

# Jelf Employee Benefits White Paper

**International Benefits  
Management – managing your  
global benefits strategy**

Edition 6, August 2015



Today, there exist a number of truly scalable options to support Large Corporates, but less is available for SME businesses employing under 500 staff globally.

There's no doubt about it that flexible benefits platforms are becoming increasingly popular with 80% of employers with more than 100 employees offering some form of flexible benefits scheme, compared with just 11% a decade ago<sup>1</sup>.

Global mobility of employees is on the rise, with nearly 57 million expats predicted by 2017<sup>2</sup>, which can add further complexity to your picture.

### The current situation

Our experience shows us that 2-3 years into an international expansion, once 'Business As Usual' is underway, there is usually a push by leadership and internal functions to see how can we do this better? Streamlining of processes, reducing duplicative tasks and decreasing operating costs are key themes for all businesses at this stage in their expansion. So, this is exactly the time many organisations look to rationalise their compensation and benefits structure, globally if not by region (e.g. EMEA, APAC) and identify what their needs are from a Compensation & Benefits perspective.

With the proliferation of UK flexible benefits technology, many employers are now looking to scale this internationally, wanting to capitalise on successful benefits rationalisation and governance projects that have seen them get improved engagement through the use of a Total Reward or Flexible Benefits System. Amongst the global employers we work with there is a significant proportion who are now looking to adopt this for their overseas operations but have traditionally struggled to get alignment between their external vendors (Insurers, Providers etc) and advisors, let alone technology providers. Today, there exist a number of truly scalable options to support Large Corporates, but less is available for SME businesses employing under 500 staff globally.

In the past 12 months we have seen considerable interest from employers within financial services, technology, professional services and engineering to roll out an International Total Reward (TRS) Statement solution, and the most popular countries include Singapore, Hong Kong, and US followed by emerging economies; Malaysia, China, Brazil and Dubai. The reasons for this country-by-country interest vary, from Benefit In Kind tax implications to cultural engagement in benefits over salary.

### The key stakeholders around the table

Traditionally, benefits were a HR and Payroll interest in the main, but with the investment that businesses are likely to make in a TRS solution, it's important that all business stakeholders have input and 'skin in the game'; typically we now see HR, Finance, Payroll and Country Managers involved in decisions on International TRS, and each has their own objectives.

- ♦ HR wants a single global view of reward, driving their benefit governance approach. HR Directors are looking for a reduction in benefit E & O, which is a common growing pain of international expansion, where country managers have elected a different benefit structure for local employees, before consulting with global HR. Typically operating a global database (inventory), reducing benefits administrative burden through automation are all reasonable, and achievable demands that HR representatives have.

- ◆ Payroll are looking for consolidation where possible, and may already be using a global payroll provider, but automated import and export of data and multi-frequency payroll reports (such as monthly, weekly, lunar monthly) are also considerations for Payroll teams.
- ◆ Finance wants improved reconciliation, a platform that can cope with multicurrency, and multiple tax treatments is a common requirement. A critical objective is driving greater reporting and transparency through using robust Management Information (MI) that most TRS solutions now include. A Return on Investment (ROI) assessment features highly, typically benefits take-up analysis, behavioural reports based on lifestyle will also be of interest to a Finance Manager, as they are looking to reduce unnecessary spend and reduce operating costs.

Despite each stakeholder needing varying levels of information, a global TRS solution can achieve each of their goals, so long as the data input is sufficient and the commitment to communicate to employees is high. Post implementation, data management and communication are the barriers to long term success.

### Your global benefits strategy

Using technology to manage and communicate benefits enable employers, with their trusted advisors, to make informed decisions based on objective reporting, rather than solely relying on employee surveys (that often have limited participation, and ambiguity). Employers are now able to use the data to accurately assess where the benefit spend is being most utilised, and what employee demographic is valuing a particular benefit. This data, take-up analysis, Cost of Employee, Behavioural reports based on life events and site usage, allows

employers to re-address their spend, focussing on the areas which have the greatest impact, thus adding to a benefits strategy, rather than benefits for the sake of themselves. We see employers using this in tandem with their consultant's advice to review their benefits strategy on an on-going basis, making changes which are linked to their employee demographic and business objectives.

### Economies of Scale and building efficiencies

The implementation of a global TRS solution, often forces employers to consider their benefit structure and gives the opportunity to rationalise a complex programme and reduce local deviation, which are sure to please the Payroll and Finance teams. It is the Global View that most systems feature (a single view of employees, available benefits and associated spend) and the immediacy of a real-time system that enables HR teams to assess where there is opportunity for vendor harmonisation, for instance moving to a regional model for Health Insurance, rather than a local one, such an example not only reduces the administrative cost to the insurer/vendor, but also can allow for enhanced underwriting terms and lower plan costs due to an improved scale. Efficiencies are achieved by removing duplication of spreadsheets and rosters, as well as full automation between vendors and the system thus minimising the time that HR and Payroll spend on benefits administration, this changes their role from administering to analysing and adding value, and is typically well received by all.

Despite each stakeholder needing varying levels of information, a global TRS solution can achieve each of their goals

## Boost your employee engagement with effective communication

Employee engagement is a key business scorecard metric and a good barometer of employee interaction with the business' journey as aspirations. It's no wonder that Gallup's Meta-Analysis involving some 152 organisations showed that engaged organisations have **four (3.9) times the earnings per share** growth compared to organisations with lower engagement. A good way to drive engagement is through a comprehensive reward structure, but irrespective of the amount spent on benefits, it will have limited impact without a relevant, multi-channel communication strategy. As the question from the Jelf 2014 Employee Benefits Survey highlights, a staggering 42% of UK employers do not provide employees with regular updates on their employee benefits offering, despite having provision for them. Simply put, employees are unlikely to score engagement high when their benefits package isn't being promoted to them.

Taking into account your employees' lifestyles and life events, generation, role and location tells us that "one size will not fit all", and the same can be said about the promotion and communication of your benefits. Consider the following ideas for communication:

- ◆ Traditional methods; benefits workshops, provider 'drop-in' sessions, alerts in their payslip information section, bulk email announcement.
- ◆ Innovative methods; push messages to company smartphones, using social media to communicate the change, video walkthrough from HR or employees on how the new benefits platform has empowered them to make decisions about their benefit choices, posters with web address accessed through a QR code also give immediacy and a call to action.

- ◆ Interactive Methods; a net pay modeller or example payslip with the benefit choices, will give employees choosing their benefits some perspective of the real cost impact of any benefit selections or changes.

## Practical Considerations

- ◆ Elect a TRS platform that operates a single code line, so that all updates to their systems are real-time across all territories, this avoids running multiple versions and keeps it simple.
- ◆ Ensure that the system can cope with multi-currency reporting and employee view (so that an employee in Singapore can view their benefits in SGD, but the reporting comes back to the UK in GBP)
- ◆ Use the TRS platform as a repository for all benefits communication, consider including online payslips and absence/holiday requests, this will drive your employees to it more often
- ◆ Brand it, with your company writing style, and colours/logo as our experience shows that it drives loyalty and inclusion
- ◆ Use an advisor with an integrated global TRS solution, this will reduce duplication and they will help you stay compliant in your operating territories, benchmark your benefits and regularly review the vendors, benefits and premiums

Does your organisation provide regular updates to employees on the Employee Benefit offering?

Yes: **48.35%**

No: **42.31%**

We have no benefits offering: **9.34%**

Sample: 182  
2014 Jelf Employee Benefits Survey

1 Staffcare research, October 2014

2 Fiacord, Global Expatriates: Size, Segmentation and Forecast for the Worldwide Market, 2014

Jelf is a leading independent consultancy with experience of advising companies of all sizes on a range of employee benefits strategies.

## For more information

If you'd like more information, we'd be delighted to help. Please speak to your usual Jelf consultant, call us on 0333 331 5740 or email us at [benefits@jelfgroup.com](mailto:benefits@jelfgroup.com).

Jelf Employee Benefits is a trading name of Jelf Wellbeing Ltd (Reg No. 2647586), which is part of Jelf Group plc (Reg No. 2975376) and is authorised and regulated by the Financial Conduct Authority (FCA). Registered address: Hillside Court, Bowling Hill, Chipping Sodbury, Bristol BS37 6JX (Registered in England and Wales). Not all products and services offered are regulated by the FCA.

JEB15/234