2013 Top Five Global Employer Rewards Priorities Survey

The global race to attract and retain top talent is foremost on employers’ minds as reward challenges continue in a difficult economy.
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The statements in this report reflect our analysis of survey respondents and are not intended to reflect facts or opinions of any other entities. All survey data and statistics referenced and presented, as well as the representations made and opinions expressed, unless specifically described otherwise, pertain only to the participating organizations and their responses to the Deloitte/ISCEBS survey conducted in November – December, 2012.
Overview

As employers around the world shift to compete in an increasingly global economy, the Top Five Global Employer Rewards Priorities Survey identifies both the differences and the similarities in challenges faced across geographies. Translated into eight languages, this year’s survey received responses from HR professionals around the globe, representing employers in 27 countries across the Americas, EMEA (Europe, Middle East and Africa), and Asia-Pacific.

So what strategic actions are employers taking from a global standpoint? And what concerns do employers have now and in the years ahead? As access to a wide array of global markets continues to increase, the competition for leading talent around the world is becoming more intense. At the same time, economic conditions vary greatly across geographies, each with its own set of challenges. The survey reveals that the top challenge over the next three years for HR leadership across the globe is talent – finding it, motivating it, and keeping it. And the challenge was consistently cited by employers in the Americas (24%), EMEA (28%) and Asia-Pacific (24%).

When asked to identify their top personal challenges, respondents globally indicated that their primary concern is the future of their own employment security, followed closely by the ability to earn additional rewards that allow them to advance in real economic terms, and the ability to afford retirement. This contrast of employee vs. employer priorities provides a view into how an organization may be better able to address its top priorities by understanding and focusing on the top priorities of its workforce.

Sponsored jointly by Deloitte and the International Society of Certified Employee Benefit Specialists (ISCEBS) and the International Foundation of Employee Benefit Plans (International Foundation), the 2013 Top Five Survey suggests that while employers around the world operate in diverse economies, the similarities of the challenges faced are just as significant as the differences. Here’s how the respondents from 27 different countries ranked the Top Five priorities for 2013:

1. The ability of reward programs to attract, motivate, and retain employees
2. Clear alignment of Total Rewards strategy with business strategy and brand
3. Motivating staff when pay increases are flat or non-existent
4. The cost of providing benefits to employees
5. Demonstrating appropriate return on investment for reward expenditures

When viewed by geography, the Top Five priorities show slight variations as displayed in Exhibit 1.

<table>
<thead>
<tr>
<th>Priority</th>
<th>Americas</th>
<th>Asia-Pacific</th>
<th>EMEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The ability of Reward programs to attract, motivate, and retain employees</td>
<td>#1</td>
<td>#4</td>
<td>#2</td>
</tr>
<tr>
<td>2. Clear alignment of Total Rewards strategy with our business strategy and brand</td>
<td>#2</td>
<td>#1</td>
<td>#3</td>
</tr>
<tr>
<td>3. Motivating staff when pay increases are flat/ non-existent</td>
<td>#4</td>
<td>#2</td>
<td>#1</td>
</tr>
<tr>
<td>4. The cost of providing benefits to employees</td>
<td>#3</td>
<td>#3</td>
<td>#7</td>
</tr>
<tr>
<td>5. Demonstrating appropriate return on investment for reward expenditures</td>
<td>#7</td>
<td>#6</td>
<td>#5</td>
</tr>
</tbody>
</table>

Exhibit 1. Top Five Priorities by geography
While the global lens shifts the rankings to a degree, it is evident that talent, strategy alignment, and rewards costs are on the minds of HR executives everywhere. These findings clearly point to the need for effective talent strategies. This is consistent with the findings of the recent Talent 2020 Survey (conducted by Deloitte Consulting LLP and Forbes Insight) that suggests the economic turbulence of the past few years has created a talent paradox given that in a period of stubbornly high unemployment, employers still face challenges filling technical and skilled jobs.

In the Americas, the employee perspective related to the talent paradox is becoming clear. With the economic uncertainty following the Great Recession, more and more employees see their best career option as developing their skills with their current employer, and they are rewarding companies who are focusing on employee job satisfaction.

In EMEA, *effectively motivating staff when pay increases are flat or non-existent* is the top priority. Economies across the continent are at risk of entering a triple dip recession compounded by uncertainty over the Euro. The pressure to balance talent and the constraints of pay budgets and competitive pressures to modernize and compete in the Total Rewards space are converging.

Asia-Pacific is similar to EMEA with the one difference in that there are lesser challenges in the current economic landscape. Here, the larger issue is matching the growth of the competitive market/talent pressures with maintaining competitive pay.

With respect to personal challenges, the global respondents also showed some variance by region. For example, the survey revealed that respondents in EMEA are more focused on the present, as job security was the top personal challenge. However, respondents in the Americas were focused on the future as retirement security was the top personal challenge. At the same time, Asia-Pacific respondents cited the ability to earn additional rewards.

Overall, organizations and individuals vary in degrees on ranking priorities, but the areas of focus are, in most cases, very similar. The 2013 Top Five Survey highlighted where employers and employees alike are facing challenges related to Total Rewards along with the actions they are taking to address those challenges.
Talent is the top global challenge

Identifying and retaining top talent – along with cost concerns – are key future challenges
When asked to identify the most significant challenge facing their organizations over the next three years, HR leaders across the globe are focused on talent. Shortage, motivation, and retention of qualified talent far outpaced all other choices with the majority of all respondents (26%) choosing it as the #1 challenge. In fact, breaking the total responses down by region, there was very little variation across regions as 24% of respondents in the Americas selected this as their top priority, mirrored by 24% in Asia-Pacific and 28% in EMEA.

Given austerity programs in in numerous countries, weakness in the Yen, recent economic rebounds in China, and recurring discussions regarding the debt ceiling and budget deficits in the U.S. — among many other global economic challenges — it may come as no surprise that uncertain economic conditions ranked #2. However, it may be a surprise that it was selected by only 12% of respondents as the top challenge.

Providing meaningful pay increases in a cost reduction environment was not as big a concern in the Americas (8%) relative to either Asia-Pacific (24%) or EMEA (11%), but it was chosen by enough to be ranked overall as the #3 challenge, tied with Total Rewards administration that meets or exceeds expectations.

Exhibit 2. Which of these do you see as the most significant challenge facing your organization in the next three years? (Choose only one)

- Shortage, motivation, and retention of qualified talent: 26%
- Uncertain economic conditions: 12%
- Providing meaningful pay increases in a cost reduction environment: 11%
- Total Rewards administration that meets or exceeds expectations: 11%
- Rising cost of Total Rewards: 10%
Employment security and personal finances in focus

Financial uncertainties drive employee personal challenges
From the employer’s perspective, HR professionals are clearly focused on talent. Switching to the individual perspective, this same group appears increasingly concerned about their own employment security. When asked to identify the top three most important personal challenges, over half (56%) of respondents selected the future of my employment security as either their #1, #2, or #3 challenge, including nearly a third (30%) who view this as their #1 challenge. Even considering geographical differences, employment security ranked in the top three across all regions, including EMEA where an overwhelming 76% of respondents chose it as their #1, #2, or #3 challenge.

Given this focus on future financial stability, it is not surprising that when asked to identify the personal actions planned over the next three years, employees are planning to take strides to improve their own economic situation by increasing contributions through private savings (48%), increasing contributions to retirement plans (39%), paying off personal debts and obligations (39%), and initiating or increasing formal retirement planning and/or estate planning (27%).

Employees in the Americas (34%) were twice as likely as any other region (17% Asia-Pacific, 16% EMEA) to plan on delaying their retirement age. While there are significant variances across regions, including compulsory retirement age, retirement plans and pension schemes, this finding signals a need for talent and reward strategies that calibrate to a generational expectation of extended employment, which is a growing concern for employers.

Employer focus on retaining talent appears to be well founded given that over a third of respondents (38%) indicated they will consider leaving their current employer for another that provides better benefits (21%) or more stability (17%). The expectation of leaving one’s employer is steady across Asia-Pacific (33%) and the Americas (35%), but is significantly higher in EMEA with nearly half of all respondents (48%) thinking about leaving their current employer.

Here again, the recent Talent 2020 Survey suggests that employers should focus on employee segments at high risk of departure, or “turnover red zones,” which are defined as employees with less than two years on the job and Millennial employees (those aged 31 and younger).

Exhibit 3. From the following list of challenges, please select and rank the top three challenges that are most important to you personally. (Options selected as #1 = Most Important)

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Americas</th>
<th>Asia-Pacific</th>
<th>EMEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>The future of my employment security</td>
<td>30%</td>
<td>43%</td>
<td>76%</td>
</tr>
<tr>
<td>My ability to earn additional rewards that allow me to advance in real economic terms</td>
<td>22%</td>
<td>57%</td>
<td>70%</td>
</tr>
<tr>
<td>My ability to afford retirement</td>
<td>23%</td>
<td>36%</td>
<td>40%</td>
</tr>
<tr>
<td>Others</td>
<td>25%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Exhibit 4. Regional breakdown

<table>
<thead>
<tr>
<th>Regions</th>
<th>Americas</th>
<th>Asia-Pacific</th>
<th>EMEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The future of my employment security</td>
<td>49%</td>
<td>43%</td>
<td>76%</td>
</tr>
<tr>
<td>2. My ability to earn additional rewards that allow me to advance in real economic terms</td>
<td>52%</td>
<td>57%</td>
<td>70%</td>
</tr>
<tr>
<td>3. My ability to afford retirement</td>
<td>66%</td>
<td>36%</td>
<td>40%</td>
</tr>
</tbody>
</table>
Achieving balance in a Rewards program

The right balance requires adjusting structure and strategy
Organizations consistently review and evaluate the Total Rewards programs they have in place. Are rewards programs the right fit for the employee population? Are they perceived as a valued benefit by employees? Should programs differ across employee groups or business units? How does compliance impact the rewards structure?

The Top Five Survey revealed general alignment across regions with respect to actions that organizations have undertaken within the past 12 months, or expect to undertake within the next 12 months.

Definition, mix of components, and/or redesign of overall rewards strategy was identified as the #1 action for all regions while Asia-Pacific and EMEA also appeared focused on differentiating rewards among employee groups and business units. Rewards are a critical component of the “employment deal” offered to employees in virtually every region of the world, so employers should regularly assess their programs to determine whether they are hitting the value target of employees. This value then should be balanced against the rewards costs of the population’s changing needs. Within this context, strategic adjustments can be implemented.

Being able to look ahead, anticipate challenges, and plan accordingly to manage those rewards challenges was an important concern HR professionals identified in the Top Five Survey. When asked how they would manage against those challenges, respondents ranked the areas listed in Exhibit 6.

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**Exhibit 5. Please identify actions that your organization has undertaken relative to the redesign of your overall Total Rewards Strategy/Program within the past 12 months or expects to undertake over the next 12 months (choose all that apply):**

<table>
<thead>
<tr>
<th>Action</th>
<th>Americas</th>
<th>Asia-Pacific</th>
<th>EMEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Definition, mix of components, and/or redesign of overall rewards strategy</td>
<td>36%</td>
<td>50%</td>
<td>38%</td>
</tr>
<tr>
<td>2. Alignment with organization strategy and brand</td>
<td>34%</td>
<td>42%</td>
<td>28%</td>
</tr>
<tr>
<td>3. Differentiation by employee group (workforce segmentation)</td>
<td>18%</td>
<td>50%</td>
<td>29%</td>
</tr>
<tr>
<td>4. Differentiation by business unit</td>
<td>10%</td>
<td>33%</td>
<td>24%</td>
</tr>
<tr>
<td>5. Significantly reducing Total Rewards investment</td>
<td>4%</td>
<td>8%</td>
<td>15%</td>
</tr>
<tr>
<td>6. None of the above – we have not undertaken any redesign of our Total Rewards Strategy</td>
<td>22%</td>
<td>25%</td>
<td>25%</td>
</tr>
</tbody>
</table>

**Exhibit 6. If your organization is planning (or has recently planned) changes to your overall Total Rewards strategy/program, please select all options your organization is considering (or has considered):**

- Increasing employee communication and education 40%
- Redesigning some of our reward programs to better align with the interest of employees 34%
- Re-evaluating vendors/providers and delivery systems 26%
- Packaging, branding, and/or communications 26%
- Adjusting mix of Total Rewards program components 23%
- Adding benefit programs to the Total Rewards program 21%
- Creating a more consistent structure for our Total Rewards programs on a global basis 20%
Although the overall average for increasing employee communications/education was rated the top focus globally, only 27% said it was the most pressing change in EMEA, while Asia-Pacific (47%) and the Americas (48%) responded with nearly equal emphasis. For both of those regions, this emerged as the #1 option cited. This may relate to cultural or statutory requirements to communicate with employees through works councils or other employment bodies that dominate the EMEA landscape or it could be because employees from the Americas and Asia-Pacific have higher expectations of employers to be transparent and openly share important organizational information.

About one third of overall respondents (34%) indicated they plan on redesigning some of our reward programs to better align with the interest of employees. This was relatively constant across regions with 41% in Asia-Pacific, 36% in the Americas, and 30% in EMEA choosing this option. Further, since employers are increasingly focused on cost, and vendor/provider relationships are such an integral part of reward program administration, it follows that re-evaluating vendors/providers and delivery systems was rated #3 globally.

In looking at the areas being considered for change, references to the redesign, re-evaluation or adjustment of reward programs and their supporting delivery systems account for three of the top five results. When asked to identify which programs would receive more or less emphasis in the coming year, Top Five Survey respondents indicate that programs with significant financial implications are to receive the most attention. This validates the assumption that programs with the highest cost to the organization are given greater scrutiny, as opposed to programs which are perceived the best by employees.

### Exhibit 7. If you plan to adjust the mix of your Total Rewards program, please indicate which programs are anticipated to receive more or less emphasis:

<table>
<thead>
<tr>
<th>Program</th>
<th>Less emphasis</th>
<th>More emphasis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation Programs</td>
<td>33%</td>
<td>67%</td>
</tr>
<tr>
<td>Learning &amp; Development Programs</td>
<td>34%</td>
<td>66%</td>
</tr>
<tr>
<td>Wellness &amp; Disease Management</td>
<td>36%</td>
<td>64%</td>
</tr>
<tr>
<td>Health Programs (medical / dental / vision)</td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>Retirement Programs</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>Welfare Programs / Risk Benefits</td>
<td>61%</td>
<td>39%</td>
</tr>
</tbody>
</table>

Less emphasis | More emphasis
In fairly close overall results, compensation and health/wellness-related programs led the way. A breakdown of the top global result reveals that compensation was the #1 program in terms of receiving more emphasis for both Asia-Pacific (94%) and EMEA (70%), while respondents in the Americas were primarily focused on wellness and disease management programs (80%) in an effort to improve workforce health – leading to reduced healthcare cost for employers and employees alike. Interestingly, wellness and disease management is a lesser priority in EMEA. While 38% of employers are placing more emphasis in this space, 62% are placing less emphasis. This is consistent with the presence of government-sponsored healthcare systems that are absent or limited in many parts of the Americas.

As with retirement programs, there are significant differences across geographies when it comes to health plans. The rising cost of healthcare each year, specifically in the U.S., has resulted in an increasing trend of employers sharing more of this cost burden with employees. The end result is a growing interest among both employers and employees in the U.S. to provide and participate in wellness and disease management programs.

In other regions, cost concerns may not be a primary consideration due to government-sponsored healthcare. When organizations outside the U.S. focus on wellness and disease management, the objective is frequently focused on productivity gains and minimization of absenteeism.

Learning and development ranked #2 globally with two-thirds (66%) of respondents indicating more emphasis would be placed on these programs in the coming year. This reflects recognition of the value employees place on these programs from a career development perspective, as well as the continued need for employers to train and educate their workforce with an eye for staying current, remaining competitive and developing the next generation of leaders.
Global perspectives

Generational considerations
Organizations across the globe are facing significantly different challenges related to the generations participating in the workforce. Some workforce populations are aging, such as China, the U.S., and much of Europe, while others, such as India and Brazil, are growing rapidly with a high influx of youth. Regardless of the dynamics within the global workforce—or the organization—the reality is that the expectations and needs of employees vary across generations. As this is the first time in history where four generations of people can be seen in the same workforce, the challenge of designing rewards programs that motivate, attract and retain all employees is significant.

While consideration of the varying needs and values of different generations in the workforce is a fairly recent concept in EMEA, still 56% of respondents either somewhat agree or strongly agree that their organization’s leadership team understands these differing values. This figure is only slightly higher at 61% across all global respondents.

As it relates to the #1 priority as defined by the global respondents—attraction, motivation and retention of talent—more than one in four (28%) indicated that they somewhat disagree or strongly disagree that their organization has the correct Total Rewards strategy in place to recruit and retain the talent needed in their workforce while only 8% strongly agree.

While the reach of social media communications continues to grow each year, organizations have not been quick to identify and adopt methods of integrating social media tools into Total Rewards communications campaigns. More than two thirds of respondents (67%) somewhat disagree or strongly disagree that their organization has integrated social media tools into their Total Rewards communication campaigns.

This slow rate of adoption is expected to improve as employees continue to look for immediate access to information delivered in a manner in which many already spend significant amounts of time, and employers and benefits service providers continue to seek out methods to communicate efficiently with targeted groups of employees. One trend in this area is gamification, which embeds game mechanics and game thinking in non-game settings. As the growing digital revolution continues to disrupt traditional methods of communicating and delivering training, gamification has demonstrated itself to be effective in engaging employees, solving problems and driving measurable results.

In an effort to gauge global perspectives on four overarching Total Rewards topics, the Top Five Survey asked HR professionals whether they agree/disagree with four statements (Exhibit 8).

Exhibit 8. Indicate how much you agree or disagree with the following statements

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Somewhat agree</th>
<th>Somewhat disagree</th>
<th>Strongly disagree</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>My organization’s leadership team understands the Total Rewards perspectives and values of the different generations in our workforce</td>
<td>5%</td>
<td>17%</td>
<td>42%</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>My organization would consider a menu-driven rewards mix that allows employees from different generations to build a Total Rewards package to fit their individual needs</td>
<td>14%</td>
<td>26%</td>
<td>27%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>My organization has the correct Total Rewards strategy in place to recruit and retain the talent we need in our workforce</td>
<td>7%</td>
<td>21%</td>
<td>43%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>My organization has integrated Internet-based social media tools into our Total Rewards communication campaigns</td>
<td>40%</td>
<td>27%</td>
<td>14%</td>
<td>4%</td>
<td></td>
</tr>
</tbody>
</table>
Digging Deeper into Redesign
Compensation continues to fall under the spotlight as the most visible and immediately tangible of rewards programs. Given the state of many economies around the globe, it follows that respondents indicated motivating staff when pay increases are flat/non-existent is a Top Five priority. The Top Five Survey asked respondents to identify areas where actions have been taken by their organization relative to the redesign of some or all of their compensation and equity plans within the past 12 months or those that they expect to undertake over the next 12 months. The results are shown in Exhibit 9.

Variable pay is the leading global area of focus regarding compensation program redesign as employers shift pay structures towards pay for performance. Here the major challenges are flexibility around variable pay — especially in jurisdictions where pay is contractual — and providing methods for differentiating rewards for top performers even while rewards budgets are stagnant/contracting.

As further evidence of the shift towards pay for performance, among those that are considering compensation plan redesign, seven of the top eight choices selected were directly related to performance based pay and/or incentive compensation (Exhibit 10).

Exhibit 9. At a high level, please identify the areas where actions have been taken by your organization relative to the redesign of some/all of your compensation and equity plans within the past 12 months or expects to undertake over the next 12 months (choose all that apply):

<table>
<thead>
<tr>
<th>Area</th>
<th>Americas</th>
<th>Asia-Pacific</th>
<th>EMEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Variable Pay</td>
<td>39%</td>
<td>76%</td>
<td>54%</td>
</tr>
<tr>
<td>2. Compensation Philosophy/Strategy</td>
<td>40%</td>
<td>88%</td>
<td>36%</td>
</tr>
<tr>
<td>3. Base Pay</td>
<td>27%</td>
<td>53%</td>
<td>29%</td>
</tr>
<tr>
<td>4. Sales Commission Plans</td>
<td>18%</td>
<td>24%</td>
<td>28%</td>
</tr>
<tr>
<td>5. Equity</td>
<td>15%</td>
<td>6%</td>
<td>14%</td>
</tr>
<tr>
<td>6. Non-Qualified Deferred Compensation Plans</td>
<td>6%</td>
<td>0%</td>
<td>10%</td>
</tr>
<tr>
<td>7. Employee Stock Purchase Plans</td>
<td>6%</td>
<td>24%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Exhibit 10. If you are considering (or have recently considered) compensation/equity plan redesign, please choose all options you are considering (or have considered):

- Increase emphasis on performance based pay: 32%
- Improve performance management tracking and administration: 28%
- Revise base pay structures: 24%
- Modify merit distribution guidelines to drive more pay to higher performers: 23%
- Shift compensation mix toward more incentive pay for specific job levels: 22%
- Change incentive plan targets: 20%
- Modify incentive plan formula or eligibility: 17%
- Shift compensation mix toward more incentive pay for all employees: 16%
Of the respondents considering (or who have recently considered) compensation and equity plan redesign, the majority of respondents indicated they would place an increased emphasis on performance-based pay. In the Americas, the margin between the top three areas identified were slim, with 27% indicating they would increase their emphasis on performance-based pay, 26% indicating they would improve performance management tracking and administration, and 25% indicating they planned to modify merit distribution guidelines to drive more pay to higher performers. Globally, all other areas are ranked closely with improve performance management tracking and administration at #2 and revise base pay structures at #3.

Noted as a hot topic across the globe, respondents were asked how the scrutiny of executive compensation has impacted the design or amounts for executive base pay and bonuses. Despite recent public pressures, a significant majority of respondents (68%) indicated they had no plans to change the structure of the executive base pay at this time (although 13% indicated they may in the next six months).

Exhibit 11. Has the recent focus on executive compensation impacted your company’s design or compensation amounts for executive base pay and bonuses? (Choose all that apply.)

- No, we have no plans to change the structure of executive base pay or bonuses at this time
- No, but we are considering changes within the next six months
- Yes, executive bonus amounts have been reduced
- Yes, base pay amounts have been increased in lieu of bonuses
- Other
Administration and delivery

Execution vital to administering effective rewards programs
Ensuring rewards programs are administered correctly is nearly as important as the design of the programs themselves. The delivery of the program is often the critical factor in measuring success. As with reward design, administration should be aligned with the organizational goals and capabilities. When asked to identify the actions being taken relative to the restructuring of the administration of some/all reward programs within the past 12 months (or over the next 12 months) respondents indicated the focus areas identified in Exhibit 12.

Globally, all regions viewed these actions somewhat consistently, with 39% indicating improving governance and administrative compliance as the key action taken or being considered, which is another way to look at the pressure on reward budgets. At a close second, 38% of respondents pointed to a focus on increasing the use of employee self-service technologies, and 36% indicated that they are focusing on renegotiating with existing provider(s)/vendor(s) to receive more favorable contract terms. For all regions, these were consistently the top three areas.

Finding a balance between performing rewards related activities in-house versus making use of partnerships, vendors/providers and outsourcing is an ongoing issue that impacts program budgets, administrative effectiveness, utilization, and organizational structure. When asked to choose the option that most closely described the current service delivery model for a list of benefit programs, again global results remained consistent (Exhibit 13).

Exhibit 12. Please identify actions that your organization has undertaken relative to the restructure of the administration of some/all of your reward programs within the past 12 months or expects to undertake over the next 12 months (choose all that apply):

<table>
<thead>
<tr>
<th>Action</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve our governance and administrative compliance</td>
<td>39%</td>
</tr>
<tr>
<td>Increase the use of employee self-service technologies, including decision support tools to help employees make informed rewards program decisions</td>
<td>38%</td>
</tr>
<tr>
<td>Renegotiate with existing provider(s)/vendor(s) to receive more favorable contract terms</td>
<td>36%</td>
</tr>
<tr>
<td>Investigate a change in outsourced provider(s)/vendor(s)</td>
<td>24%</td>
</tr>
<tr>
<td>Increase the use of outsourced administration providers</td>
<td>22%</td>
</tr>
<tr>
<td>Undertake comprehensive transformation of HR delivery model, covering process, technology, structure, and provider(s)/vendor(s)</td>
<td>16%</td>
</tr>
<tr>
<td>Centralize internal administration into a shared service model</td>
<td>15%</td>
</tr>
<tr>
<td>Improve processes for monitoring and managing outsourced administration providers</td>
<td>14%</td>
</tr>
<tr>
<td>Consolidate the number of outsourced administration providers</td>
<td>10%</td>
</tr>
<tr>
<td>Introduce strategies to place provider/vendor fees at risk for measurable performance outcomes</td>
<td>8%</td>
</tr>
</tbody>
</table>

Exhibit 13. Choose the option that most closely describes your current service delivery model for each of the benefit programs listed below:

<table>
<thead>
<tr>
<th>Benefit Program</th>
<th>Outsourced</th>
<th>Co-Source</th>
<th>Decentralized</th>
<th>Shared Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>5%</td>
<td>8%</td>
<td>28%</td>
<td>60%</td>
</tr>
<tr>
<td>Absence Management</td>
<td>7%</td>
<td>10%</td>
<td>34%</td>
<td>49%</td>
</tr>
<tr>
<td>Defined Contribution</td>
<td>30%</td>
<td>20%</td>
<td>17%</td>
<td>33%</td>
</tr>
<tr>
<td>Final Salary Pension / Defined Benefit</td>
<td>22%</td>
<td>16%</td>
<td>20%</td>
<td>42%</td>
</tr>
<tr>
<td>Company Provided Benefits / Health &amp; Welfare</td>
<td>26%</td>
<td>22%</td>
<td>14%</td>
<td>38%</td>
</tr>
</tbody>
</table>
The greatest deviation was seen when looking at the compensation shared services model results. While 63% and 51% in the Americas and EMEA, respectively, stated they have a shared services model for compensation, only 29% was seen in Asia-Pacific. There was also a significant deviation in results when looking at the final salary pension/defined benefit shared services model where 30% and 24% in the Americas and EMEA, respectively, indicated they have a shared services model for this service while 59% was seen in Asia-Pacific.

While co-sourcing and outsourcing activity was most widespread in benefit and retirement related programs, it did factor in other rewards related areas. When asked to indicate satisfaction with any of these outsourced rewards services, respondents indicated the results shown in Exhibit 14.

Across the regions there was generally a consistent level of satisfaction seen with the various services. While most respondents appear to be satisfied with the outsourced rewards services, there are some interesting comparison points in the data. In the U.S. for example, the percentage of “very satisfied” with call center service, web content, and data administration and integrity fell from the last year’s results.

Exhibit 14. Please indicate your satisfaction with any of your Rewards services that are outsourced in the categories provided below.

<table>
<thead>
<tr>
<th>Service</th>
<th>Very dissatisfied</th>
<th>Dissatisfied</th>
<th>Neither satisfied nor dissatisfied</th>
<th>Satisfied</th>
<th>Very satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Accuracy</td>
<td>2%</td>
<td>8%</td>
<td>30%</td>
<td>51%</td>
<td>9%</td>
</tr>
<tr>
<td>Service Timeliness</td>
<td>1%</td>
<td>7%</td>
<td>27%</td>
<td>56%</td>
<td>8%</td>
</tr>
<tr>
<td>Call Center Service</td>
<td>2%</td>
<td>9%</td>
<td>33%</td>
<td>49%</td>
<td>7%</td>
</tr>
<tr>
<td>Web Capabilities</td>
<td>2%</td>
<td>8%</td>
<td>20%</td>
<td>59%</td>
<td>12%</td>
</tr>
<tr>
<td>Service to You as a Client</td>
<td>2%</td>
<td>8%</td>
<td>27%</td>
<td>52%</td>
<td>10%</td>
</tr>
<tr>
<td>Communication Services</td>
<td>1%</td>
<td>5%</td>
<td>21%</td>
<td>60%</td>
<td>13%</td>
</tr>
<tr>
<td>Data Administration</td>
<td>1%</td>
<td>10%</td>
<td>22%</td>
<td>52%</td>
<td>14%</td>
</tr>
<tr>
<td>Implementation and Change</td>
<td>2%</td>
<td>7%</td>
<td>24%</td>
<td>59%</td>
<td>8%</td>
</tr>
<tr>
<td>Change Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract Terms</td>
<td>1%</td>
<td>7%</td>
<td>14%</td>
<td>65%</td>
<td>13%</td>
</tr>
<tr>
<td>Value for Fees</td>
<td>1%</td>
<td>7%</td>
<td>16%</td>
<td>64%</td>
<td>13%</td>
</tr>
</tbody>
</table>
Methodology and demographics

Going global in 2013
The Top Five Global Employer Rewards Priorities Survey has been conducted annually since 1994. However, different than years past, the 2013 edition asked HR professionals internationally to participate as well, making this the first Global Top Five Survey. The survey continues to be jointly sponsored by Deloitte and the ISCEBS, and was developed and conducted by Deloitte Human Capital professionals, in collaboration with the International Foundation and ISCEBS.

Survey respondents were asked to respond as representatives of their employers with the exception of two questions asking their personal challenges and related actions. For purposes of this survey, the phrase “Total Rewards” is defined as all compensation, benefits, perquisites and any other direct or indirect payments to employees.

Conducted between October and December 2012, the survey was completed by 415 responses online, and represents employers in 27 different countries across the Americas, EMEA, and Asia-Pacific. The survey also represents a diverse cross-section of employer populations by industry and size.
Exhibit 15. Participants by revenue

- Less than $100 million USD / £65m GBP / €80m EUR: 18%
- $100M - $500M USD / £65M - £315M GBP / €80M - €400M EUR: 13%
- $500M - $1B USD / £315M - £630M GBP / €400M - €800M EUR: 30%
- $1B - $5B USD / £630M - £3200M GBP / €800M - €4000M EUR: 21%
- Over $5B USD / £3200M GBP / €4000M EUR: 18%

Exhibit 16. Participants by number of employees

- Less than 500 employees/staff: 30%
- 501 - 1,000 employees/staff: 10%
- 1,001 - 5,000 employees/staff: 7%
- 5,001 - 10,000 employees/staff: 5%
- 10,001 - 20,000 employees/staff: 3%
- 20,001 - 50,000 employees/staff: 2%
- 50,001 - 100,000 employees/staff: 5%
- Over 100,000 employees/staff: 30%
For more information, please contact:

**Americas:**

David Lusk  
Principal  
Deloitte Consulting LLP, U.S.  
dlusk@deloitte.com

Scott Cole  
Senior Manager  
Deloitte Consulting LLP, U.S.  
scole@deloitte.com

Jaime Valenzuela  
Partner  
Deloitte Consulting, Chile  
jvalenzuela@deloitte.com

**Asia-Pacific**

Mario Ferraro  
Director  
Deloitte Consulting, Singapore  
maferraro@deloitte.com

Lisa Barry  
Partner  
Deloitte Consulting, Australia  
lisabarry@deloitte.com.au

Jungle Wong  
Partner  
Deloitte Consulting, China  
junglewong@deloitte.com.cn

**EMEA:**

Andrew Erhardt-Lewis  
Senior Manager  
Deloitte Consulting, United Kingdom  
aerhardtlewis@deloitte.co.uk

Magdalena Jonczak  
Director  
Deloitte Consulting, Poland  
mjonczak@deloittece.com

Gabi Savini  
Principal  
Deloitte Consulting, South Africa  
gsavini@deloitte.co.za
# Human Capital Global, Regional & Country Leaders

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Phone Number</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Human Capital Leader</td>
<td>Brett Walsh</td>
<td>+44 20 7007 2985</td>
<td><a href="mailto:bcwalsh@deloitte.co.uk">bcwalsh@deloitte.co.uk</a></td>
</tr>
<tr>
<td>Global Marketing, Eminence &amp; Brand Leader</td>
<td>Jeff Schwartz</td>
<td>+1 202 257 5869</td>
<td><a href="mailto:jeffschwartz@deloitte.com">jeffschwartz@deloitte.com</a></td>
</tr>
<tr>
<td>Strategic Change &amp; Organization Transformation Leader</td>
<td>Simon Holland</td>
<td>+44 20 7007 1922</td>
<td><a href="mailto:siholland@deloitte.co.uk">siholland@deloitte.co.uk</a></td>
</tr>
<tr>
<td>HR Transformation Leader</td>
<td>Jason Geller</td>
<td>+1 212 618 4291</td>
<td><a href="mailto:jgeller@deloitte.com">jgeller@deloitte.com</a></td>
</tr>
<tr>
<td>Talent, Performance &amp; Rewards Leader</td>
<td>Lisa Barry</td>
<td>+61 3 9671 7248</td>
<td><a href="mailto:lisabarry@deloitte.com.au">lisabarry@deloitte.com.au</a></td>
</tr>
<tr>
<td>Actuarial &amp; Advanced Analytics Leader</td>
<td>Dave Foley</td>
<td>+1 212 618 4138</td>
<td><a href="mailto:dfoley@deloitte.com">dfoley@deloitte.com</a></td>
</tr>
<tr>
<td>Americas Human Capital Leader</td>
<td>Jaime Valenzuela</td>
<td>+56 27298016</td>
<td><a href="mailto:jvalenzuela@deloitte.com">jvalenzuela@deloitte.com</a></td>
</tr>
<tr>
<td>United States Leader</td>
<td>Barbara Adachi</td>
<td>+1 415 783 4229</td>
<td><a href="mailto:badachi@deloitte.com">badachi@deloitte.com</a></td>
</tr>
<tr>
<td>Canada Leader</td>
<td>Heather Stockton</td>
<td>+1 416 601 6483</td>
<td><a href="mailto:hstockton@deloitte.ca">hstockton@deloitte.ca</a></td>
</tr>
<tr>
<td>Brazil Leader</td>
<td>Henri Vahdat</td>
<td>+55 11 5186 1747</td>
<td><a href="mailto:hvahdat@deloitte.com">hvahdat@deloitte.com</a></td>
</tr>
<tr>
<td>LATCO Leader</td>
<td>Veronica Melian</td>
<td>+598 2916 0756 ext. 6134</td>
<td><a href="mailto:vmelian@deloitte.com">vmelian@deloitte.com</a></td>
</tr>
<tr>
<td>Mexico Leader</td>
<td>Jorge Castilla</td>
<td>+52 55 50806110</td>
<td><a href="mailto:jocastilla@deloitte.mx.com">jocastilla@deloitte.mx.com</a></td>
</tr>
<tr>
<td>Asia-Pacific Human Capital Leader</td>
<td>Richard Kleinert</td>
<td>+2035632523</td>
<td><a href="mailto:rakleinert@deloitte.co.nz">rakleinert@deloitte.co.nz</a></td>
</tr>
<tr>
<td>Australia Leader</td>
<td>Nicky Wakefield</td>
<td>+61 2 9322 5799</td>
<td><a href="mailto:NWakefield@deloitte.com.au">NWakefield@deloitte.com.au</a></td>
</tr>
<tr>
<td>Japan Leader</td>
<td>Kenji Hamada</td>
<td>+80 4358 7073</td>
<td><a href="mailto:kehamada@tohmatsu.co.jp">kehamada@tohmatsu.co.jp</a></td>
</tr>
<tr>
<td>China Leader</td>
<td>Jungle Wong</td>
<td>+86 10 85207807</td>
<td><a href="mailto:junglewong@deloitte.com.cn">junglewong@deloitte.com.cn</a></td>
</tr>
<tr>
<td>India Leader</td>
<td>P. Thiruvenkadam</td>
<td>+91 80 6627 6108</td>
<td><a href="mailto:pthiruvenkadam@deloitte.com">pthiruvenkadam@deloitte.com</a></td>
</tr>
<tr>
<td>Korea Leader</td>
<td>Seok Hoon Yang</td>
<td>+82 2 6676 3644</td>
<td><a href="mailto:seoyang@deloitte.com">seoyang@deloitte.com</a></td>
</tr>
<tr>
<td>South East Asia Leader</td>
<td>Hugo Walkinshaw</td>
<td>+65 9836 8991</td>
<td><a href="mailto:hwalinshaw@deloitte.com">hwalinshaw@deloitte.com</a></td>
</tr>
<tr>
<td>Europe, Middle East &amp; Africa</td>
<td>Ardie Van Berkel</td>
<td>+31 882881834</td>
<td><a href="mailto:ArdievanBerket@deloitte.nl">ArdievanBerket@deloitte.nl</a></td>
</tr>
<tr>
<td>EMEA &amp; Netherlands HC Leader</td>
<td>David Parry</td>
<td>+44 20 7007 2988</td>
<td><a href="mailto:davidparry@deloitte.co.uk">davidparry@deloitte.co.uk</a></td>
</tr>
<tr>
<td>United Kingdom Leader</td>
<td>Trevor Page</td>
<td>+27115174263</td>
<td>trey&amp;<a href="mailto:page@deloitte.co.za">page@deloitte.co.za</a></td>
</tr>
<tr>
<td>South Africa Leader</td>
<td>Christian Havranek</td>
<td>+43 1537002600</td>
<td><a href="mailto:CHavranek@deloitte.at">CHavranek@deloitte.at</a></td>
</tr>
<tr>
<td>Belgium Leader</td>
<td>Yves Van Durme</td>
<td>+32 2 749 59 97</td>
<td><a href="mailto:yvendurme@deloitte.com">yvendurme@deloitte.com</a></td>
</tr>
<tr>
<td>Central Europe Leader</td>
<td>Evzen Kordenko</td>
<td>+420 246 042 883</td>
<td><a href="mailto:ekordenko@deloittece.com">ekordenko@deloittece.com</a></td>
</tr>
<tr>
<td>Denmark Leader</td>
<td>Kim Dondal</td>
<td>+45 30 93 63 51</td>
<td><a href="mailto:kdomdal@deloitte.dk">kdomdal@deloitte.dk</a></td>
</tr>
</tbody>
</table>

**Human Capital Global, Regional & Country Leaders**

**Global**

**Global Human Capital Leader**
Brett Walsh  
+44 20 7007 2985  
bcwalsh@deloitte.co.uk

**Global Marketing, Eminence & Brand Leader**
Jeff Schwartz  
+1 202 257 5869  
jeffschwartz@deloitte.com

**Strategic Change & Organization Transformation Leader**
Simon Holland  
+44 20 7007 1922  
siholland@deloitte.co.uk

**HR Transformation Leader**
Jason Geller  
+1 212 618 4291  
jgeller@deloitte.com

**Talent, Performance & Rewards Leader**
Lisa Barry  
+61 3 9671 7248  
lisabarry@deloitte.com.au

**Actuarial & Advanced Analytics Leader**
Dave Foley  
+1 212 618 4138  
dfoley@deloitte.com

**Americas**

**Americas Human Capital Leader**
Jaime Valenzuela  
+56 27298016  
jvalenzuela@deloitte.com

**United States Leader**
Barbara Adachi  
+1 415 783 4229  
badachi@deloitte.com

**Canada Leader**
Heather Stockton  
+1 416 601 6483  
hstockton@deloitte.ca

**Brazil Leader**
Henri Vahdat  
+55 11 5186 1747  
hvahdat@deloitte.com

**LATCO Leader**
Veronica Melian  
+598 2916 0756 ext. 6134  
vmelian@deloitte.com

**Mexico Leader**
Jorge Castilla  
+52 55 50806110  
jocastilla@deloitte.mx.com

**Asia-Pacific**

**Asia-Pacific Human Capital Leader**
Richard Kleinert  
+2035632523  
rakleinert@deloitte.co.nz

**Australia Leader**
Nicky Wakefield  
+61 2 9322 5799  
NWakefield@deloitte.com.au

**Japan Leader**
Kenji Hamada  
+80 4358 7073  
kehamada@tohmatsu.co.jp

**China Leader**
Jungle Wong  
+86 10 85207807  
junglewong@deloitte.com.cn

**India Leader**
P. Thiruvenkadam  
+91 80 6627 6108  
pthiruvenkadam@deloitte.com

**Korea Leader**
Seok Hoon Yang  
+82 2 6676 3644  
seoyang@deloitte.com

**South East Asia Leader**
Hugo Walkinshaw  
+65 9836 8991  
hwalkinshaw@deloitte.com

**Europe, Middle East & Africa**

**EMEA & Netherlands HC Leader**
Ardie Van Berkel  
+31 882881834  
ArdievanBerkel@deloitte.nl

**United Kingdom Leader**
David Parry  
+44 20 7007 2988  
davidparry@deloitte.co.uk

**South Africa Leader**
Trevor Page  
+27115174263  
trepage@deloitte.co.za

**Austria Leader**
Christian Havranek  
+43 1537002600  
CHavranek@deloitte.at

**Belgium Leader**
Yves Van Durme  
+32 2 749 59 97  
yvendurme@deloitte.com

**Spain Leader**
Enrique de la Villa  
+34 607989675 ext. 72328  
edelavilla@deloitte.es

**Switzerland Leader**
Sarah Kane  
+41 582796873  
sakane@deloitte.ch

**France Leader**
David Yana  
+33 1 58 37 96 04  
dyana@deloitte.fr

**Germany Leader**
Udo Bohdal  
+49 69 97137350  
ubohdal@deloitte.de

**Luxembourg Leader**
Gilbert Renel  
+352 45145 2544  
grenel@deloitte.lu

**Netherlands Leader**
Ardie Van Berkel  
+31 882881834  
ArdievanBerkel@deloitte.nl

**Netherlands Leader**
Sarah Kane  
+41 582796873  
sakane@deloitte.ch

**United States Leader**
Barbara Adachi  
+1 415 783 4229  
badachi@deloitte.com

**Korea Leader**
Seok Hoon Yang  
+82 2 6676 3644  
seoyang@deloitte.com

**South East Asia Leader**
Hugo Walkinshaw  
+65 9836 8991  
walkinshaw@deloitte.com

**Europe, Middle East & Africa**

**EMEA & Netherlands HC Leader**
Ardie Van Berkel  
+31 882881834  
ArdievanBerkel@deloitte.nl

**United Kingdom Leader**
David Parry  
+44 20 7007 2988  
davidparry@deloitte.co.uk

**South Africa Leader**
Trevor Page  
+27115174263  
trepage@deloitte.co.za

**Austria Leader**
Christian Havranek  
+43 1537002600  
CHavranek@deloitte.at

**Belgium Leader**
Yves Van Durme  
+32 2 749 59 97  
yvendurme@deloitte.com

**Spain Leader**
Enrique de la Villa  
+34 607989675 ext. 72328  
edelavilla@deloitte.es

**Switzerland Leader**
Sarah Kane  
+41 582796873  
sakane@deloitte.ch
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