s announcement, employers instead focused on those benefit items that were unlikely to be designated as basic needs within the new health care scheme. As a consequence, vision care and maternity benefits are on the rise—71% of surveyed companies provide vision care and 86% include maternity benefits, as compared to 40% and 60%, respectively, in 2011.

Among other non-health care benefit items, we also see notable uptrends in the provision of supplemental retirement benefits (33% increase), marriage leave (33% increase), education benefit (21% increase), and flexible benefits (19% increase), as compared with our 2011 findings.

- Retirement: employer contributes an additional two to four percent into the pension scheme
- Marriage leave: additional two to three days for self or children’s marriage

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1 The regime includes health promotion, preventive, curative, and rehabilitative treatments in government medical facilities or private medical facilities that have arrangement with the SJSN operator.
Malaysia

What’s Hot?

Workforce health and well-being in view of raised retirement age

The retirement age has been raised from 55 to 60 years old for the private sector, effective 1 July 2013.² That same year, the government also distributed health-screening vouchers to eligible employees above 40 years old, with the aim of promoting a healthy lifestyle among older employees.³

The Social Security Organization (SOCSO)⁴ that funds this benefit can now identify high-risk groups of eligible employees with non-communicable diseases. In line with this, our survey shows an increased trend of employers supporting employees’ health care needs including:

- **Vision care:** This has increased from 13% in 2011 to 58% in 2013, with a typical annual entitlement of MYR250.
- **Dental care:** Nine out of ten employers provide dental care for MYR400 annually, which covers basic treatment, preventive services, and diagnostic tests.
- **Major medical benefits:** There has been a slight increase in this benefit area.

Among other benefit items, we also see notable uptrends in the prevalence of supplemental retirement benefits. Today, more than half of our survey participants provide this benefit to employees, primarily through an additional two-to-three percent contribution to the Employees’ Provident Fund (EPF).

Our 2013 survey also evidences that all surveyed companies offer additional annual leave on top of the legislative requirement to employees—a shift up from 76% in 2011. The executive and senior management teams continue to enjoy more days off, but by and large, the annual leave entitlement is dependent on an employee’s years of service, typically with a five-year interval.

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⁴ SOCSO is set up to administer, enforce and implement the Employee’s Social Security Act and Regulations. It provides social security protection through social insurance including medical and cash benefits, provision of artificial aids and rehabilitation to employees to reduce suffering and to provide financial guarantees and protection to the family.
Philippines

What’s Hot?

Engaging employees through a flexible benefits program despite a high unemployment environment

The Philippines’ recorded unemployment rate is seven percent--the highest within Southeast Asia. Attrition rates have also increased over the past three consecutive years, at 14.3% in 2013.\(^5\) Top reasons quoted for attrition are that employees are lured away with better external opportunities and equity of compensation. Such pressures prompted vigorous efforts by employers to attract the right talent to join their organization, produce results, and remain with the organization.

Going beyond what a traditional employee benefits plan offers, Philippines recorded the highest growth in the region for the implementation of a flexible benefits program, at 23%. Today, three out of ten surveyed companies offer flexible benefits.

Our survey results also show that many employer-provided benefit items are trending up. On average, health care benefits shot up by 10% to 68% over the last two years. Half of the surveyed companies now provide vision care.

Another notable shift is the provision of a disability income benefit; the Philippines shows the highest growth rate (20%) in the region in this benefit. (See table under “A Shift in Focus for Risk Benefit.”) This is a significant development, as this benefit was not offered by surveyed participants in 2011.

This year all survey participants provide additional annual leave for employees, compared to 87% in 2011. Another change includes the provision of long service award, which grew by 30%, from 20% in 2011 to 50% in 2013. These two benefits are typically set with a five-year interval, where additional days off or an award will be given upon completion of a five-year period.

\(^5\) Aon Hewitt 2011 to 2013 Salary Increase Survey Study
Singapore

What’s Hot?

Affordability of health care cost to prepare for an aging population

Singapore’s recent budget announced various health care supports, including an increased CPF contribution to Medisave for the “pioneer generation”. As part of the government’s continuing efforts to prepare for an aging population, government-mandated Medisave and CPF contributions are gradually rising. In 2012, there was a contributory increase of up to two percent into the CPF Special Account. In 2013, there was a 20% increase in the Medisave Minimum Sum requirement to SGD38,500. From 2015, employers are required to make additional CPF contributions to Medisave.

Compared with our 2011 survey results, the prevalence of a retirement and risk benefit has reduced by 10%. This decrease is primarily driven by cutbacks in both personal accident insurance and business travel accident insurance. However, within this category of benefits, the disability income benefit has made its entrance into this year’s survey, with two out of ten companies offering this benefit. This now puts pressure on carriers to ensure the necessary support and infrastructure.

For many years, male employees working in the technology sector have enjoyed up to five paternity days off, with two days being the most prevalent. Following the newly introduced family leave provision regulation by the government—where working fathers are allowed to share up to one week of a mother’s maternity leave, most companies are retaining present practices. Male employees working in the technology sector continue to enjoy up to five paternity days off, and this is now considered the norm. The pervasiveness of supplemental paternity leave showed a significant drop this year; only 16% of the companies surveyed provide an additional two days of paternity leave.

Thailand

What’s Hot?

Retirement and long service award to curb high employee attrition rate in the industry

The technology sector has experienced the highest turnover at about 19.5%, compared to other industries in Thailand. Our current survey shows an increase of 37% among participating companies that provide supplemental retirement benefits. Employers typically contribute an additional five percent into the Provident Fund plan; employees also can opt to contribute in the range of two to five percent.

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6 A national savings scheme to meet health care needs, especially during retirement
7 “Pioneer Generation” is defined as living Singapore Citizens who meet two criteria: (a) aged 16 and above in 1965 (born on or before 31 December 1949), which also means they are aged 65 and above in 2014; and (b) obtained citizenship on or before 31 December 1986.
8 http://www.cpf.gov.sg
9 Aon Hewitt 2013 Salary Increase Survey in Thailand
Our survey results have shown the education benefit becoming more popular, compared to two years ago. Marked by a 10% increase in prevalence, it is one of the notable upward-trend benefit items, showing that employers are taking the necessary steps to better equip their employees for career advancement. This shift seems to be in line with the Aon Hewitt Thailand 2013 Salary Increase Survey result, which also identified education as a key retention strategy to address high attrition rates.

Our experience with clients has shown that employers in Thailand seem to be more open to the concept of flexible benefits. By and large, interest among multinational companies continues, but underlying concerns around infrastructure and the providers’ maturity to support, remain unchanged.

Vietnam

What's Hot?

Employers await clarification on private pension regulation

The long-awaited pension reform in Vietnam came into force in 2014. Employers and employees will each receive a tax deduction of up to VND 1M per month on pension contributions.10 Though there are still many questions to be resolved by the Ministry of Finance, and most employers are awaiting clarifications from insurers and providers, our survey results show an uptrend of 11% from 2011 in employer-provided supplemental retirement benefits.

There is significant evidence of employers progressing from protecting employees against unforeseeable circumstances, such as illness or injury, to ensuring continuity of employees’ economic security. The employee will continue to receive income (usually a partial of the last drawn salary) in the event that he or she is unable to work for a long period of time due to illness, injury, or accident.

At a Glance: Top Ten Most Prevalent Benefits by Country

<table>
<thead>
<tr>
<th></th>
<th>Indonesia</th>
<th>Malaysia</th>
<th>Philippines</th>
<th>Singapore</th>
<th>Thailand</th>
<th>Vietnam</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Life</td>
<td>Annual Leave</td>
<td>Outpatient</td>
<td>Life</td>
<td>Life</td>
<td>Annual Leave</td>
</tr>
<tr>
<td>2</td>
<td>Personal Accident</td>
<td>Life</td>
<td>Annual Leave</td>
<td>Inpatient</td>
<td>Annual Leave</td>
<td>Outpatient</td>
</tr>
<tr>
<td>3</td>
<td>Inpatient</td>
<td>Inpatient</td>
<td>Inpatient</td>
<td>Outpatient</td>
<td>Personal Accident</td>
<td>Inpatient</td>
</tr>
<tr>
<td>4</td>
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<td>Life</td>
<td>Health Screening</td>
<td>Inpatient</td>
<td>Dental</td>
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<tr>
<td>5</td>
<td>Outpatient</td>
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<td>Outpatient</td>
<td>Life</td>
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<td>6</td>
<td>Maternity</td>
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<td>Personal Accident</td>
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<td>Car</td>
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<td>Business Travel Accident</td>
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<td>Mobile Devices</td>
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<td>Wellness</td>
<td>Sick Leave</td>
<td>Marriage Leave</td>
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<td>Car</td>
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Contact

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