

Pulling the Benefits and Incentives Lever

Closing the gap between HR expectations and employee satisfaction

This white paper is a thought-provoking overview of why employers should review their overall benefits and incentives packages. It outlines the considerations that can increase employee satisfaction, boost business performance and help achieve long-term business goals.

Employers, listen up. New research has revealed a significant disparity between actual and perceived employee satisfaction, especially when it comes to benefits. While many companies are already exploring how to use incentives programmes to increase employee engagement, it's clear that such initiatives are still falling short of their intended objectives.

For HR leaders seeking to recruit and retain staff in economically uncertain times, an attractive benefits package is a powerful lever to deploy. Aside from salary rises and pension contributions, your benefits package is what helps you stand out from the competition and can be a highly effective acquisition and engagement tool.

To better understand how the gap between employee expectations and desires for benefits and incentives compares with HR professionals' expectations, we commissioned a survey of 103 HR professionals and 500 employees, all working for companies with 500 members of staff or more.

How happy is your workforce?

We spend an average of 37 hours a week at work. On top of that, there's time spent commuting and then fitting in everyday tasks like grocery shopping in the time left. Given that it's such a major part of our lives, it's alarming to learn that only 13% (10% for part time) of employees describe themselves as 'extremely happy' at work.

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44%
**OF EMPLOYEES
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OF IT'S WORKFORCE**

What's more, 44% of employees agree with the claim that their company does not understand the real needs and wishes of its workforce. So, there's still work to be done. But how can rewards, benefits and incentives help get you there?

The benefits perception gulf

Whilst many companies have invested in wide-ranging benefits programmes, just 52% of employees say they are happy with the benefits offered. However, 77% of HR professionals said they believed their workforce would rank themselves highly in response to the same question (at 7 or above on a scale from 1 to 10).

One striking finding from our research is the importance of a benefits programme that isn't static and unchanging. 59% of employees overall disagreed with the claim that their company surprised them with new incentives and benefits programmes; notably this figure ranges between 15% for entry level vs 41% for Director level employees.

Yet 62% of HR professionals agree with the claim that they regularly review their reward policy and the majority (55%) believe it is good to add something new to their rewards regularly.

59% EMPLOYEES DISAGREE THAT THEY ARE REGULARLY OFFERED NEW INCENTIVES

62% HR PROFESSIONALS SAY THAT THEY REGULARLY REVIEW THEIR REWARDS

The right benefits for the right time of life

Twenty something singles might appreciate a multi-choice gift card, or an online voucher offered as an on-the-spot reward for performance. That's not to say that the same incentives will appeal to all staff; for example, part-time or remote workers may not appreciate on-site gym memberships.

73% 18 - 24 YEAR OLDS WANT LEISURE AND EXPERIENCE REWARDS
VS 47% 55 - 65 YEAR OLDS AND 29% 66 AND OVER

Regarding their views on the importance of receiving more benefits that offer leisure opportunities or experiences outside the workplace, 73% of 18-24 year olds agree in comparison to 47% of 55-65 year olds and just 29% of those aged 66 or older.

Overall, 62% of employees think their company could do better in its rewards and incentives programmes and agree that what's on offer 'is not really applicable to me.'

Just 8% of entry level workers reported themselves as 'extremely happy' with the benefits offered to them, while C-Suite executives are over three times as likely to agree to the same statement (28%). This shows that there is more to be done when it comes to catering for the entire workforce, as there are different needs and expectations to be met across generations as well as levels of seniority.

Benefits that matter

The key is to ensure that your rewards and incentives are appropriate for your employees, and to understand that their needs and wishes change as they age and progress in their careers and personal lives.

So, whilst certain benefits might seem universally appealing from an HR point of view, the reality for employees can be quite different. For example, when asked which factors affect staff acquisition, 69% of HR professionals felt that private healthcare schemes were a strong factor. But only 47% of employees agreed that it was a strong factor in their decision to work for a company. On the other hand, both sides broadly agree on the importance of on-the-spot rewards like gift cards or pre-paid shopping cards (52% of employees vs 57% of HR leaders).

The gap between employee needs and employers' provision still leaves plenty of room for HR to put benefits at the heart of their value proposition to employees.

Staying motivated and cutting the cost of everyday life

Once employed, what are the factors that are most important to keep people engaged and motivated? 67% of employees said that an on-site gym membership would be motivating, with 72% also identifying discount cards for grocery shopping as an effective tool for this.

72% **67%** KEY FACTORS FOR EMPLOYEE MOTIVATION

Discount cards for grocery shopping

On-site gym membership



A clear majority (77%) of employees across all ages and levels of seniority said they agreed with the claim that they want more benefits that help them cut the cost of their everyday life.

Reflecting on how strong the prospect of online gift vouchers is in terms of influencing a decision to work for a company, 25% of 18-34 year olds said it was a very strong reason but only 10% of 55-65 year olds said the same.

Right sizing benefits for part time workers

Flexible and part-time working is on the rise. With benefits and rewards programmes often designed with full-time workers in mind, companies need to review their offer to ensure that they're engaging in the best possible way with every part of their workforce. We found that 51% of part time workers agree with the claim that their company could do better in their rewards and incentives programme and 60% of them say: "I would like to receive more benefits to help me in my everyday life."

How can companies deliver this? 44% of HR professionals said their company does not offer pre-paid shopping cards that save money on everyday spending yet 80% believe it to be important.

Again, there's a significant difference, depending on the life stage of the respondents. On the spot rewards (like gift cards) were more favoured by a younger cohort: 30% of 18- 34 year olds in contrast to 18% of those aged 35- 44.

Conclusion

UK employees often benefit from creative and forward-thinking benefits and incentives, selected to motivate and reward performance and improve overall quality of life.

It's clear that for many workers, being rewarded with on-the-spot vouchers, or even relaxing at the movies after work thanks to discounted cinema tickets contributes positively to their work-life balance and likelihood of committing to the same employer for the long term.

The expectation that employees will benefit from rewards and incentives that go beyond an annual bonus is now firmly established for both employers and their people. Yet many companies are simply offering a 'benefits buffet' that aims to cater to all employees, rather than a bespoke menu that reflects employees' life stages, preferences and personal needs. It's also important that companies refresh benefits and incentives on offer regularly, and so are seen to engage with the evolving needs of their workforce.

For employers, this is a remarkable opportunity to take a real step forward in terms of talent acquisition, employee satisfaction and ultimately business success.

Survey Methodology for Employees: The survey was conducted among 500 employees, the interviews were conducted online by Sapio Research in September 2018 using an email invitation and an online survey. Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. In this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 4.4% percentage points from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

Survey Methodology for HR: The survey was conducted among 103 HR professionals, the interviews were conducted online by Sapio Research in September 2018 using an email invitation and an online survey. Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. In this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 9.7% percentage points from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

About Hawk Incentives

Hawk Incentives, part of Blackhawk Network Europe, helps companies to build, sustain and extend profitable relationships with employees and customers. We offer a wide choice of reward and incentive products, supported by easy-to-use platforms and APIs. Many of our salary sacrifice and lifestyle employee benefits are easy to implement, at low or no cost.