News from Aon

Thailand Compensation and Benefit Trends 2016:
Voluntary Turnover Rates Soar as Performance Pressure Mounts

- Turnover rate is the highest for junior management/supervisor levels across industries, at 14% for voluntary turnover and 5.3% for involuntary turnover.
- Salary increases range from 4.7% to 6% in 2016 across industries surveyed.
- Performance is the top factor to influence pay decisions—with the average 2016 bonus payout rate at 4.5% higher than in 2015.

For immediate release

Bangkok, Thailand – 16 November 2016: Performance continues to drive pay-related decisions for 95.1% of employers in Thailand, the Total Compensation Measurement (TCM) Study and Benefit Survey 2016 reveals. The survey was conducted by Aon Hewitt, the global talent, retirement and health solutions business of Aon plc (NYSE: AON).

An alarming discovery is that both voluntary and involuntary turnover rates are highest among junior managers and supervisors, across all industries in Thailand. This reflects the mounting pressure on these employees to sustain their performance levels, even as they make the significant leap from individual contributors to their first managerial roles.

While the average rate of variable pay (or bonus payout) versus fixed pay is set at 18% for both individual contributor and management level, the increase in performance expectations could impact the variable pay component for junior managers struggling with the transition.

Panuwat Benrohman, Partner APAC MEA, Managing Director, Aon Hewitt, Thailand, says: “The high turnover rate among junior managers should warn employers in Thailand to think about their compensation policies in the context of their overall talent retention strategy. While the pay for performance model has its merits, employers must also embrace their responsibility to equip junior managers as they transition from individual contributor roles. With ‘better external opportunities’ and ‘limited growth opportunity’ among the top three reasons for attrition, a focus on learning and development will help employers in Thailand build a strong leadership pipeline from within while still compensating high performers attractively.”

Other key findings of the Thailand TCM Study and Benefit Survey 2016 for Thailand include:

- The average bonus rate stands at 22% of the annual base salary in 2016, compared to 17.62% in 2015.
- Retail and life sciences offer 6% salary increase in 2016, the highest across all industries.
- Travel industry has the lowest salary increase, at just 4.7%.
The rate of variable pay ranges from 15% at support level to 18% at individual contributor and management level, and 20% at executive level.

72.2% of employers offer individual performance awards while 38.9% offer special recognition as short-term incentives to retain employees.

43% of organisations provide financial wellness advisory as a benefit to employees at all levels.

Employers invest an average of 11% of annual base salaries on employee benefits, with medical outpatient costs making up a significant portion.

The Aon Hewitt Total Compensation Measurement™ Study and Benefit Survey involves more than 715 participating organisations across 180 countries around the world. This year, there were 174 participating organisations across all key industries in Thailand.

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