

UNTAPPED POTENTIAL OF TRAVEL AS EMPLOYEE INCENTIVES IN ASIA

More than **95%** of individual respondents stated that travel experiences motivate them,
Less than **8%** of companies have such rewards in place.

Together with emphasis now on work life balance, is it not the time to consider and explore the world of experience - based incentives and unlock the potential of your people with experience – based travel incentives.

Undoubtedly, incentive programs are tagged to business goals and various source such as the SITE foundation study, reveals that incentive programs can boost employee performance by anywhere between 25 to 44%.

Insights into Incentives...

A recent survey conducted with a sample of companies in Singapore revealed some interesting insights on current incentive programs in place. Most do not adopt very sophisticated benefits and incentive structures, with basic benefits that include medical, dental and insurance.

Only **38%** have a flexi benefit scheme

Less than **12%** have any other types of employee benefits

As for incentives, only a handful of companies have some sort of employee incentive scheme, and in very rare circumstance where it exists, this is in the form of a cash reward rather than a travel related experience.

A startling result, given the volume of research that advocates the value of employee incentives. While companies do make claim to having an incentive program in place, it would seem that the incentives are more a benefit than an incentive. This is potentially the case of looking at both incentives and benefits as one by human resource practitioners.

Incentives over cash rewards

Cash rewards while popular have been shown to have less lasting effects on the psyche on employees. Experiences especially travel related experiences have proven to be highly effective:

- **75%** find incentive travel a successful tool in a survey by 2006 Incentive Travel Handbook
- **53%** find it very or extremely effective
- **78%** in the 2005 Incentive Federation study say travel is remembered longer than cash
- **20%** increase in productivity seen in most travel incentive programs

Can you afford to ignore such compelling results?

So why are companies still reluctant to unique travel incentives? A misconception on cost! Often, the benefits to company's bottom line are never considered.

An exemplification presented by Nigel Gaunt in CEI Asia Pacific, February 2007 illustrates simply:

Assuming an SME with annual staff cost of S\$2 million; with target of a 15% increase in productivity levels with same staff strength.

Productivity Gains VS Productivity Losses

This translates to S\$300,000 – in productivity, with investment of S\$100,000 in an incentive program, including the reward and recognition element, there will still be a net gain of S\$200,000

To further appreciate the value of effective incentives, one should consider the cost of not having the program in place.

In the example illustrated above, the consequence of not embracing an effective incentive scheme would in effect cost a loss of S\$200,000 in increased productivity.

While at the initial onset that travel incentive programs may seem costly for companies to award, you will find that with an in-depth exploration, this is an investment that will reap a healthy return on investment and objectives. The most important component is to ensure that any such program needs to be focused on effective implementation and delivery.

So instead of the norm where practitioners ask
“can we afford to implement an incentive travel program?”
We should be asking instead
“can we afford NOT to?”

You will find that many leading companies; T Mobile, Aventis, Fortis Health, Washington Mutual among other, have already found the positive effects of such incentive travel programs and reaped the rewards of productivity gains, increased sales and more.