



The Employee Benefit Paradox: Why Health Benefits Are More Valuable Than Salary Increases

Research Methodology

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Research Methodology

Data mining is being conducted for two months (January–February 2023) using the following methods:

01. —

Primary data collection is being conducted through in-depth interviews with 7 employees and surveys to 200 employees in startup companies throughout Indonesia.

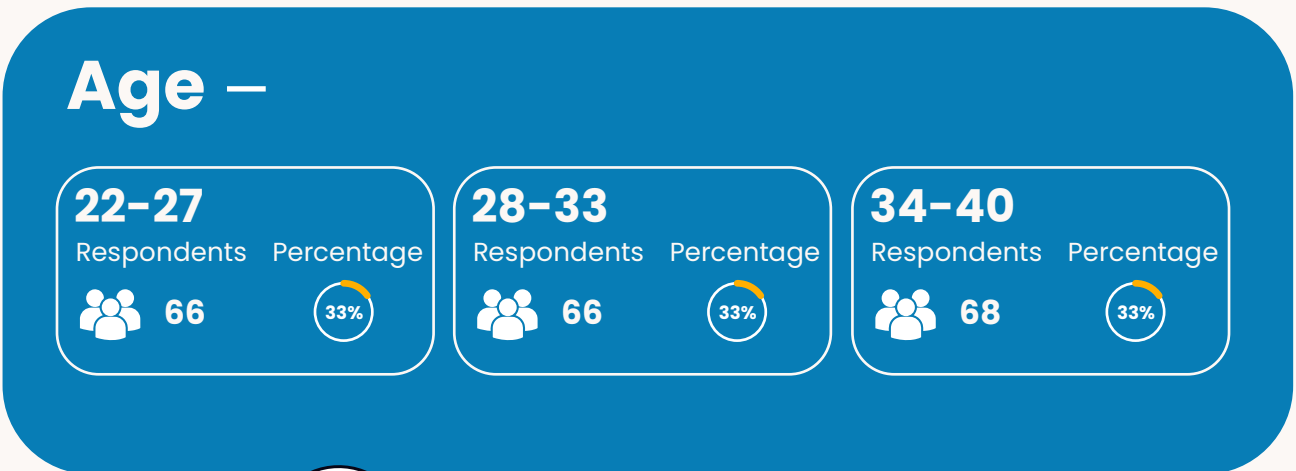
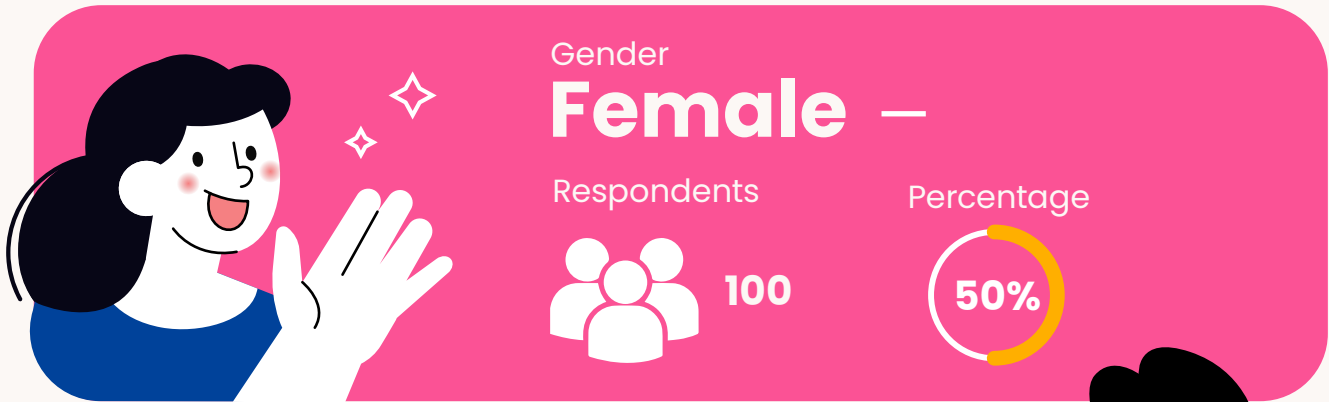


02. —

Secondary data was obtained through research from previous relevant reports and studies.



Demographic



Spending	Respondents	Percentage
IDR 1,2 - 5,0 mio	70	35%
IDR 5,0 - 7,0 mio	70	35%
More than IDR 7,0 mio	60	30%

Cities

Jabodetabek

Respondents	Percentage
40	20%



Bandung

Respondents	Percentage
40	20%



Surabaya

Respondents	Percentage
40	20%



Makassar

Respondents	Percentage
40	20%



Medan

Respondents	Percentage
40	20%



The image features a dark blue header at the top with four overlapping, rounded rectangular tabs in blue, green, yellow, and light blue. Below the header is a large, solid pink area that serves as the background for the main text. The text is white and positioned in the lower-left quadrant of the pink area.

01

Introduction

The labor market may contract and expand, but any Human Resources (HR) practitioner and management leadership may agree that the battle of selecting and retaining great talent is constant. The assets of productive organizations are well-performing individuals who are compensated fairly and bonded by shared values, cultures, and work ethics. There are various versions of what a productive organization entails. But time and time again, great health benefits are an indispensable component to selecting and retaining great talents,

a key component to running a productive organization which will be concluded through this research. Post-pandemic, health benefits became even more critical. Employees expect health benefits offer meaningful value that delivers the actual assurance of the benefits' coverage and service delivery experience. In a competitive labor market, offering health employee benefits can help a company stand out from its competitors and attract the best employees.





To the dismay of many HR practitioners and management leaderships, *the Return on Investment (ROI) of health benefits is often obscure.*

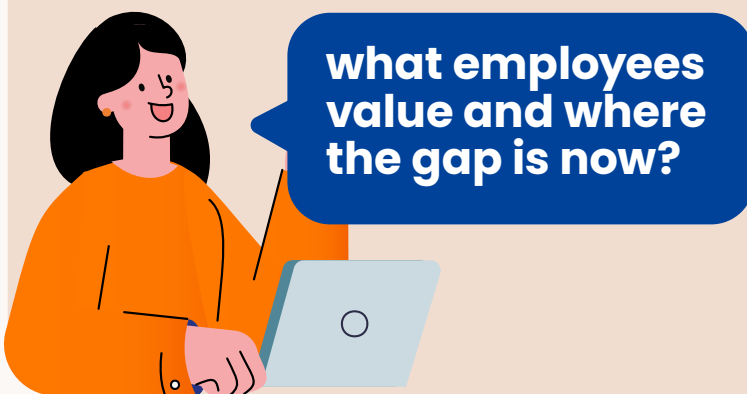
Health benefits have been perceived as staple and taken for granted. Measuring private health benefits is even more challenging, given that companies are already required to provide BPJS Kesehatan. According to Society for Human Resource Management (SHRM)¹:

“The concept of ROI is surrounded by misconceptions that have prevented many HR executives from pursuing it. Many HR managers have long assumed that measuring the return on investment in human resources is impossible.”



One component of measuring the ROI of health benefits is measuring the impact to employees. Rey conducted a research to obtain employee’s perspectives on health employee benefits

Research has shown that employers who offer a suitable benefits package attract more applicants than those who do not. This study observed from employees’ point of views that aims to guide organizations to optimize the Return on Investments on employee benefits and improve accessibility to better health benefits experiences for employees.



¹SHRM, “Why ROI”.



02

**Why are Employee
Benefits Essential
for Business?**

Attract Talent

Research regarding employee perceptions of benefits according to Forbes² shows that employees value benefits over compensation. The numbers speak for themselves: American Institute of Certified Professional Accountants (AICPA)'s survey³ shows that:



80% of employees choose a job with benefits, over an identical job that offered 30% increase or more in salary without benefits.

Based on those facts, we conducted the same survey in Indonesia to find out how valuable health employee benefits are for employees in Indonesia. The results show that:

58% of employees are willing to let go of $\geq 30\%$ of a salary increase to keep the health benefits they preferred.

while 28% of them are willing to let go of a 10-20% salary increase and the rest are willing to give up a 10-20% salary increase to obtain desired health benefits



It's evident that having quality healthcare is important to many workers and they're willing to make financial trade-offs to obtain it. Furthermore, The increment in salary that employees are willing to let go is correlated with their monthly expenses: to sum up, higher monthly expenses means higher rate of salary that employees are willing to let go.

²Vaswani (Forbes Business Council), "How Benefits Can Boost Engagement And Build Employee-Employer Relationships".

³Aicpa, Americans Favor Workplace Benefits 4 to 1 over Extra Salary: AICPA Survey".

Increase Acceptance Rate

Most employees feel secure to accept the job offer if the company offers health benefits. Health benefits have been—and always have been—the most important consideration for job seekers accepting a job offer. This is shown by a recent study from FARCTL⁴ that:



88% of job seekers have a tendency to land a job with health employee benefits.

Increase Productivity

Poor health is one of the main reasons employees are not productive. When employees feel better, the company will have a healthier and more focused workforce with less absenteeism. Additionally, employee benefits can improve employee motivation, which can lead to increased productivity. Research Global Talent Trend 2019 study by Mercer⁵ also shows that:

Additional benefits as a top thing employees say would improve their performance.

⁴Farctl, "Employee Benefits Study: The Cost and Value of Employee Perks".

⁵Merce. "Global Talent Trends 2019".

Increase Satisfaction

Employee satisfaction is essential to ensure increased outcomes for the organization. We found that if the company improves its health benefits feature as the employee wish,



76% of employees agree that they feel the company is trying to fulfill their satisfaction.

Thus, employees will appreciate a company that pays attention to their satisfaction in return for higher performance.



Increase Engagement

It is shown in the previous survey by Quantum⁶ that employees were:

11% more engaged if their organization provided health and well-being benefits than those who didn't.

Rey survey also showed similar results, Rey found out that if the company improves its health benefits feature as the employees wish,



81,5% of employees feel they are more engaged with the company.

⁶Quantum Workplace, "Workplace Well-being".

Increase Retention Rate

By seeing the current job seeker character, millennials and gen-z⁷ tend to keep the same professions in shorter duration compared to the older generations. Employee benefits can help create a positive company culture, which can boost employee retention. Key surveys show that if the company improves its health benefits feature as employees wish,



74% of employees will be more loyal to the company.

Additionally, another research⁸ shows:

16% of employees said they had resigned from a job or refused a job offer in the 12 months prior to the survey because of dissatisfaction with employee health benefits.



Some of the reasons above clearly show why companies should pay attention to the health benefits they provide to employees. We need to know what employees prefer and what is valuable for them.

To know this, we must observe the level of employee satisfaction with the existing health benefits. >

⁷Subin (CNBC), "Millennial and Gen Z are Job Hopping".

⁸Aflac, "American Workforce Report".

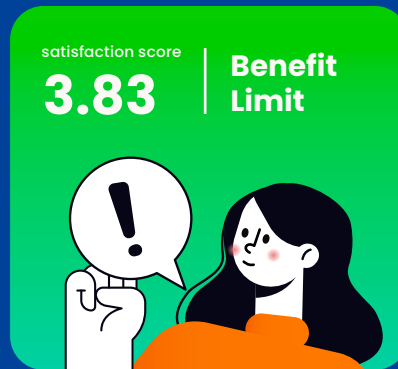
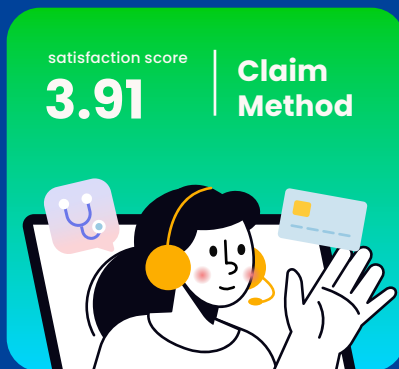
03

**Current Situation:
How Satisfied are
Employees with
their Current
Benefits?**



Overall, employees are quite satisfied with the current health benefits they have. The following is our assessment of employee satisfaction towards benefit coverage, benefit limits, claim methods, and the number & distribution of hospital partners from health benefits provided by their company.

Employee satisfaction toward current employee health benefits from the company 1 - Very dissatisfied 2 - Dissatisfied 3 - Neutral 4 - Satisfied 5 - Very Satisfied



1 - Very dissatisfied

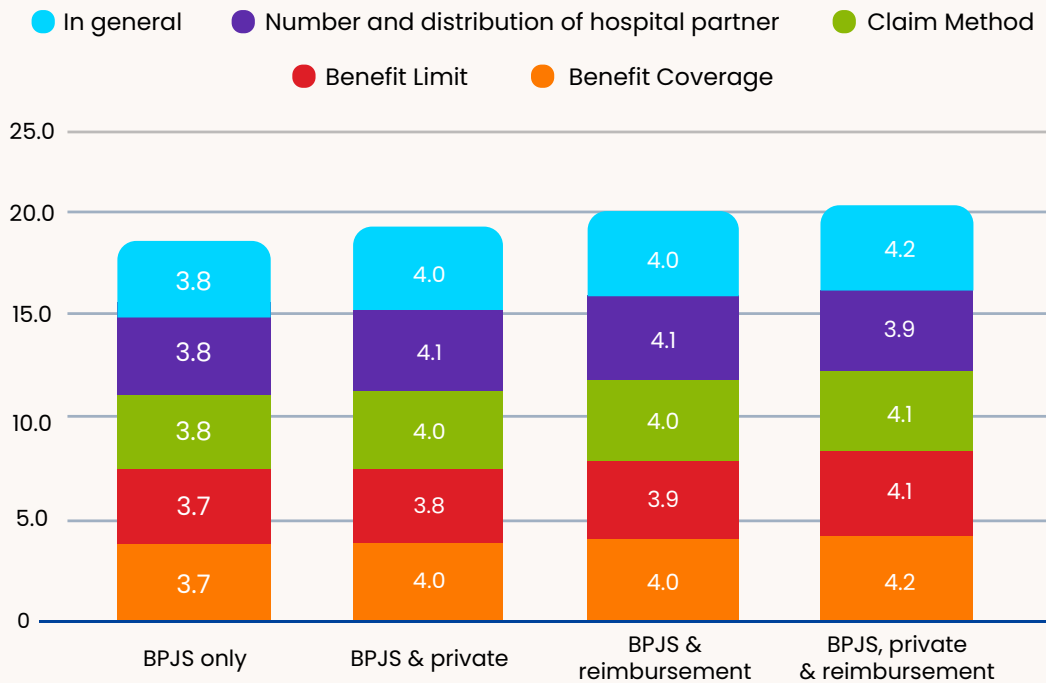
5 - Very Satisfied



But we need to look further to understand what is happening now so companies can maximize the benefits they provide to attract the best employees. Here are some key findings:

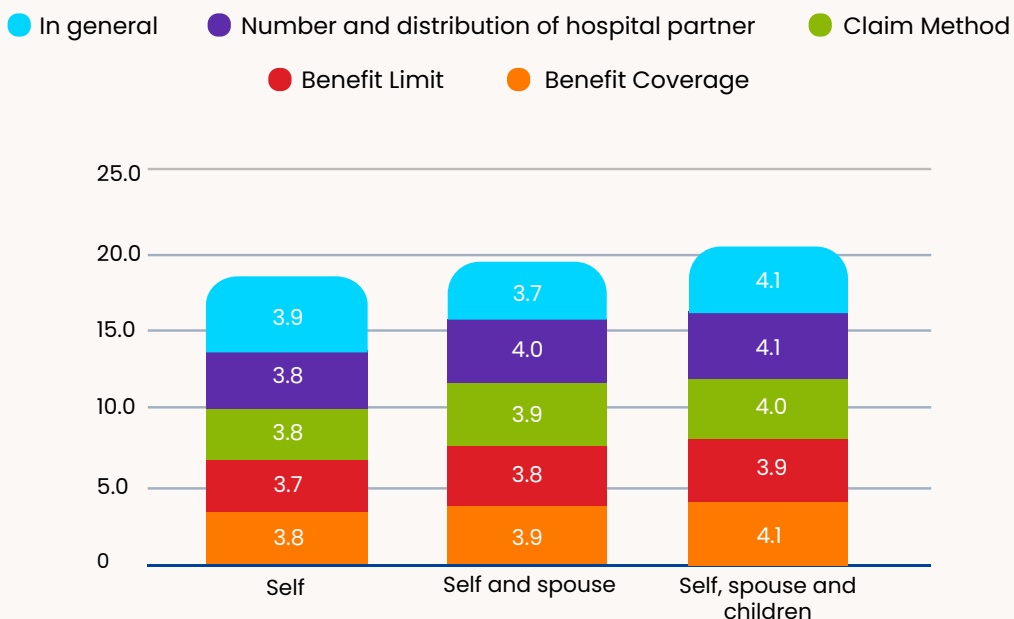
- Offering a greater variety of health insurance options increases employee satisfaction with the benefits provided by the company.

Satisfaction by variations of benefits



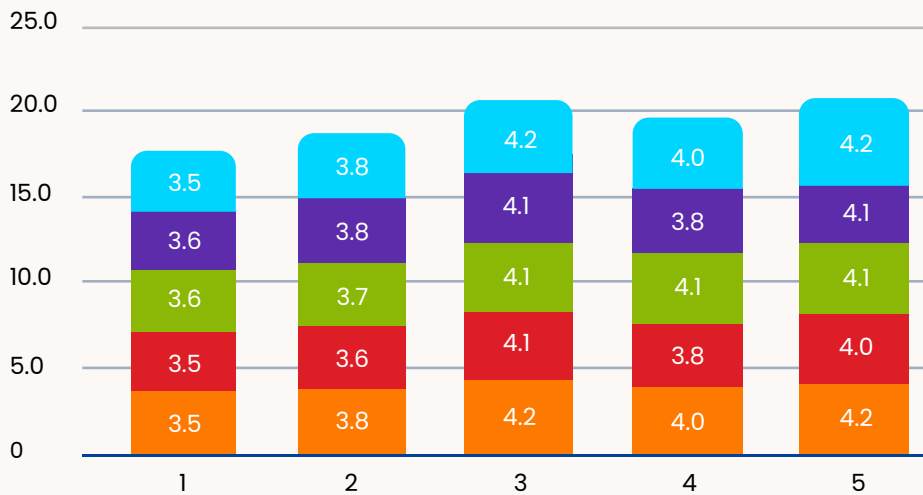
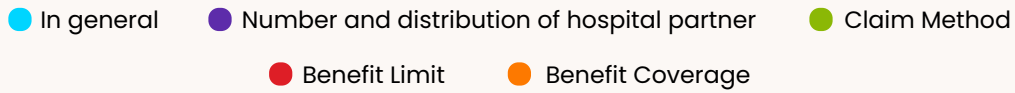
- The number of individuals insured through health benefits is aligned with employee satisfaction with the benefits provided by the company.

Satisfaction by number of individuals insured



■ Companies that provide more than two types of health benefits coverage tend to give more satisfaction to the employee.

Satisfaction by total benefit (outpatient, inpatient, dental, optic, maternity)



Based on these findings, businesses should consider offering a greater variety of health insurance options, insuring a larger number of individuals, and providing more than two types of health benefits coverage to increase employee satisfaction with their benefits. However, businesses must also address the gap between employee expectations and provided benefits to attract and retain top talent.

04

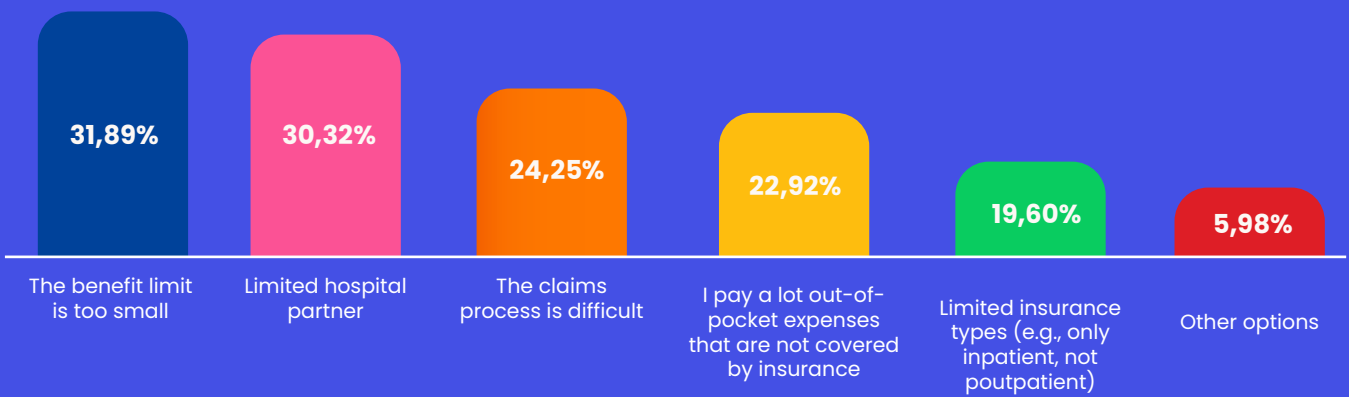
**Current Gap:
What are The
Employees Looking for
in Health Employee
Benefits?**

In order to optimize return on investment on employee benefits as part of employee engagement, businesses still need to focus on what top candidates want.



Rey found out there is a gap between what employees expected and what employers provided.

Rey's survey shows the top three factors that make employees unhappy with the health benefits provided by their company are The benefit limit is too small, Limited hospital partner, and the difficult claim process. What makes you unhappy with your current company's health benefits?

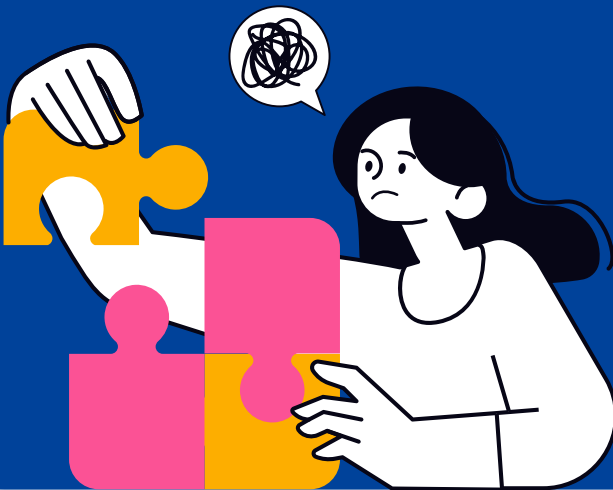


Based on the level of job position, the manager as a middle position level shows the lowest satisfaction among other job position levels with their satisfaction being 4% lower.

This aligns with another study by SHRM⁹ which indicates:

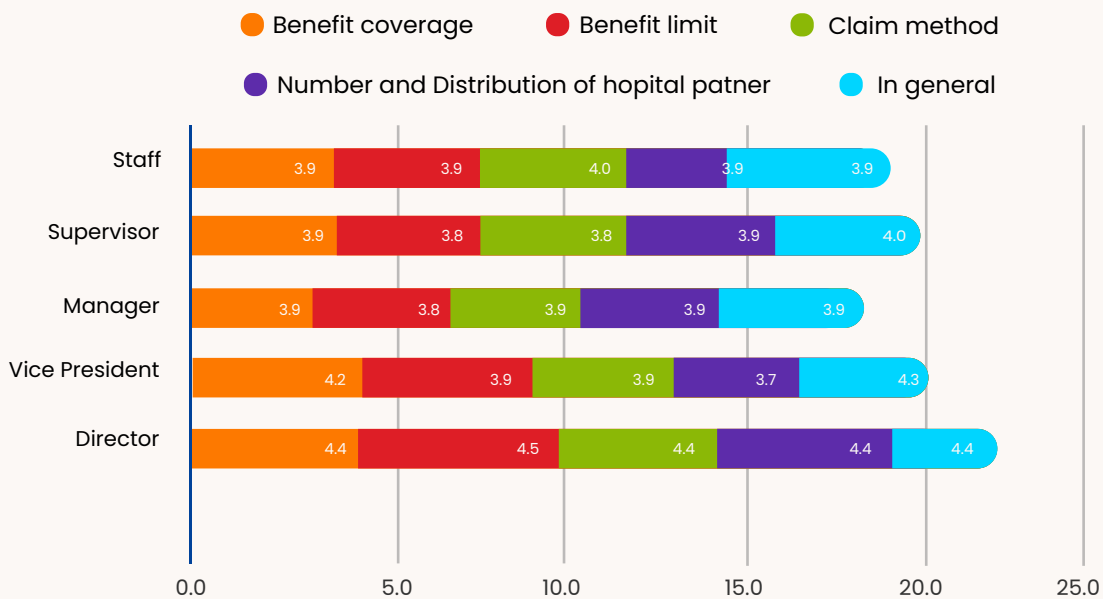
when it comes to job satisfaction, managers fall in the bottom 5%.

They identified those employees whose engagement and commitment scores were in the bottom 5% and compared their responses with those of the rest of the study group.



As the intermediaries between upper management and lower-level employees, they play a vital role in the company's day-to-day operations. This type of role is challenging because it requires being both a proactive leader to direct reports and an engaged follower to the top management, all at the same time.

Satisfaction – By job positions



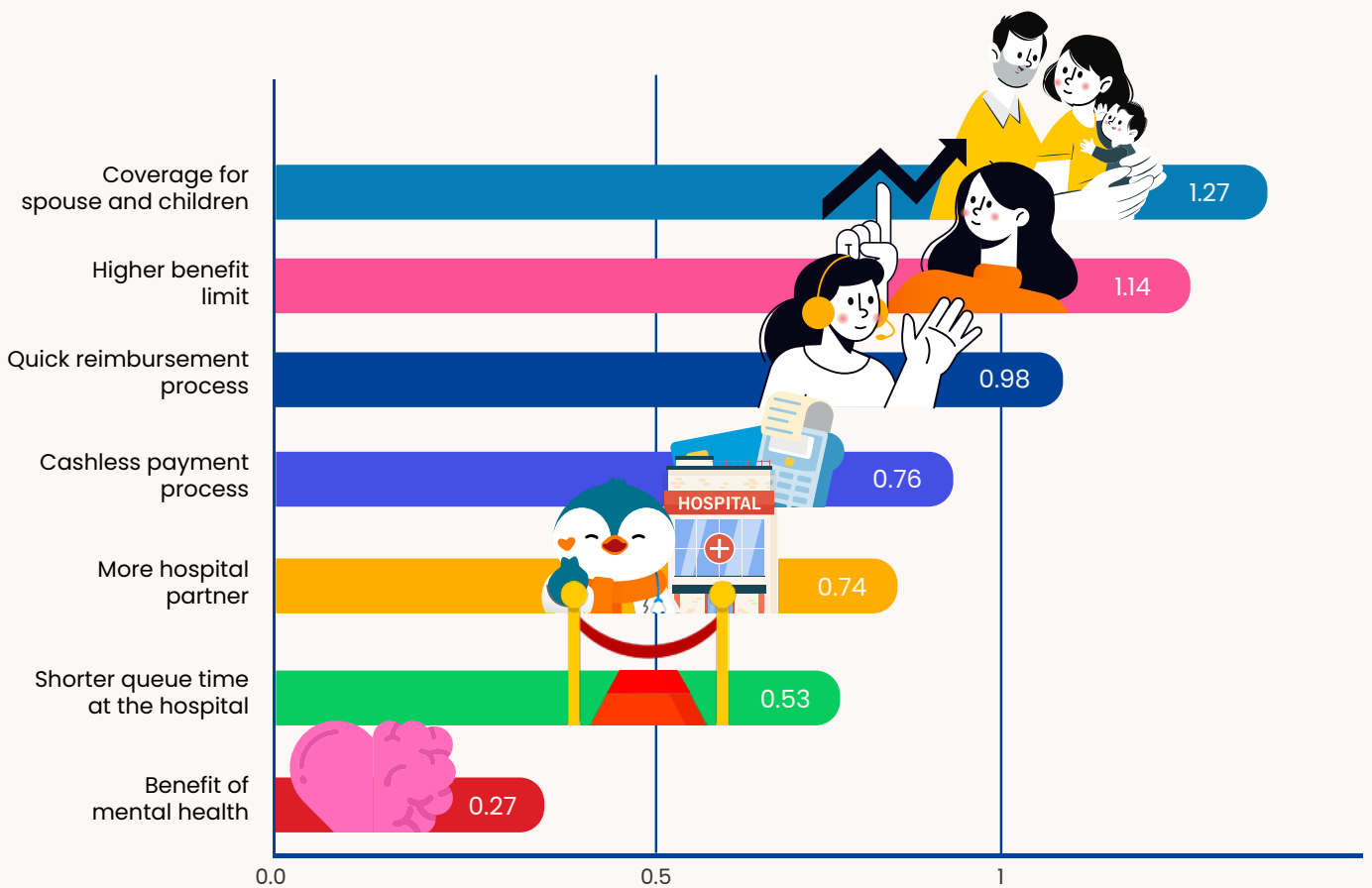
⁹SHRM, "The Miserable Middle Managers" . .



What are the employee looking for in health employee benefits?

Overall, employees are pretty satisfied with the current health benefits they have. But we need to look further to understand what is happening now so companies can maximize the benefits they provide to attract the best employees.

What improvements would you like in the health benefits provided by your company?



05

Conclusion

There is a misconception between employee expectations and what the employer provides. With that being said it leads to employee satisfaction decline, which in turn can cause a decrease in employee engagement and performance.



These factors can ultimately result in poor employee retention rates, making it difficult to retain high-value talent and once the high-value talent exit the company it will be an expensive investment for companies to attract high-value talent replacement. As a result, the Return on Investment (ROI) of human capital in the company would suffer.



Based on our research, the top five of what employees require on employee health benefits are coverage for spouses dan children, higher benefit limits, quick reimbursement, cashless option at the hospital, and more network hospitals.



Rey offers health insurance that tailored with employee's expectations. Among them are cashless express options without any hassle to queue in the insurance claim line, quick reimbursement through **Rey Care**, freedom to choose health facilities wherever you like, not limited to hospital partners, and a health concierge in your hands 24/7.



Common misconception is that offering too many benefits can cost a fortune. Rey comes to solve the exact concern. Rey provides flexible and cost-effective benefits solutions that enable companies to maximize their benefits offerings without incurring high fees.



Rey's flexibility can be seen from the coverage benefits through premiums and/or ASO and flexible payment methods (monthly, semi-annually, annually). Eventually, **ReySaldo** (ASO) that is not used will be returned so that it can become savings for the company.



In a world where the war for talent rages on, offering great health benefits is no longer just a perk, but a necessity for any forward-thinking company. By providing top-notch health benefits, not only will attract and retain the best employees, but you'll also see a significant boost in employee satisfaction and engagement, ultimately leading to higher returns on investment (ROI).

So don't let the fear of high costs hold you back - take a leap forward and invest in your employees' health and well-being with Rey's comprehensive suite of benefits, including inpatient, outpatient, dental, maternity, and optic coverage. Your employees (and your bottom line) will thank you for it!



To learn more about Rey's Health Employee Benefits solutions.. visit us at

<https://rey.id/id/reyforbusiness/>

