

THE BENEFITS BATTLEGROUND:

Could your benefits
offering be losing you
top talent?



Executive summary

It goes without saying that candidate behaviour has changed massively in the last decade. Candidates have a far greater choice of jobs, a diverse range of personal and professional priorities and typically no longer remain with the same employer for the duration of their careers. These behavioural changes, combined with a record employment rate and stagnating salaries, mean that businesses need to do all that they can to entice and retain the best talent. But when salaries and job security are no longer the main attraction, what can companies do to lure job seekers?

Research conducted by Michael Page shows that only 20% of candidates are currently happy with their benefits package and 73% stated benefits have factored heavily into their decision to take or turn down a job. Our findings suggested that companies need to place much more importance on their rewards and benefits offerings. The major areas of weakness the research has exposed are the lack of flexible benefits with 57% of businesses surveyed not offering any flexibility, and a lack of communication, with a third of businesses having no clear benefits communication strategy.

Businesses need to take immediate action in order to attract and retain talent. More companies need to research exactly what their employees want and offer them the flexibility to pick and choose what benefits suit them. Child care vouchers may not be relevant to someone in a graduate position, however a gym membership might be. It is also crucial that all rewards and benefits are communicated effectively to new and existing employees. There are many portals and platforms available that provide employees with a one-stop-shop for all their benefits and that give full transparency on how much the benefits are worth, and how this affects their salary. In some instances benefits can be worth up to 40%¹ of the overall salary and benefits package, so businesses need to ensure employees know the true value of what they are being offered.



¹ <http://www.aon.com/unitedkingdom/employee-benefits/knowledge-centre/>

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Research methodology

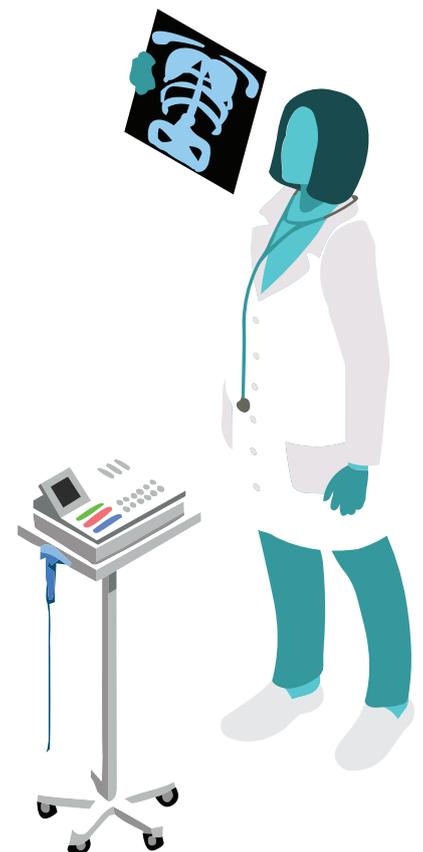
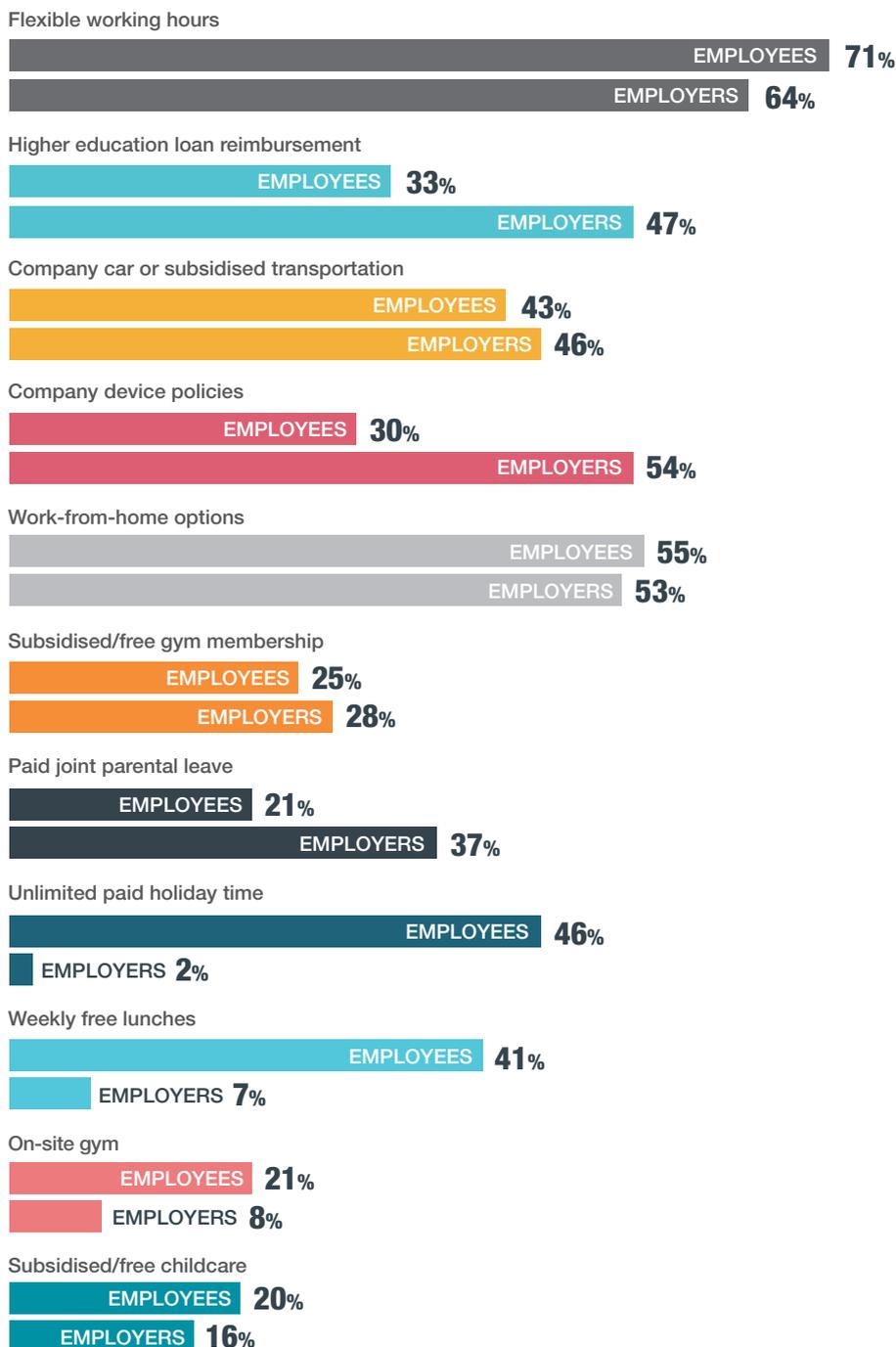
Research was conducted by Michael Page into the perceived and actual value of benefits packages amongst both employees and employers in the UK. For the employer perspective, HR Directors, Rewards and Benefits Directors and anyone who is involved in the setting of employee benefits were surveyed. 120 responses were collected and analysed by Michael Page. These employer responses were compared to candidate research undertaken by Vanson Bourne on behalf of Michael Page. The candidate research was based on a survey of 1,000 job seekers who were asked a range of questions on salary and benefits.

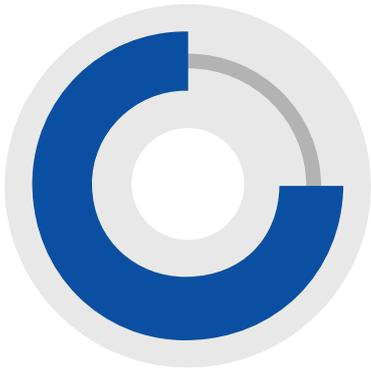


Are you offering the correct benefits?

It's not surprising that many companies across the UK offer a wide range of benefits to their employees, but are they offering the right ones? Our research shows that although companies provide a good proportion of the requested benefits, there are still a handful of "unusual" benefits that they are not adding into their mix.

Below is how employees and employers prioritise the following benefits:





73%
of job seekers said
the benefits package
has or would factor
into their decision to
TURN DOWN
a job

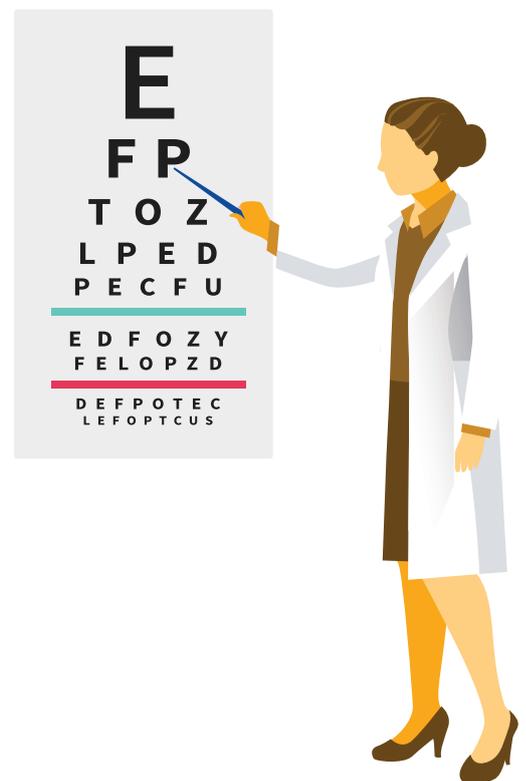
Although much of the offered benefits match the ones candidates desire, it is clear that employees value on-site benefits such as free lunches and an on-site gym. Employees rate the former their 5th priority at 41%, above further education or professional qualifications, which employers rate as their 2nd priority at 54%. This is in line with the trend of modern offices becoming a social hub as well as being a place to do business. A place where employees don't just turn up for their allotted hours, instead viewing the workplace as somewhere to work creatively and engage with their colleagues. A 2017 report by Sodexo² revealed that one of the key areas of change within workplaces is the creation of "Wellness 3.0" mentality. This is a business that focusses on the mental health of their employees, ensuring that employees have spaces to switch off and recharge mentally and physically. Providing healthy living options greatly improves the quality of life of employees, their families and the community at large.



ONLY
52%
uptake in flexible benefits

Understanding exactly how employees and workplaces are changing ensures businesses stay ahead of trends and can foresee how and when benefits need to be changed. However, with 50% of candidates stating that the benefits on offer were not relevant to them, it comes as a surprise that only half of the employers surveyed have ever conducted research into their benefits offering.

This issue is compounded further by the 35% of employers who do not even consider workplace demographics when setting their benefits. Businesses could be losing money by investing in expensive and unnecessary benefits that employees are not utilising and 64% of job seekers agree that businesses are putting money into benefits that employees potentially neither want nor need or use. Employers agreed, with over half of the surveyed businesses revealing that only 52% of their employees were using the flexible benefits they had on offer.



² <http://sodexoinsights.com/wp-content/uploads/2017/03/3.0.pdf>

The gap between what employees want and what employers offer can be closed by conducting the appropriate research. A great place to start is to set up and distribute an employee survey asking what benefits matter to them the most. This research both ensures that employees feel valued and listened to and that employers can offer the correct benefits, avoiding unnecessary spend on benefits that are simply not used.



Flexible benefits are something we recently introduced at Michael Page. The results from our employee survey showed that our employees wanted to be able to tailor their benefits to suit their lifestyles. We launched the MyBenefits portal in November 2016 to increase engagement of benefits, improve retention and attract new talent. We introduced some fantastic new flexible benefits for our employees as well as promoting current ones.



Michelle Weston
Global Benefits Manager
PageGroup

The importance of flexible benefits

For many employees, having benefits that align with their personal and professional priorities is a key factor in deciding whether or not to take a new job. However, while it is commonplace to negotiate the salary with a candidate, less than 10% of businesses offer the option to negotiate their benefits package. If benefits packages are fixed and candidates have a set pool which they are offered it could be wise to make this pool of benefits flexible.

Flexible benefits are designed to evolve and change as the employee's lifestyle and priorities evolve and change. By enabling employees to "flex up" and "flex down" their benefits you are giving them more control over how their salary and benefits are divided up without the painful negotiation process. More than eight in ten people say a flexible benefits package tailored to their individual needs would make a job more desirable to them. However, nearly two thirds of employers do not offer flexible benefits. Those that do can really set themselves apart from their competition.

It is clear from our survey results that offering employees flexible benefits is crucial in attracting and retaining talent. For any businesses yet to implement flexible benefits it can be a daunting undertaking. For many organisations the simplest way to action such a change comes from using a third party flexible benefits provider. There are range of providers in the marketplace that offer a number of packages that are normally adaptable to meet an organisation's needs. Businesses will need to consider the cost involved in working with a flexible benefits provider. There will likely be an implementation fee as well as an annual cost per employee. However, the cost to implement can be easily justified when viewed alongside a vastly improved employee value proposition and greater ability to attract and retain staff.



Do you communicate your benefits effectively?

Many HR Directors and/or benefit setters may believe their benefits are appropriate and offer the flexibility employees want, but there appears to be a breakdown in communicating this to employees. Two thirds of employees have been surprised to find out about a particular benefit after working in a role for some time, and 43% have been promised a benefit that never materialised. According to research conducted by Aon Employee Benefits³, 30% of surveyed HR professionals had no benefits communication strategy in place and had no plans to implement one.

Our research showed that of the businesses that offer flexible benefits, their benefits uptake was just over half.



30%

of surveyed HR professionals had **NO BENEFITS COMMUNICATION STRATEGY** in place and had no plans to implement one

It is clear from these statistics that organisations could be doing more to communicate what they have to offer their employees, or how to sign up to the benefits they want. As well as a clear communication strategy, creating a one-stop-shop is another way to better engage the workforce. Providing employees with an online portal to “shop” for their benefits gives them more visibility to see what is on offer and to compare what benefits may work best for them.



The MyBenefits platform was really well received, with over 90% of employees logging into the portal and 52% of employees opting to change their current benefits package.



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³ <http://reba.global/reports/research-aon-employee-benefits-benefit-and-trends-survey-2016>

Conclusion

Our research has shown three key areas that employers need to focus their attention on in order to make their benefits package a success. These are employee research, flexibility and communication. Businesses need to understand their employees' wants and needs, which can be achieved through research and surveys. They need to ensure that what they have on offer is flexible so that employees can choose benefits based on their individual needs and finally organisations need to communicate their offering effectively. Getting these areas right and frequently reviewing them gives an organisation the framework needed to offer a truly competitive benefits package. Candidates are already deciding their future based on the benefits businesses have to offer, 62% in fact have said another job had/has better benefits. Don't be the business that loses the best talent due to outdated and rigid benefits packages.

For more help and advice on how your benefits can attract and retain talent, read our latest articles – [Use your perks to attract the best talent](#) and [How your benefits can give you the upper hand on the competition](#).

For more information visit www.michaelpage.co.uk



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