



2014 Current and Emerging Global Themes

Employee Benefits: A Headquarters Perspective

China Report

At a Glance

Each year, multinational organisations commit extensive resources to providing and financing benefits for active and former employees, delivering benefit plans and, increasingly, implementing frameworks to oversee, manage and govern benefits globally. Multinational companies' annual benefit costs are often hundreds of millions of dollars, with past commitments of several billions of dollars. This research provides insights into how leading companies in China seize the opportunities presented by benefit provision to add business value.

Key insights include:

- **Chinese multinationals are paying increasing attention to global rewards and talent management.** As Chinese companies expand further on the global stage, there is a greater need for varying rewards among different groups and benchmarking rewards across geographies. They are making efforts in both areas. Chinese multinationals also share the concerns of their global counterparts about bringing the right talent aboard to be successful, especially in overseas markets where companies typically do not have any experience. Compared with 2013, there has been a 15-percentage-point increase (from 50% to 65%) in interest among Chinese multinationals in developing, managing and retaining global talent.
- **Half of Chinese multinationals are at the initial stages of their global benefit management journey.** Fifty percent of Chinese multinationals are getting started,

either through initial data gathering to determine what they will need in order to expand, or learning by doing, by expanding for the first time into a market outside China. Almost three in 10 Chinese multinationals are in the second stage, where they have selected a primary focus, such as financial risk or cost efficiency, for global benefit activities.

- **Compared with U.S. and European multinationals, Chinese multinationals need to consider taking action steps to catch up in three areas: Establishing global approval processes, conducting regular benefit benchmarking and maintaining a structured benefit inventory.** Global approval processes are excellent, though not perfect, hedges to protect company interests. Benchmarking is a key management technique to ensure that reward objectives are being met. Maintaining a structured benefit inventory helps multinationals understand what benefit programs are provided globally and also helps in transaction situations.

Our research findings show that Chinese multinationals' current and short-term priorities in 2014 and beyond are:

- Maximising the employee experience while optimising benefit spend
- Financing health and risk benefits more efficiently, and taking advantage of global scale
- Getting a better grip on benefit costs around the world

Looking Ahead

Whether Chinese multinationals are just beginning to gather data, or their global benefit strategy and management practices have evolved over many years, there is always opportunity for improvement. The more mature organisations draw from their global benefit experience to adopt or adapt practices that fit their circumstances. They customise what worked for other companies at similar or advanced positions along the global benefit management continuum (see page 11), and they also learn from what didn't work. They take advantage of the value of benchmarking against their peers to help their organisation systematically harness these insights to become more effective and efficient.

2014 Current and Emerging Global Themes

Employee Benefits: A Headquarters Perspective — China



About the 2014 Survey

This report presents the China-focused results of our seventh annual Current and Emerging Global Themes research. Participants in this research — HR leadership at the global and regional headquarters (HQ) level of leading multinationals — responded to questions about rewards, benefit focus, themes, priorities, countries of interest and global benefit management.

The research was conducted by Towers Watson between November 2013 and February 2014. We compared 492 responses from professionals in reward, pension and benefit roles with global or regional purview across four geographic regions: Asia Pacific; Europe, the Middle East and Africa (EMEA); Latin America; and North America.

This report presents the findings for China, based on the participation of 92 multinational companies with global or regional HQ in the country. For the third consecutive year, Towers Watson's research in China was conducted in association with the Statistical Society for Foreign Economic Relations and Trade of China, and China Top 500 Foreign Trade Enterprises Club.

A detailed breakdown of the results for China appears in Appendix I (page 18), and the special focus questions on global benefit management are listed in Appendix II (page 25). You will find information about the survey respondents in Appendix III (page 31).

Current and Emerging Global Themes research is carried out by Towers Watson's International Consulting Group (ICG). Our 225 ICG associates worldwide advise the global and regional HQ of multinational companies on the global strategy, oversight, design, financing, governance, management and operational aspects of their benefit programs — both for business as usual and through periods of change, such as corporate activity.

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The Value of Benchmarking Against Your Peers

HR leaders are active across several benefit areas simultaneously. Benefit teams face external forces at local, regional and global levels — from political and economic uncertainties to global health risks, from changing regulations to market trends and from industry-specific developments to broad demographic trends.

At the same time, organisations can be buffeted by internal influences due to business structure, workforce, financing or other factors. Finally, HQ leadership must satisfy many stakeholders when designing benefit approaches — including the business, employees, HR, finance, employee representatives and trustees.

How do multinationals headquartered in China address these challenges? How can your company position itself in the global benefit and pension environment, and navigate the changes to come?

Our research is designed to provide data and insights that inform companies' overall global benefit strategy and highlight the importance of each organisation's own unique circumstances in defining its priorities. Our research and experience show that organisations willing to continuously improve their global benefit strategy and management practices — adopting or adapting what has worked for others — are better able to manage risks and create opportunities that lead to an improved competitive position against their peers.

“Our research and experience show that organisations willing to continuously improve their global benefit strategy and management practices — and adopt or adapt what works for others — are better able to manage risks and create opportunities that lead to an improved competitive position against their peers.”



Information is power, especially when organisations use experience to transform information into insights. Each organisation needs to gather data about itself before it can determine its global benefit strategy, ambitions and focus. Further, employers that also make themselves aware of the direction and context of their global peers can more accurately validate their position and more confidently chart a unique course to competitive success.

Our Current and Emerging Global Themes research delivers this big-picture view of peer activities, including global HR context, global benefit and pension themes, countries and regions of interest, and priorities for 2014. We also provide insights into how global and regional benefit managers can raise their global game. Findings show that leading organisations have found new opportunities to add value for both employers and employees.

This year's research included a special-focus section on global benefit management. Our intent is to help companies benchmark their global benefit management position against peer organisations, and learn from each other how to raise their global game and drive more value for their businesses. Our results and insights can help you benchmark against peer organisations, test that your focus is right for your company's business strategy and learn what has worked for others. Assessing your organisation's current global benefit management position, defining or expanding your focus, and developing the agility to plan ahead effectively are all key components of global success in 2014 and beyond.



Charting Your Position

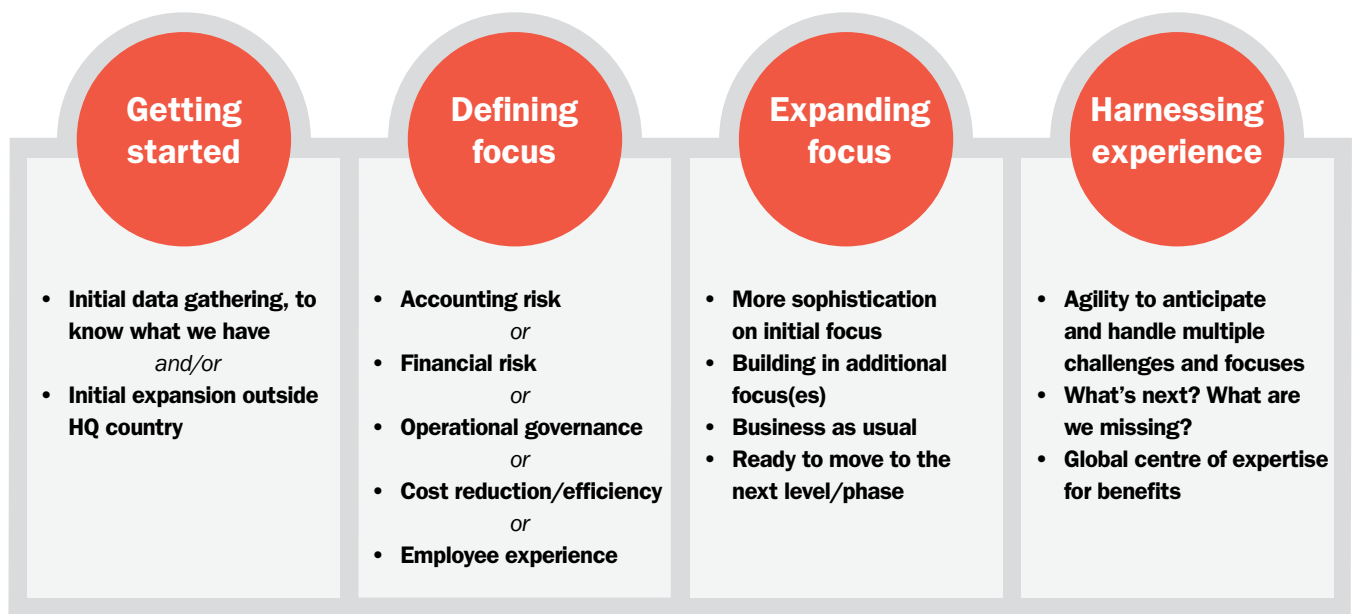
For every company, whether more or less experienced in the global arena, the first imperative is to chart your current position, that is, to review your current global benefit strategy and management practices to find areas of focus that will drive more business value from your benefit programs. Our research and experience working with clients demonstrate that understanding your strategic focus and properly sequencing your priorities are both critical to success. For example, some strategic focus areas are best engaged only after fundamental activities are firmly in place, while others can be managed in parallel.

Our research results shed further light on the concept of assessing your current position. In the research, respondents fall into four distinct positions on a continuum of global benefit strategy and management practice. No two companies are the same, and highly competitive organisations never stand still. But our results clearly indicate that an organisation's self-described current position on this continuum indicates where its benefit focus is now.

As companies grow more experienced in the art and science of global strategy, oversight and management, they begin to expand their focus areas from one to several at once, thus expanding their opportunities to add value.

“Our research and experience working with clients demonstrate that understanding your strategic focus and properly sequencing your priorities are both critical to success.”

Towers Watson's global benefit management continuum



Companies in the initial stages — data gathering or expanding outside the HQ country for the first time — comprise a cluster of benefit experience and practice at a starting position. Organisations that identify a specific focus for their current position (e.g., accounting or financial risk, operational governance, cost reduction and efficiency, or the employee experience) make up a second set.

Multinationals that have added more sophistication/complexity to their focus, or are building additional focus areas into their benefit strategy, form a third cohort. A smaller segment — generally companies with more experience and maturity in the global arena — has expanded and integrated its benefit focus areas to realise more opportunities. This group has developed the agility to plan for future challenges and handle multiple, even conflicting, changes at once. For example, some have implemented a global centre of expertise for benefits to link these activities strategically.

As organisations learn — from experience and from what worked and what didn't at other companies — they begin to adopt and adapt benefit strategies to their own unique circumstances. There is no right or wrong direction, and no universal final destination. But savvy multinationals try to continuously improve their external and internal understanding to forge ahead in a competitive global environment.

“As organisations learn — from experience and from what worked and what didn't at other companies — they begin to adopt and adapt benefit strategies to their own unique circumstances.”

The Global HR Context

Global organisations are benefiting from a more positive economic environment recently, including the potential for merger and acquisition (M&A) activity. But multinationals will also be affected by residual HR headwinds, such as growing scrutiny of HQ governance and oversight activities, an emphasis on operational excellence — the need to do more with less — and the demand for added value. In particular, benefit managers are expected to get a grip on their total rewards spend. In practice, we often observe benefit managers with less access to local HR resources than in the past, necessitating more HQ precision on the activities to focus on to maximise business value.

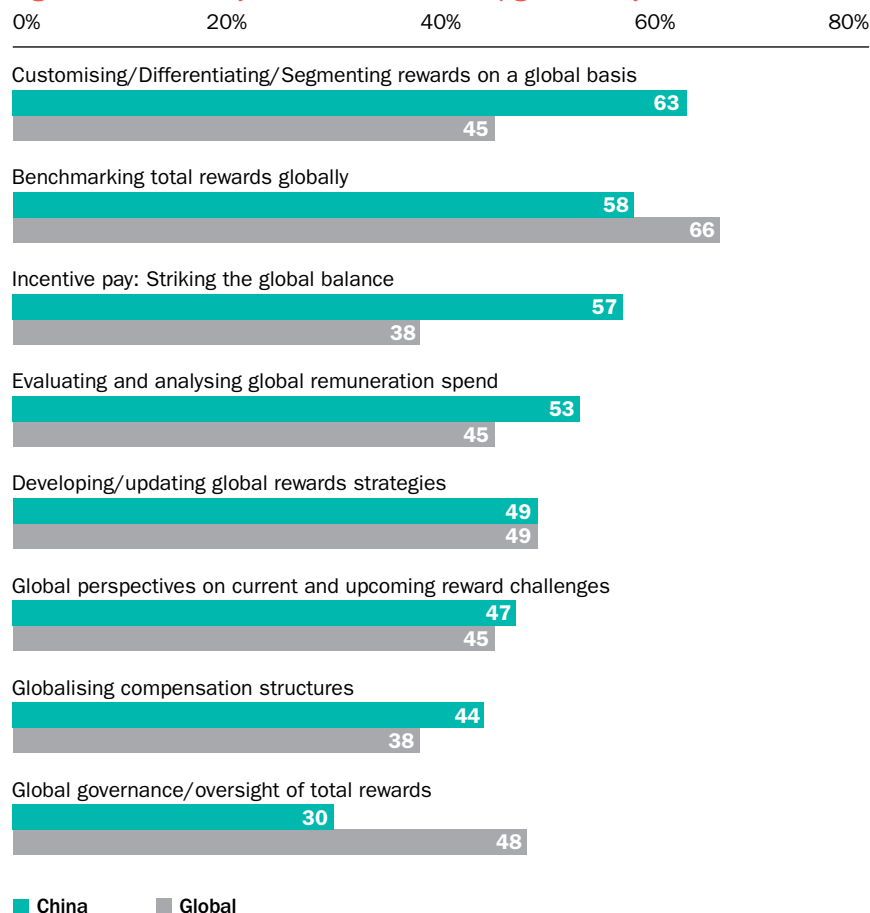
Rewards

As Chinese companies expand further on the global stage, there is a greater need for varying rewards among different groups and benchmarking rewards across geographies. Our research shows

Chinese multinationals are making efforts in both areas. In fact, research respondents in China report a greater focus on customising rewards than many of their counterparts elsewhere — customising, differentiating or segmenting rewards on a global basis was cited as the topic of most interest among Chinese multinationals. In comparison, the issue ranked fourth in the global survey results.

Chinese multinationals reported global benchmarking as second among their priorities, closely following the global survey results, where it ranked first. Finding a global balance for incentive pay is also high on Chinese companies' radar screens, with a majority of companies (57%) calling it a topic of interest, compared to only 38% of multinationals worldwide (*Figure 1*).

Figure 1. Rewards topics of interest — China/global comparison



Global governance, on the other hand, is receiving less attention from Chinese HR managers than from HR managers elsewhere. Global governance ranked third in the global survey results, but only seventh in the China research. More positively, there was a 4% increase in its importance to Chinese multinationals over 2013, and we believe this trend will continue. While governance of these reward systems is still some way off, the Chinese multinationals that will succeed are those that consider a governance framework early on in their expansion process.

Talent Management

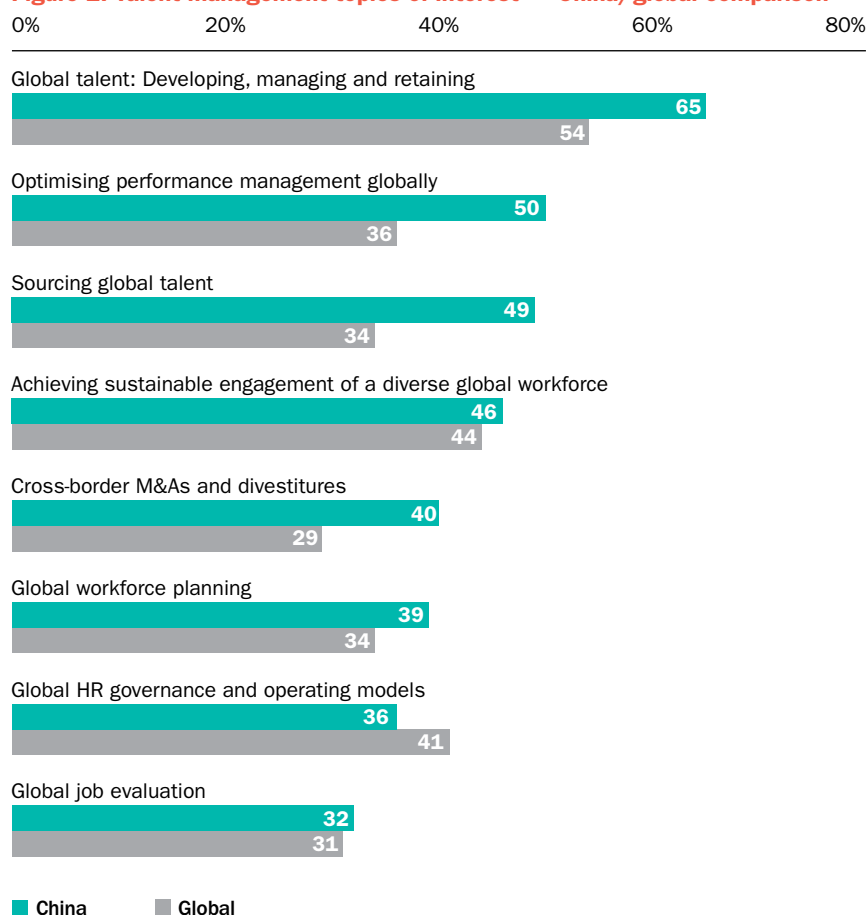
Globally, the number one issue in the HR context currently is talent management. Where will multinationals find talent in the decade to come? How will companies develop, manage and retain talent at a reasonable cost? Getting the right people in the right place at the right time is a key objective.

In line with their global expansion, Chinese multinationals share the concern of bringing the right talent aboard successfully, especially in overseas markets where companies typically do not have any experience. Compared with 2013, there has been a 15-percentage-point increase (from 50% to 65%) in interest among Chinese companies in developing, managing and retaining global talent.

Chinese multinationals are also paying more attention to optimising performance management globally, as they strive to build a strong global talent pool. Chinese companies were more likely to cite this as a priority than others in the study (50% vs. 36% globally). Similarly, sourcing global talent ranked higher as an area of interest in the China survey results than in the global survey (*Figure 2*).

Global HR governance is also receiving more attention in China. The number of companies interested in global HR governance rose 5% in the past year, closing the gap between Chinese and U.S. and European companies.

Figure 2. Talent management topics of interest — China/global comparison



Countries and Regions of Interest

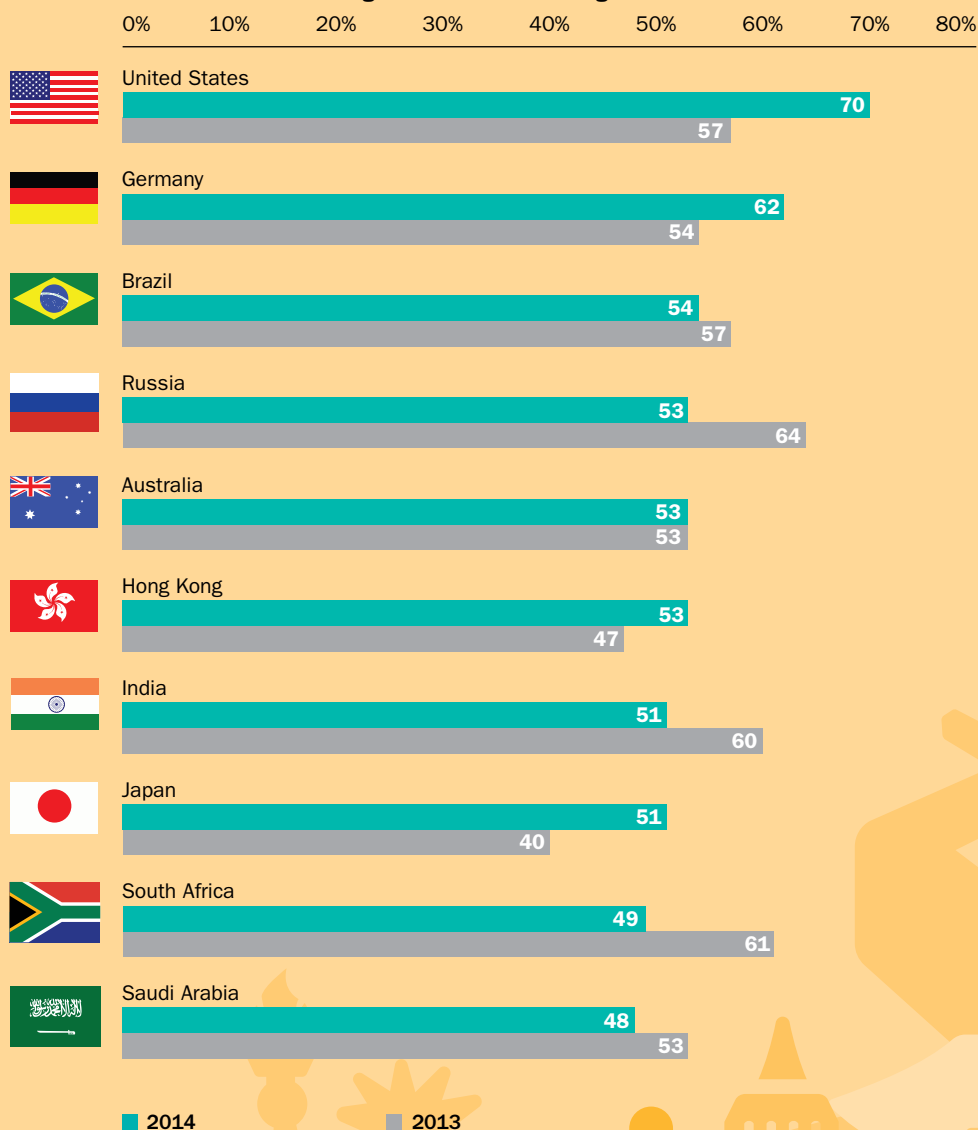
When it comes to established markets, the U.S. still generates the most interest from Chinese multinationals. Over two-thirds (70%) of respondents showed an interest in the U.S. this year, a 13-percentage-point increase over 2013. Germany followed, with 62% of respondents reporting interest, eight percentage points more than in 2013. Just over half of participants showed interest in Japan and Hong Kong, with interest in Japan growing by 11 percentage points over the prior year.

Interest in emerging markets is slightly lower across the board. A majority of companies are interested in Brazil (54%), Russia (53%) and India (51%). South Africa is a close fourth at 49%, but it should be noted that interest in India, Russia and South Africa fell by approximately 10 percentage points for each country over the past year (Figure 3).

Chinese multinationals' greater interest in developed markets can be explained by a more optimistic economic outlook in these countries. At the same time, political uncertainties in many developing economies may be causing Chinese companies to be more cautious about them. Election outcomes within the past year in India, for example, have led to political and economic uncertainty there.

It's interesting to note that, globally, the foremost country of interest for multinationals is China — cited by 72% of respondents. This compares to 69% that cited the second most popular country of interest, the U.S.

Figure 3. Top 10 countries and regions of interest to Chinese multinationals
% of Chinese multinationals indicating interest in the following countries



Benefit and Pension Priorities for 2014

In several areas, benefit and pension priorities for Chinese multinationals vary significantly from those reported in the global survey.

Reflecting their strong need to attract and retain global talent, benefits for internationally mobile employees receive the most attention from Chinese companies. Optimising companies' spend on benefits and benefit management are the second- and third-ranked topics of interest, respectively, among Chinese multinationals, suggesting an increasing focus on ROI.

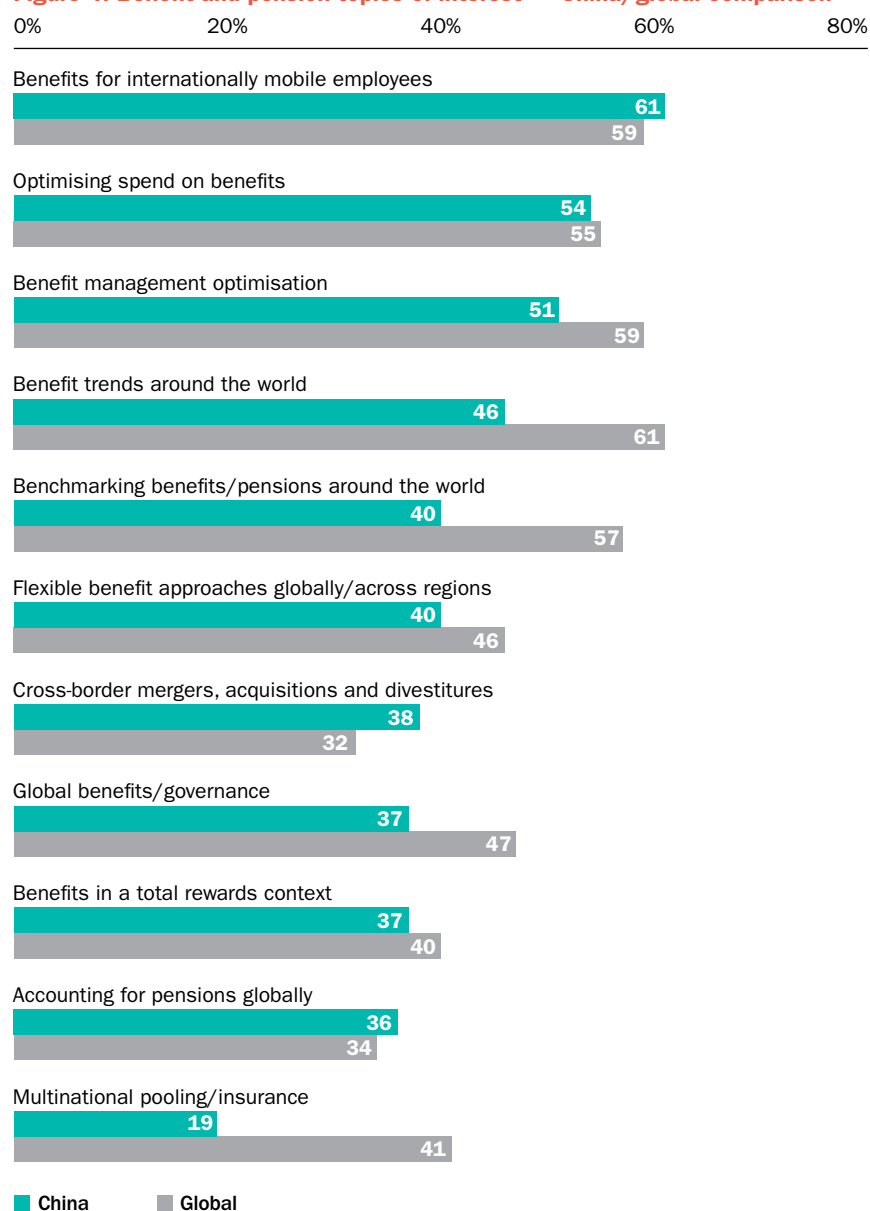
Areas of divergence include attention to global benefit trends and benchmarking. Multinationals with HQ in the U.S. and Europe pay significantly more attention to these topics than their Chinese counterparts. This gap will likely narrow, since a

good understanding of global benefit trends and benchmarking are essential steps to optimise companies' spend in these areas.

When Chinese multinationals do benchmark, they are more concerned about benchmarking overall rewards versus benefits on their own. This may be because these companies are more focused at this stage on attracting talent, which brings with it a greater emphasis on cash compensation than on retention, where nonfinancial rewards become more important.

Multinational pooling also reflects a large gap between Chinese multinationals and their counterparts, with only 19% of the participating companies identifying this as an area of interest, compared to 41% globally (*Figure 4*). It's possible this gap will narrow as understanding of the concept among Chinese companies grows.

Figure 4. Benefit and pension topics of interest — China/global comparison





Towers Watson Insights: Raising Your Global Game

In talking to and working with HQ managers around the world, we have found that the term “global benefit management” takes on different meanings at multinationals just starting out from those companies at a more experienced stage.

The starting point of the continuum for most organisations is an initial data-gathering exercise, and 50% of Chinese companies are at this stage. After that, most tend to focus on a particular risk or employee outcome. Some companies remain at that position. However, as multinationals gain global experience, many move on. Broadening to multiple focus areas helps them find new ways to improve global benefit strategy and management. Leading organisations keep asking themselves these questions: What’s next? What are we missing?

There is no right or wrong answer here. All companies are unique, and some have reached a position that satisfies them — they haven’t yet seen value in going further. On the other hand, other organisations have reached for a broader focus in order to reap greater value. These decisions must be made on a company-by-company basis.

“The starting point of the continuum for most organisations is an initial data-gathering exercise, and 50% of Chinese companies are at this stage.”

The Global Benefit Management Continuum: Know Your Position

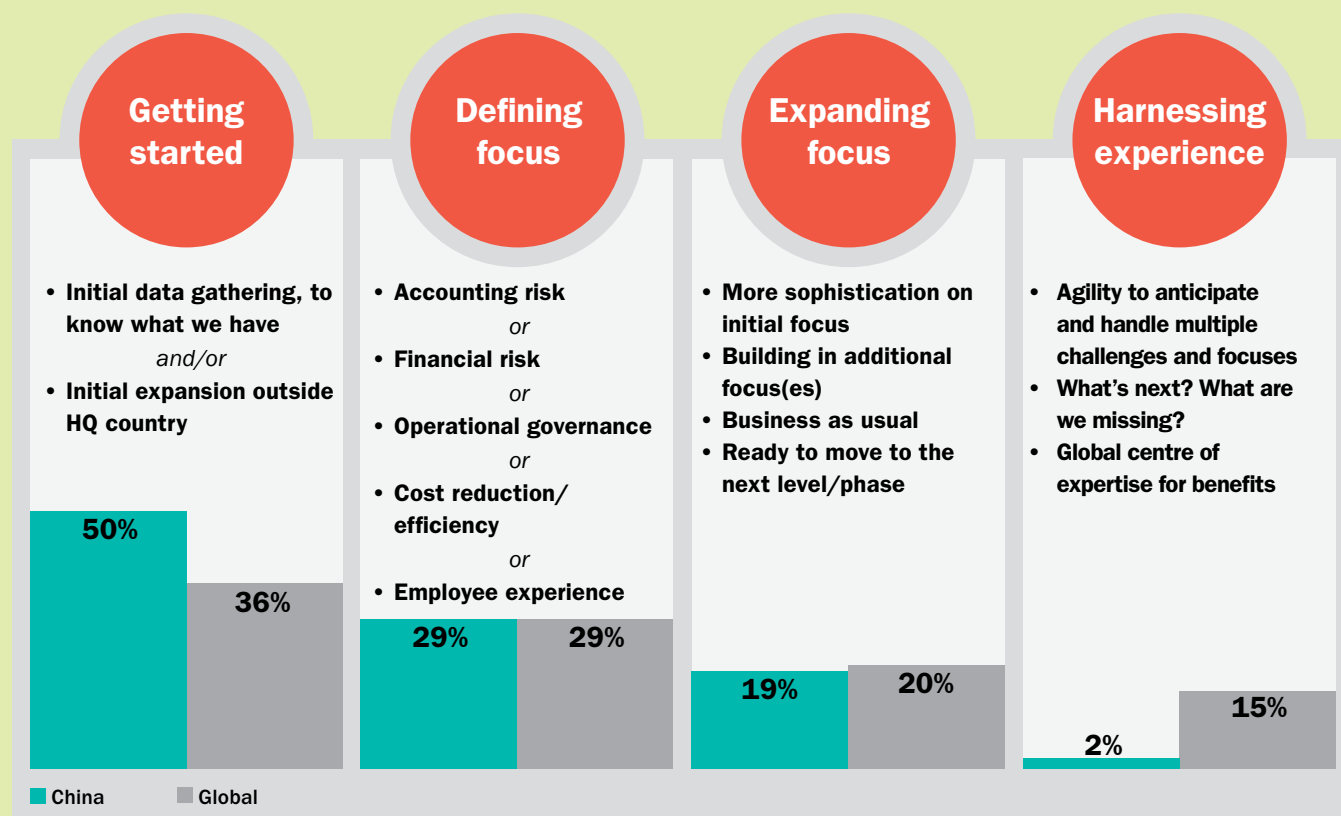
Our experience indicates — and the research confirms — that an organisation's position on the continuum of global benefit management practices accurately predicts where its focus will be.

The four clusters of global benefit management practices we see in the Chinese research results reflect the following activities (*Figure 5*):

- The largest segment of research respondents (50%) is getting started with initial data gathering — analysing what they have and determining what they will need. Or they are learning by doing, by expanding for the first time into a region outside their HQ country. In comparison, only 36% of global multinationals are at this stage.
- Almost three in 10 (29%) Chinese multinationals have selected a primary focus for global benefit activities — in line with their global counterparts (also at 29%). Choices include accounting or financial risk, operational governance, cost reduction and efficiency, and the employee experience.
- The third-largest cohort is comprised of the one in five more experienced multinationals that are turning their attention to new benefit topics and focuses. At this position on the continuum, business as usual involves maintaining several focuses at once.
- The fourth cluster of companies is the smallest. Only 2% of Chinese multinationals — compared to 15% of global multinationals — are in this category. These companies accelerate business growth by adding entirely new focus areas and geographies. And they incorporate advance planning to increase their ability to handle unexpected challenges. To facilitate coherence and integration of broader activities, many of these organisations implement a global centre of expertise for benefits.

As Chinese multinationals evolve, it is likely there will be a gradual shift toward the right on this continuum. While experience is one key criterion for this journey, the evolution will come faster for companies that set up formal governance frameworks.

Figure 5. The global benefit management continuum — China/global comparison



Special Focus: Global Benefit Management

From the special focus section of this year's research, we learn that while most U.S. and European multinationals expect their internal resources to remain unchanged, almost 60% of Chinese multinationals expect to see an increase in internal resources over the next 12 months. This comes on the heels of internal resource increases that have already happened in the past year for 49% of Chinese companies.

That internal resources are growing at a faster rate in China than in more mature economies is not surprising, as most Chinese multinationals are in a growth mode and require more employees to have roles and responsibilities at a global or regional level. Over time, we would expect that as business stabilises and more streamlined processes are adopted, the increase in these resources will taper.

The special-focus research also found that compared with U.S. and European multinationals, Chinese multinationals need to consider taking action steps to catch up in three areas: establishing global approval processes, conducting regular benefit benchmarking and maintaining a structured benefit inventory.

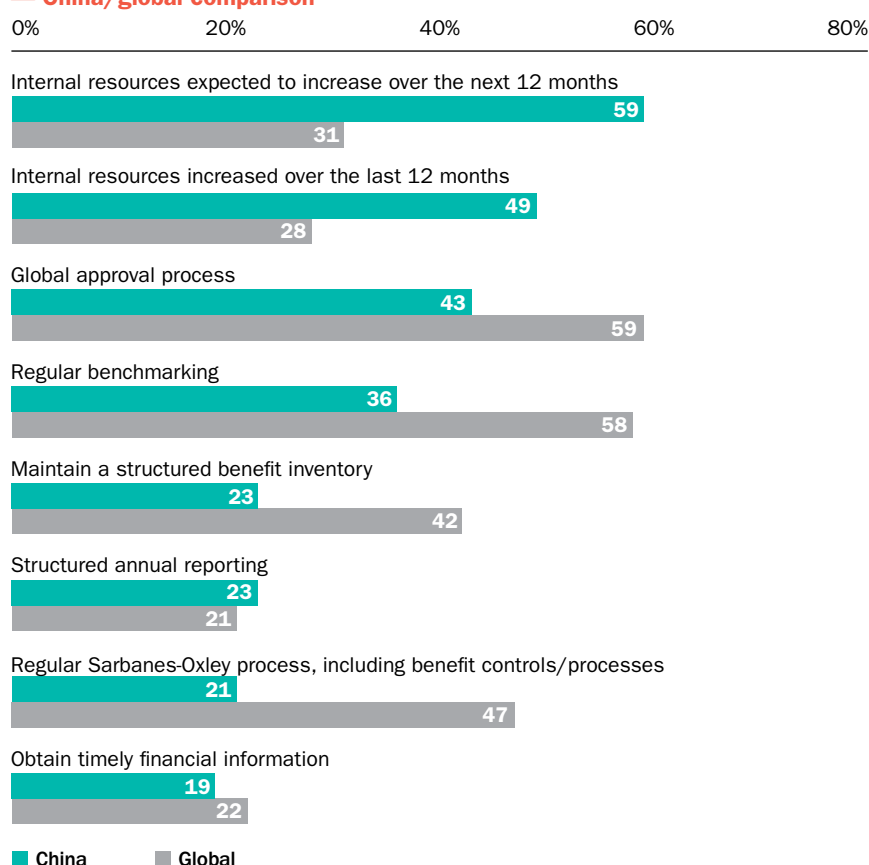
Global approval processes are excellent (though not perfect) hedges to protect company interests. Globally, 59% of participants have one in place, compared to 43% in China.

The gap between the global and Chinese results for benchmarking is even greater. Approximately six out of 10 participants in the global study perform regular benchmarking, compared to just over one-third (36%) of Chinese multinationals (Figure 6). Closing the gap is important, because benchmarking is a key management technique to ensure value is being derived for both the business and employees.

Maintaining a structured benefit inventory is a third area ripe for improvement, with only 23% of Chinese multinationals making an effort in this area. An annual process helps multinationals understand what benefit programs are provided globally and also helps in transaction situations. The process needs to be effectively managed — at both local and global levels — to ensure that data collected are targeted and high quality.

“The special-focus research also found that compared with U.S. and European multinationals, Chinese multinationals need to consider taking action steps to catch up in three areas: establishing global approval processes, conducting regular benefit benchmarking and maintaining a structured benefit inventory.”

Figure 6. Special focus on Chinese multinationals' benefit management — China/global comparison



Setting Priorities: Key Questions

As we know, managing benefit programs globally is not easy. HQ managers must oversee activity on multiple fronts — local, regional and global — while weighing competing internal and external priorities and pressures. To help global and regional managers identify and sequence their benefit priorities, we have developed a series of key questions based on our years of experience working with major multinational clients.

These questions can help you define priorities based on an understanding of where your company is positioned today on each of these key questions and on the global benefit management continuum — and then set a direction based on your organisation's unique circumstances. These key questions cover four key categories related to benefits: the employee experience; financing employee benefits; global strategy, oversight and management; and M&As and divestitures.

Global benefits: Key questions

What are your organisation's current priorities? Are they well defined? Do you have more than one, and how will your priorities change over time? Answers to these questions can help you determine where to deploy your limited resources and where additional internal or external support can help you meet your priorities.

Employee experience

How do we maximise the employee experience while optimising our reward spend? What benefits (types, levels, etc.) should we provide, and how?

How do we improve our employees' health to improve our business performance?

How do we improve employees' outcomes from defined contribution plans and manage related risks?

Financing employee benefits

How do we best manage our pension/postretirement medical risks?

How do we finance health and risk benefits most efficiently, taking advantage of our global scale?

How do we achieve the right balance of cross-border and local delivery vehicles?

Global strategy, oversight and management

How do we ensure systematic oversight of risks and opportunities — both financial and nonfinancial?

How do we efficiently organise/operate at global, regional and local levels to execute our benefit strategy?

How do we best meet our financial management information needs relating to pensions, postretirement medical and other benefits?

How do we reduce/control benefit costs around the world?

M&As and divestitures

How do we handle M&As and divestitures effectively?

Several of our multinational clients have found it helpful to use the outcome of their review of where they stand on these key questions to sequence priorities and create a common understanding among key stakeholders.

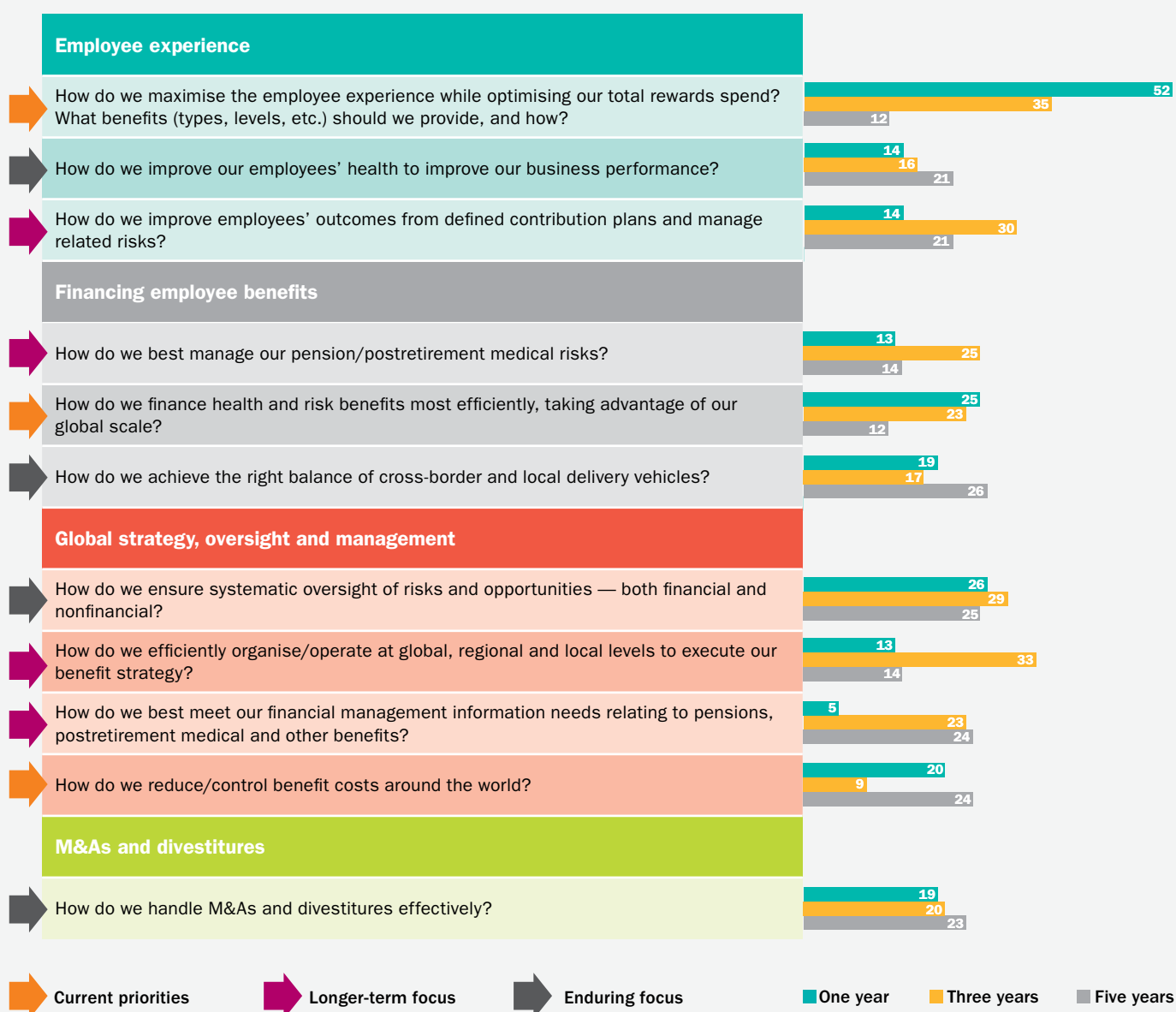
Certain questions are often best addressed before others. For example, some governance and operational aspects may need to be addressed before your organisation can make progress on the more strategic aspects of the employee experience.

Priorities: Sequencing and interactions are important



In this research, we asked respondents in global or regional roles to select up to three questions they would prioritise over the short, medium and longer terms (*Figure 7*). Aggregated results confirm that some areas are benefit priorities in the current or short term, but priorities are changing. Another group of priorities requires a more enduring focus over time. We show examples of the key priorities across the three time frames.

Figure 7. How is focus changing over time?



“Aggregated results confirm that some areas are benefit priorities in the current or short term, but priorities are changing. Another group of priorities requires a more enduring focus over time.”

Current priorities

- **The employee experience.** In the short term, companies appear to be focusing predominantly on ensuring that they maximise the employee experience while optimising benefit spend. Organisations are thinking about what benefits to provide and how to best enhance the employee perceived value while managing the employer cost.
- **Financing employee benefits.** Much of the current focus is on how to finance health and risk benefits more efficiently, and how to take advantage of companies' global scale.
- **Global strategy, oversight and management.** Much of the current focus is on controlling benefit costs around the world.

Longer-term focus

- **The employee experience.** In the medium and longer terms, organisations increasingly expect to be focusing on improving outcomes specifically related to employee health and defined contribution plans.
- **Financing employee benefits.** According to the research, a long-term goal is to manage the pension and postretirement medical risks.
- **Global strategy, oversight and management.** Companies are focusing on organising and operating efficiently at global, regional and local levels to execute their benefit strategy effectively. They are also focusing on ways to best meet their financial management information needs relating to pensions, postretirement medical and other benefits.

Enduring focus

- **The employee experience.** Improving employees' health to improve business performance is an enduring focus of many companies.
- **Financing employee benefits.** Achieving the right balance of cross-border and local delivery vehicles is an enduring focus for many companies.
- **Global strategy, oversight and management.** Ensuring systematic oversight and governance of both financial and nonfinancial risks is an enduring focus for most multinationals.
- **Planning for M&As and divestitures.** M&A planning remains an important and continuing priority for many multinationals. They are focusing on preparing their benefit team to optimise potential transactions and support new entities.

Current and Emerging Global Benefit Themes

To help global and regional managers identify global benefit themes that are relevant to their organisation, we have summarised our findings in the same four key categories as the previous section: the employee experience; financing employee benefits; global strategy, oversight and management; and M&As and divestitures. The themes we found specific to Chinese multinationals are outlined below:





Looking Ahead: Navigating the Complexities

No two companies are alike, and no one global benefit strategy or management approach fits all business plans. Charting your organisation's global benefit management position and direction are key components of competitive success. From our experience working through priorities with major multinationals — all with unique circumstances — we've observed three steps that can help Chinese multinationals navigate global benefit and pension complexities, and also accelerate their progress:

- **Understand: Know what success looks like.** The most successful companies perceive the global benefit context in terms of potential risks and opportunities. They also understand the value HQ can add to making a global organisation worth more than the sum of its local parts. Just as important, global and regional benefit managers must navigate the change process while considering local and global perspectives and priorities, and engaging effectively with all stakeholders.
- **Manage: Ensure a sound business case.** To clearly demonstrate value for the business — through reduced cost or risk, or enhanced employee experience and engagement — you need the right financial metrics to monitor progress and outcomes. Just as important, develop a multiyear plan that properly sequences activities and explains how they fit into your overall global benefit strategy.

- **Achieve: Adopt a continuous improvement mindset.** Recognise that change will be incremental and, realistically, will take time to embed deeply enough to become the new routine. While it is critical to focus on what's truly important, it's equally vital not to be distracted by irrelevant or unimportant developments.

A Final Word

Understanding your company's position on the global benefit management continuum is critical. Your organisation's unique circumstances and level of ambition will inform how you set your focus and priorities over various time periods. Around 80% of participants from China position themselves either as just getting started or having one specific global benefit management focus. Multinationals that have moved on from these two positions are more likely to be taking advantage of broader potential opportunities — and finding the value of directing resources to address them.

The multinationals that ask themselves the most challenging and strategic questions are typically the ones that also achieve the greatest value from their employee benefit programs.

“The multinationals that ask themselves the most challenging and strategic questions are typically the ones that also achieve the greatest value from their employee benefit programs.”

Appendix I — Detailed China Results

Broader HR themes

Figure A. Total rewards

% of participants indicating interest in the following broader HR themes, broken down into key categories

Total rewards	2014	2013	Change
Customising/Differentiating/Segmenting rewards on a global basis	63%	42%	+21%
Benchmarking total rewards globally	58%	50%	+8%
Incentive pay: Striking the global balance	57%	46%	+11%
Evaluating and analysing global remuneration spend	53%	50%	+3%
Developing/Updating global total rewards strategies	49%	50%	–1%
Global perspectives on current and upcoming reward challenges	47%	32%	+15%
Globalising compensation structures	44%	42%	+2%
Global governance/oversight of total rewards	30%	26%	+4%
Communicating total rewards globally	24%	33%	–5%

Figure B. Talent management

% of participants indicating interest in the following broader HR themes, broken down into key categories

Talent management	2014	2013	Change
Global talent: Developing, managing and retaining	65%	50%	+15%
Optimising performance management globally	50%	35%	+15%
Sourcing global talent	49%	38%	+11%
Achieving sustainable engagement of a diverse global workforce over the longer term	46%	53%	–7%
Cross-border M&As and divestitures: Optimising the people and HR aspects	40%	38%	+2%
Global workforce planning	39%	25%	+14%
Global HR governance and operating models	36%	31%	+5%
Global job evaluation	32%	32%	—
Optimising the HR and reward functions globally	29%	35%	–6%
Standardising global HR processes	29%	29%	—
Risk management globally: An HR perspective	29%	19%	+10%
HR technology solutions: A global perspective	27%	21%	+6%
Employee value proposition (EVP): Defining, developing and deploying	27%	NA	NA
Understanding employees' perspectives globally	19%	19%	—

Benefit/Pension themes

Figure C. Employee experience

% of participants indicating interest in the following broader benefits/pension themes, broken down into key categories

Employee experience	2014	2013	Change
Benefits for internationally mobile employees: Pensions, medical, life	61%	72%	-11%
Optimising spend on benefits: Addressing the trade-off between cost and employee experience	54%	54%	—
Benefit design trends around the world	46%	45%	+1%
Benchmarking pensions/benefits around the world	40%	48%	-8%
Flexible benefit approaches globally/across regions	40%	38%	+2%
Pensions/Benefits in context (e.g., rewards, talent, engagement, EVP): A global perspective	37%	45%	-8%
Executive pensions: A global perspective	33%	27%	+6%
Global health and well-being: Deployment of a coherent and sustainable global strategy	27%	45%	-18%
Defined contribution pensions: Improving employee experience around the world	24%	25%	-1%

Figure D. Financing and delivery

% of participants indicating interest in the following broader benefits/pension themes, broken down into key categories

Financing/delivery	2014	2013	Change
Accounting for pensions/employee benefits globally: Update on developments	36%	39%	-3%
Assessing financial risks for pensions (e.g., metrics, tolerance, priorities)	35%	32%	+3%
Optimising vendors globally: How best to achieve in practice	34%	34%	—
Optimising pension risks and solutions globally	33%	55%	-22%
Cross-border asset pooling: Update on developments	30%	23%	+7%
Optimising risk benefit financing globally	30%	30%	—
Captives for employee benefit risks: Leading-edge trends and developments	28%	30%	-2%
Pensions and capital: Emerging challenges for global companies	23%	37%	-14%
Cross-border/Pan-European pensions: Update on developments, etc.	21%	25%	-4%
Multinational pooling/insurance: Best practices, trends and developments	19%	20%	-1%

Figure E. Governance, oversight and management

% of participants indicating interest in the following broader benefits/pension themes, broken down into key categories

Governance/Oversight and management	2014	2013	Change
Benefit management optimisation: A global perspective	51%	42%	+9%
Cross-border M&As and divestitures: Handling employee benefit/pension aspects	38%	48%	-10%
Global oversight/governance of pensions/benefits: Best practices, trends and developments	37%	41%	-4%
Global operating models for pensions/employee benefits	34%	45%	-11%
Financial and nonfinancial risks in employee benefits: A global perspective	28%	37%	-9%
Improving management information for pensions/benefits globally	28%	30%	-2%
Handling conflicts when managing pensions and employee benefits globally	25%	42%	-17%
Global pension/benefit committees: Improving effectiveness	21%	18%	+3%
Optimising the global pension/benefit function (e.g., centre of expertise)	16%	28%	-12%
Working with trustees/fiduciaries around the world	14%	11%	+3%

Countries and regions of interest

Figure F1. Americas

% of participants indicating interest in the following countries and regions

Americas	2014	2013	Change
United States	70%	57%	+13%
Brazil	54%	57%	-3%
Canada	47%	42%	+5%
Mexico	23%	32%	-9%
Venezuela	22%	32%	-10%
Argentina	22%	24%	-2%
Peru	21%	NA	NA
Chile	20%	31%	-11%
Colombia	12%	21%	-9%
Uruguay	12%	NA	NA
Panama	9%	NA	NA
Puerto Rico	7%	NA	NA
Other countries in the Americas	2%	11%	-9%

■ Greater than or equal to 50%
 ■ Greater than or equal to 33%
 ■ Greater than or equal to 25%
 ■ Less than 25%

Figure F2. Western Europe

% of participants indicating interest in the following countries and regions

Western Europe	2014	2013	Change
Germany	62%	54%	+8%
United Kingdom	42%	42%	—
France	39%	38%	+1%
Italy	25%	38%	-13%
Sweden	23%	18%	+5%
Austria	21%	14%	+7%
Spain	17%	29%	-12%
Switzerland	17%	13%	+4%
Netherlands	14%	21%	-7%
Belgium	14%	18%	-4%
Norway	14%	6%	+8%
Finland	13%	11%	+2%
Portugal	10%	11%	-1%
Luxembourg	10%	7%	+3%
Denmark	9%	13%	-4%
Ireland	8%	6%	+2%
Other countries in Western Europe	0%	0%	—

■ Greater than or equal to 50%
 ■ Greater than or equal to 33%
 ■ Greater than or equal to 25%
 ■ Less than 25%

Figure F3. Asia Pacific

% of participants indicating interest in the following countries and regions

Asia Pacific	2014	2013	Change
China	54%	43%	+11%
Australia	53%	53%	—
Hong Kong	53%	47%	+6%
India	51%	60%	–9%
Japan	51%	40%	+11%
Singapore	48%	40%	+8%
Korea	45%	39%	+6%
Indonesia	42%	50%	–8%
Malaysia	38%	47%	–9%
Thailand	36%	40%	–4%
Vietnam	34%	44%	–10%
Taiwan	34%	33%	+1%
Philippines	28%	46%	–18%
New Zealand	25%	25%	—
Cambodia	22%	NA	NA
Sri Lanka	16%	NA	NA
Other countries in Asia Pacific	8%	10%	–2%

■ Greater than or equal to 50% ■ Greater than or equal to 33% ■ Greater than or equal to 25% ■ Less than 25%

Figure F4. Central and Eastern Europe

% of participants indicating interest in the following countries and regions

Central and Eastern Europe	2014	2013	Change
Russia	53%	64%	–11%
Turkey	36%	43%	–7%
Ukraine	33%	33%	—
Poland	17%	40%	–23%
Czech Republic	14%	11%	+3%
Bulgaria	13%	19%	–6%
Romania	12%	24%	–12%
Greece	11%	28%	–17%
Lithuania	9%	8%	+1%
Bosnia	7%	NA	NA
Serbia	7%	NA	NA
Croatia	5%	11%	–6%
Slovakia	5%	8%	–3%
Hungary	4%	13%	–9%
Latvia	4%	6%	–2%
Slovenia	2%	8%	–6%
Other countries in Central and Eastern Europe	3%	3%	—

■ Greater than or equal to 50% ■ Greater than or equal to 33% ■ Greater than or equal to 25% ■ Less than 25%

Figure F5. Middle East

% of participants indicating interest in the following countries and regions

Middle East	2014	2013	Change
Saudi Arabia	48%	53%	-5%
U.A.E.	41%	46%	-5%
Israel	25%	28%	-3%
Kuwait	19%	22%	-3%
Qatar	17%	25%	-8%
Bahrain	14%	14%	—
Jordan	11%	NA	NA
Oman	10%	18%	-8%
Other countries in the Middle East	5%	7%	-2%

■ Greater than or equal to 50%
 ■ Greater than or equal to 33%
 ■ Greater than or equal to 25%
 ■ Less than 25%

Figure F6. Africa

% of participants indicating interest in the following countries and regions

Africa	2014	2013	Change
South Africa	49%	61%	-12%
Algeria	34%	26%	+8%
Nigeria	32%	44%	-12%
Angola	29%	18%	+11%
Egypt	28%	43%	-15%
Kenya	22%	26%	-4%
Zambia	20%	25%	-5%
Ghana	19%	24%	-5%
Ethiopia	19%	NA	NA
DRC	16%	NA	NA
Tanzania	15%	NA	NA
Mozambique	12%	NA	NA
Morocco	11%	17%	-6%
Cameroon	10%	NA	NA
Tunisia	9%	14%	-5%
Uganda	9%	14%	-5%
Cote d'Ivoire	9%	NA	NA
Senegal	9%	NA	NA
Botswana	5%	NA	NA
Other countries in Africa	2%	8%	-6%

■ Greater than or equal to 50%
 ■ Greater than or equal to 33%
 ■ Greater than or equal to 25%
 ■ Less than 25%

Benefits/Pensions: How is the focus changing over time?

Figure G1

% of participants indicating focus

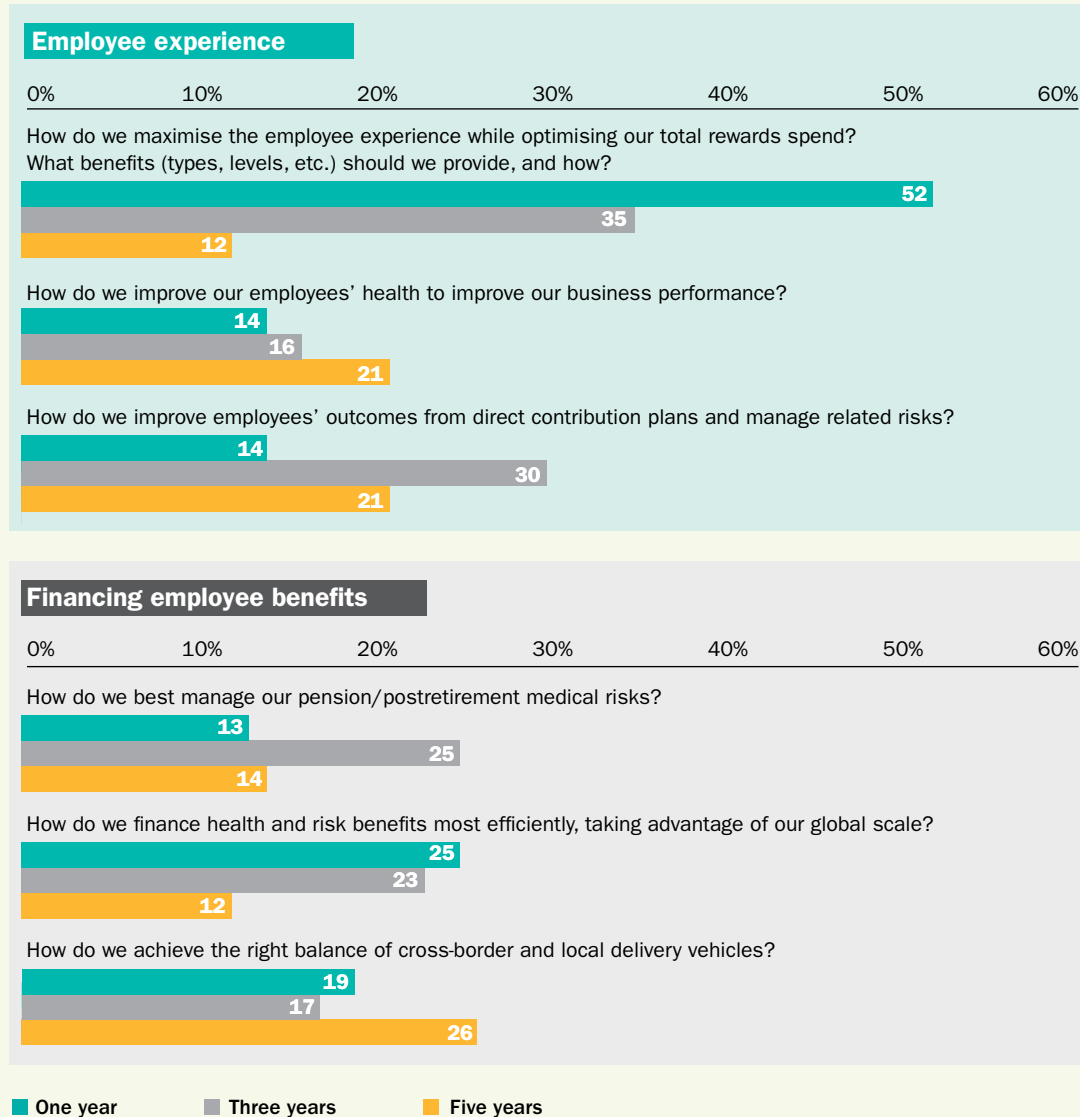
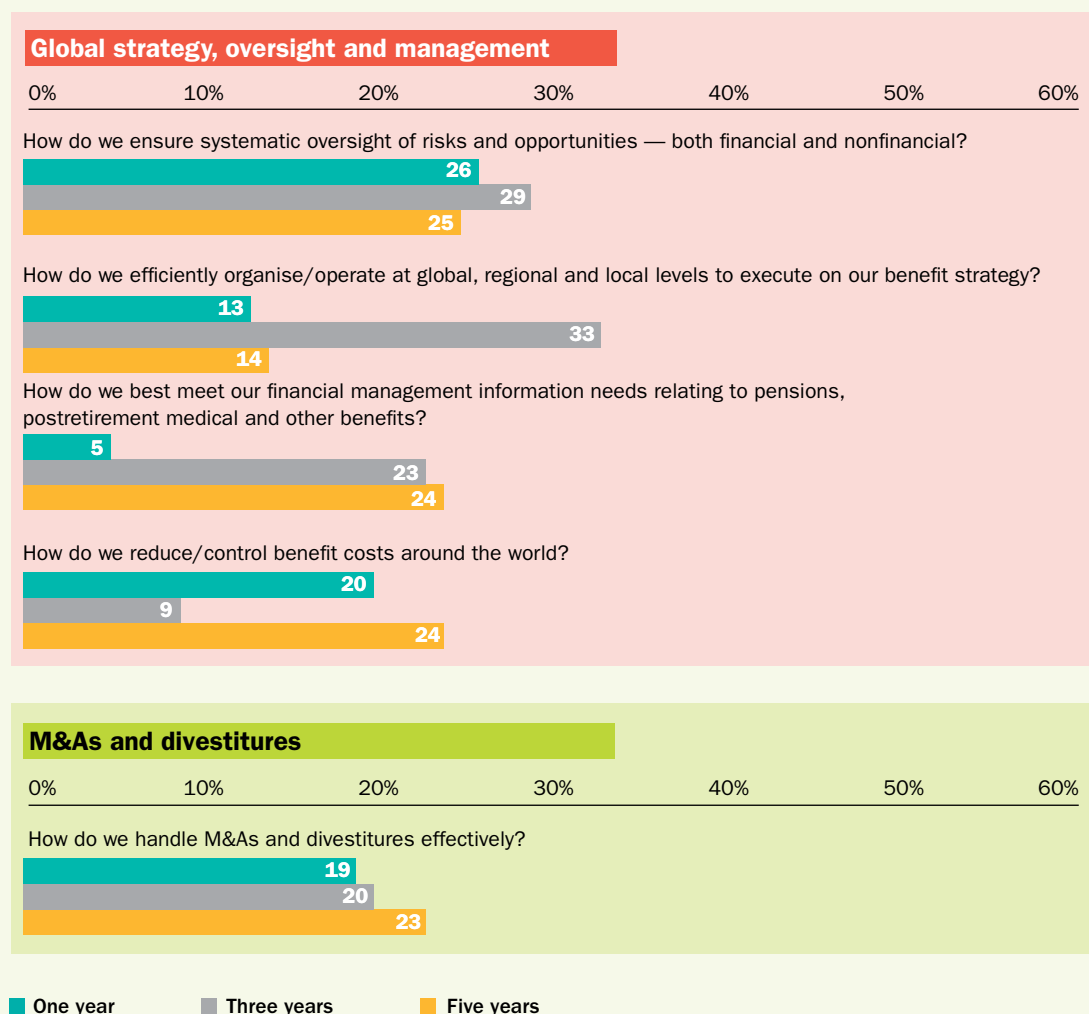


Figure G2

% of participants indicating focus

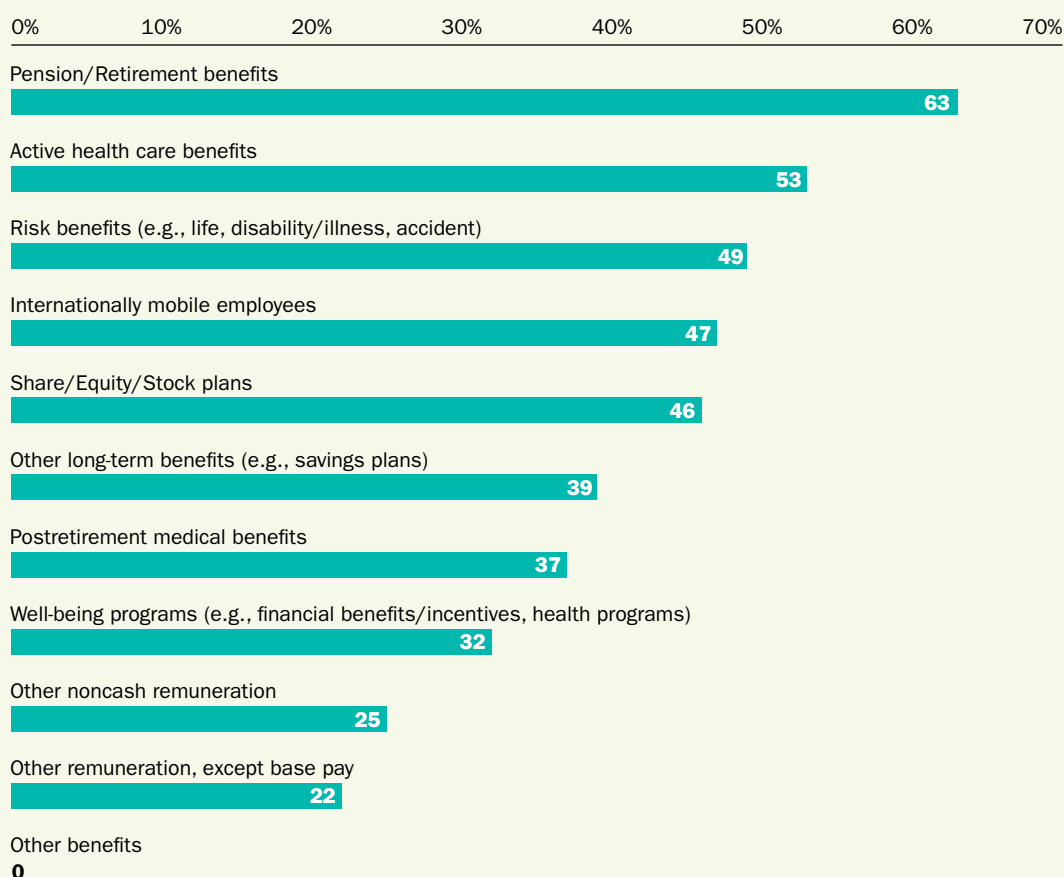


Appendix II — Special Focus on Global Benefit Management

Which of the following benefits fall within the scope of the global benefit team's remit

Figure H

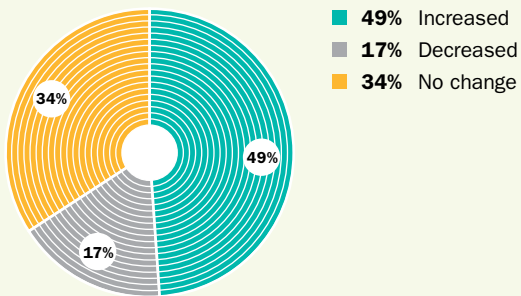
% of participants, ranked by China results



Have internal resources for managing global benefit programs increased, decreased or remained unchanged over the last 12 months?

% of participants

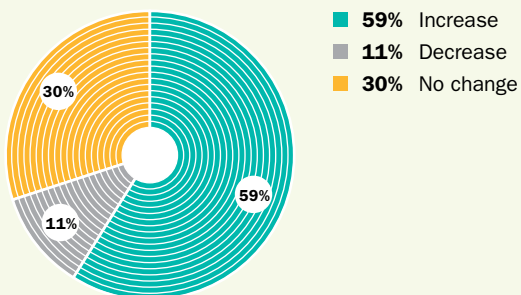
Figure I



How are they expected to change, if at all, over the next 12 months?

% of participants

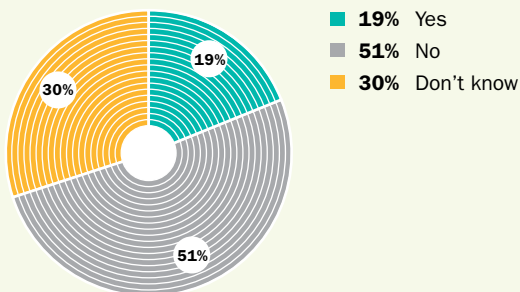
Figure J



Are you able to obtain comprehensive and timely financial data on the cost of all benefit programs?

% of participants

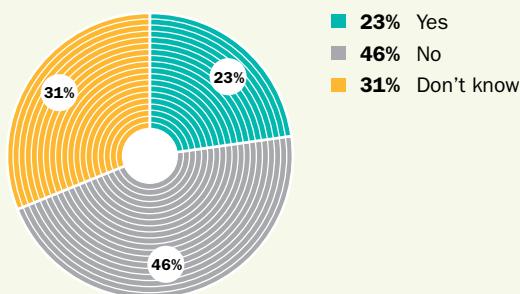
Figure K



Do you maintain a structured inventory of benefit programs offered to employees on a global basis?

% of participants

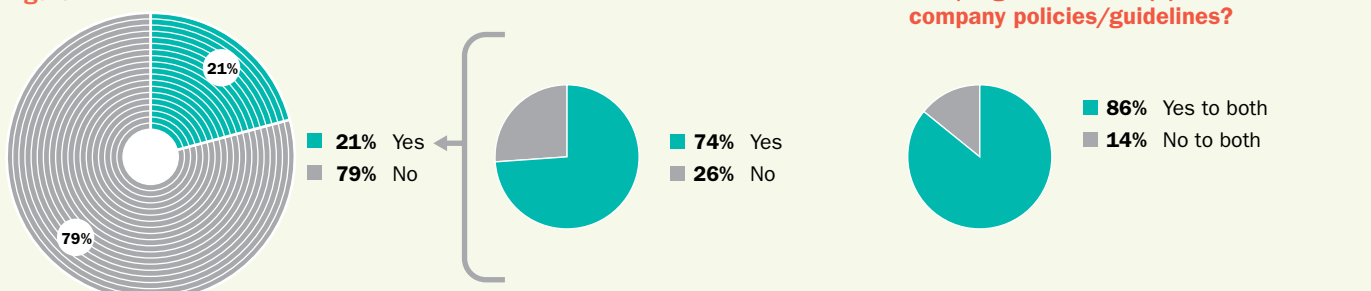
Figure L



Does your company have to fulfill some form of regular Sarbanes-Oxley (SOx) or equivalent attestation requirement related to adequate global controls and processes?

% of participants

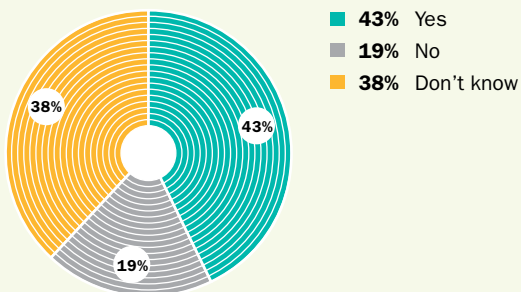
Figure M



Does your company have a defined global approval process related to setting up new plans and/or making modifications to existing plans?

% of participants

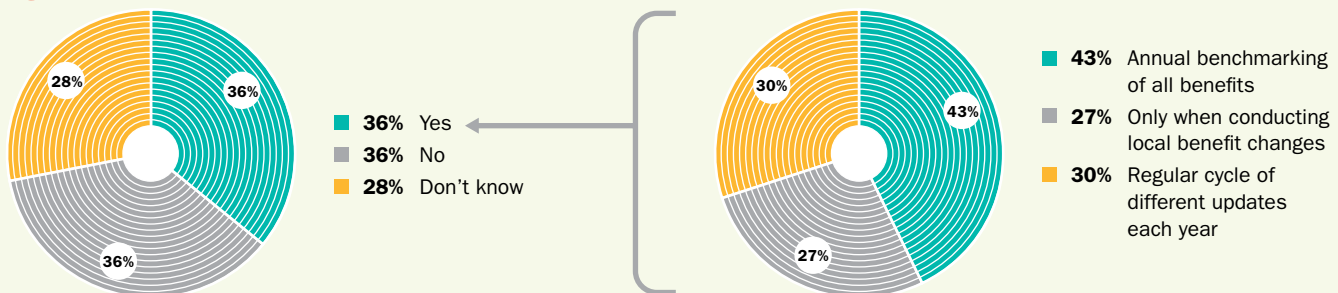
Figure N



Does your company conduct regular benefit plan benchmarking?

% of participants

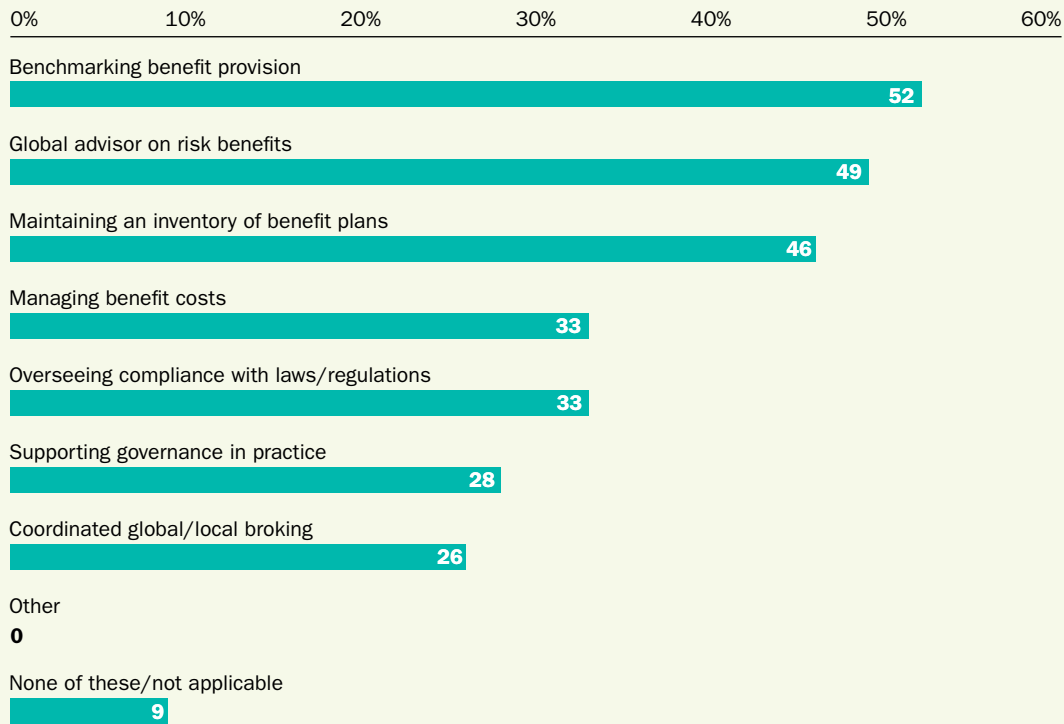
Figure O



In what areas related to ongoing support of benefit management activities globally do third-party provider(s) assist?

% of participants

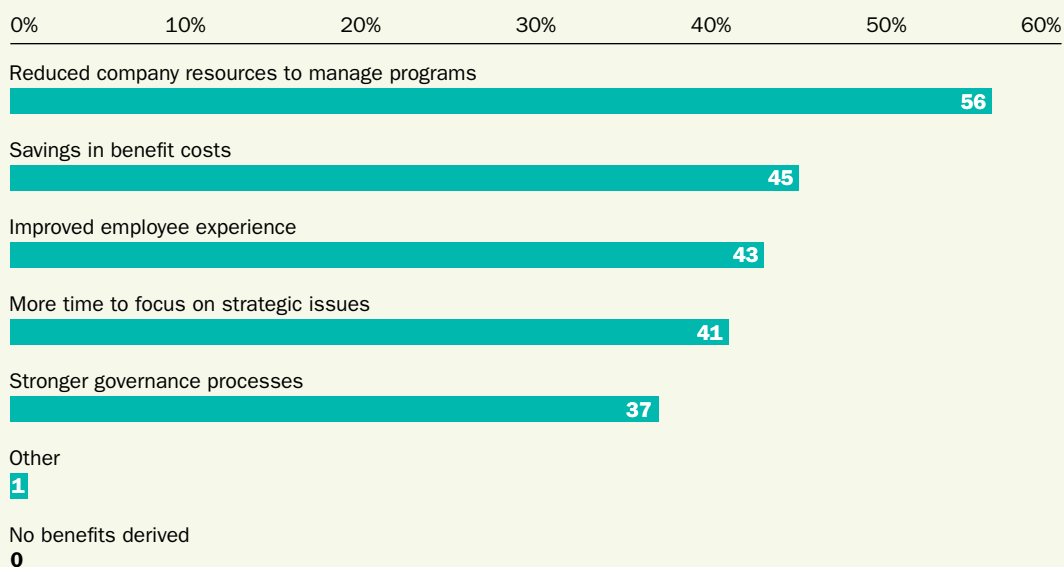
Figure P



What benefits have you seen from this structure of support?

% of participants

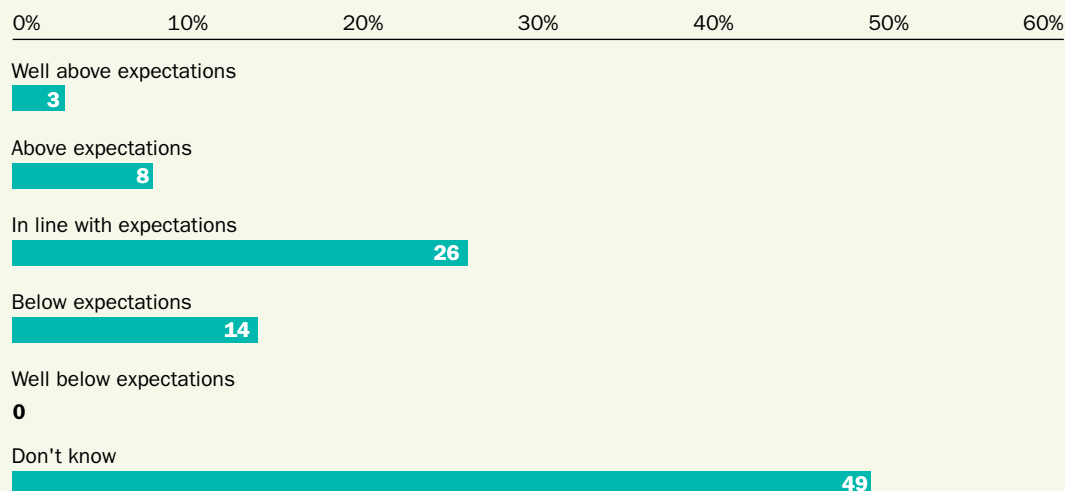
Figure Q



Experience with this support

% of participants

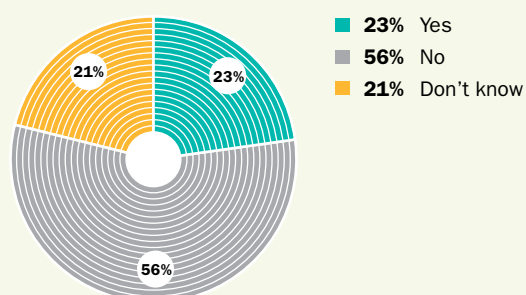
Figure R



Do you conduct a structured annual reporting process with local benefit managers to aid in the identification of local benefit risks and opportunities?

% of participants

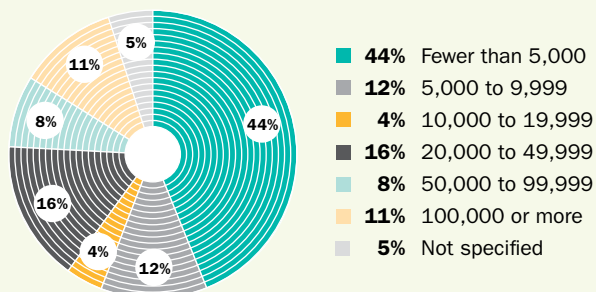
Figure S



Appendix III — About the Survey Participants

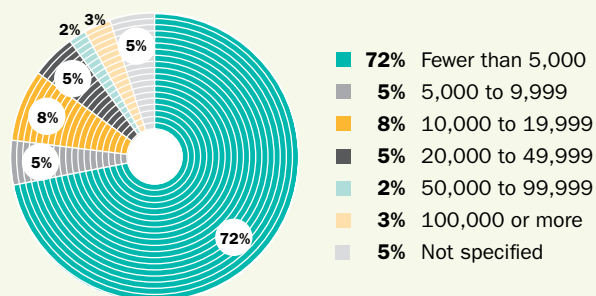
How many employees does your organisation have worldwide?

Figure T



How many employees does your organisation have outside your HQ country?

Figure U



- 92 companies from Mainland China participated in the 2014 survey, among which 82 are Chinese multinationals.
- 56% of the participants have over 5,000 employees worldwide.
- 72% of the participants have fewer than 5,000 employees outside China.





About Towers Watson

Towers Watson is a leading global professional services company that helps organizations improve performance through effective people, risk and financial management. With more than 14,000 associates around the world, we offer consulting, technology and solutions in the areas of benefits, talent management, rewards, and risk and capital management.

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