

Innovative Practices in Total Rewards

March 9, 2022

DISCUSSION TAKEAWAYS

- **Vendors/Flexibility.** CAHRS companies are following the increasing trend of investing in flexible benefit options through the use of third-party vendors.
- **Leverage.** Another strategy is to leverage existing vendors and products/services offered by one's company and integrate these as offerings in the broader total rewards package.
- **Differentiate.** When investing in a new total rewards package, differentiate your company by investing in benefits and rewards that relate to the mission of your organization.
- **Communication.** Communication is a challenge for CAHRS companies. Making navigating benefits easier, investing in employee education (e.g., equity programs), and developing global response plans are all great strategies for improving total rewards package communication.
- **Great Resignation.** The so called 'Great Resignation' is affecting everyone. Short-term fixes are not likely to help. Some CAHRS companies are also noticing an increase in the number of employees returning after quitting. This points to the importance of investing in long-term, value-focused, total rewards strategies when thinking about retention.

Vendors/Flexibility

A trend among CAHRS members in relation to total rewards has been to invest in more flexible benefits. Employers have been taking advantage of outside vendors to make the process easier. Employees are offered a 'fund' which may be used across a slew of benefit options. CAHRS members that have implemented these programs have received positive feedback; those planning for next steps have also received feedback to offer flexible benefits programs. Flexible benefits can also help companies that invested heavily in workplace dependent benefits before the pandemic. Many of these vendors offer wellness, health, and financial benefits through apps and other remote options.

Leverage

When developing total rewards programs, some of our CAHRS members relied on creative leveraging of their own assets to enhance their total rewards offering. This may include taking advantage of existing vendors and/or your own company's products and services to strengthen the overall package of benefits, compensation, and perks offered to employees. For example, if a company works in the health and well-being service industry, they could allow employees and their families to use their services for free or at a discounted rate. It should be noted that leveraging should be done in a balanced fashion, taking into consideration both the interests of the individual employees and the company as a whole.



Virtual
Working
Group:
Innovative
Practices in
Total
Rewards

11
participants
from
5
CAHRS Companies:

Accenture
American Express
Cigna
Gympass
Prudential



Virtual
Working
Group:
Innovative
Practices in
Total
Rewards

This Summary Report was prepared by Diane Burton, Tae-Youn Park and Beth Flynn-Ferry and Reed Eaglesham for participants of the "Innovative Practices in Total Rewards" Virtual Working Group.

The Center for Advanced Human Resource Studies (CAHRS) is an international center serving corporate human resources leaders and their companies by providing critical tools for building and leading high performing HR organizations. CAHRS' mission is to bring together Partners and the ILR School's world-renowned HR Studies faculty to investigate, translate and apply the latest HR research into practice excellence.

Innovative
Practices in
Total Rewards
March 9, 2022

Differentiate

Another strategy used by CAHRS companies was to invest in the rewards most associated with their company's mission in order to differentiate themselves on the talent market. For some companies it may be more worthwhile to invest in financial service benefits over health-related benefits and vice versa depending on the mission of the organization. Differentiation may also be fruitful from a compensation perspective, for example, emphasizing equity options.

Communication

Sometimes a new benefits program isn't needed; it's more about sustainable communication of current offerings. Communication is a challenge for CAHRS members. Current topics include flexible benefits offerings, equity, and responses to the rise in inflation.

- a. *Flexible Benefits.* The benefit to investing in flexible rewards programs can be undermined if employees have difficulty navigating the rewards website or interface. To address this issue some members invested in dedicated in-person staff to make the process easier for their employees.
- b. *Equity.* Another common issue was related to equity-based compensation. Employees have difficulty understanding these complex offerings. Members have started to invest in financial education programs to improve communication in this domain.
- c. *Inflation.* Inflation has become an increasingly significant concern for employees. CAHRS companies have taken various approaches to communicate their responses, particularly when it is not financially viable to match cost of living increases. Employers have emphasized education, highlighting the temporary nature of inflation. Moreover, CAHRS members have worked to remind employees of their EVPs, showcasing the existing investments towards compensation and benefits. Lastly, members recommended creating a global response plan for inflation, as each country will have its own unique needs. A pre-made playbook can help companies' response proactively rather than reactively to increases in inflation.

Great Resignation Impact on Compensation & Employee Value Proposition

The Great Resignation has changed the labor market significantly. CAHRS members are finding that cash offerings for retention are only a band-aid solution and can easily be outbid in this market. Additionally, the increased competition for labor has also led to salary compression as new hires are offered higher salaries shrinking the pay differential with more experienced workers. This can have a compounding effect as more senior employees then leave to increase their wages. Interestingly, some CAHRS members have experienced a large increase in the number of return or 'boomerang' employees. This offers hope to companies struggling with retention and highlights the importance of investing in a long-term value proposition and mission rather than short-term fixes. It is also important to understand the reason why individuals are leaving; not all turnover is the fault of the company. Employees leave for a variety of reasons and gaining a more holistic perspective can help when making decisions about where to invest resources for retention.