



Get the Competitive Advantage

4 ways to hire and retain
the best employees



Workforce

Introduction

These days, many job seekers are looking at more than their base salary when evaluating companies. Often, they want to know about work-life balance, corporate social responsibility or job perks. As the workforce changes and organizations increase their hiring to replace outgoing workers, they'll need to take a hard look at their competitive advantages in the marketplace.

Organizational goals often include improving employee retention, raising employee engagement, increasing participation in benefits and wellness programs or finding better recruits. More and more, businesses use employee benefits strategies to achieve these goals. This creates a competitive advantage, as potential employees are more likely to work for organizations that show they care about members of their workforce.

Employee benefits make up nearly 32 percent of an employee's total compensation package, according to Bureau of Labor Statistics data.¹ In the private sector, legally required benefits comprise only 7.7 percent of that total, giving organizations wide leeway on which optional benefits to offer.

How do organizations create benefits strategies that help achieve their business goals? The Human Capital Media Research and Advisory Group — the research arm of *Workforce* magazine — developed the *Using Benefits for Competitive Advantage* survey in coordination with Ameritas. We asked more than 400 employers how they use benefits to create a competitive advantage.

¹ Bureau of Labor Statistics (2018). *Employer Costs for Employee Compensation news release text.*

Demographics in brief²

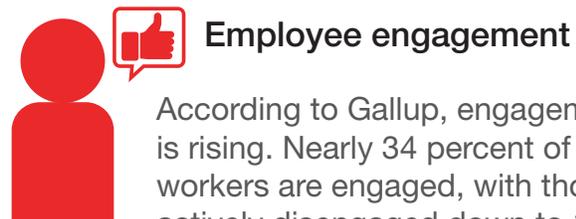
The *Using Benefits for Competitive Advantage* survey received participation from 437 respondents at a variety of industries and organization sizes.

Key findings

- 18.4 percent of organizations view their benefits practice as strategic.
 - » Organizations using benefits strategically have more success creating a competitive advantage than organizations that don't.
- Strategic organizations outshine their counterparts in four key areas:
 - » Benefits communication
 - » Financial well-being focus
 - » Measurement use
 - » Technology implementation

Overcome Roadblocks to Success

Organizations should develop internal practices that help them overcome roadblocks to better recruitment and retention. That includes focusing on the things employees and job seekers look for in an employer.



Employee engagement

According to Gallup, engagement is rising. Nearly 34 percent of U.S. workers are engaged, with those actively disengaged down to 13 percent (a new low). Gallup reports that engagement is highly related to positive business outcomes.³



Student loan debt assistance

At a record \$1.5 trillion, student loan debt is increasing.⁴

Corporate social responsibility

This is important to many employees, particularly millennials.⁵



Work-life balance

This is of increasing importance to both Gen X and millennials.

² For complete demographics statement, see Appendix.

³ Harter, J. (2018). *Employee Engagement on the Rise in the U.S.* Gallup.

⁴ Friedman, Z. (2018). "Student Loan Debt Statistics In 2018: A \$1.5 Trillion Crisis." *Forbes*.

⁵ Ames, E. *Millennial Demand for Corporate Social Responsibility Drives Change in Brand Strategies.* AMA/American Marketing Association.

⁶ Kohll, A. (2018). "The Evolving Definition of Work-Life Balance." *Forbes*.

What are the roadblocks for your organization in approaching benefits more strategically?

Overall cost to be competitive • Small workforce • Employees don't see value in them • Ability to appropriately communicate the value of the benefits offered • Making sure we're getting the most "bang for our buck." Are we spending wisely? • Viewed as an expectation rather than something to work for —from the *Using Benefits for Competitive Advantage* survey, open comments



1. Practice proactive benefits communication

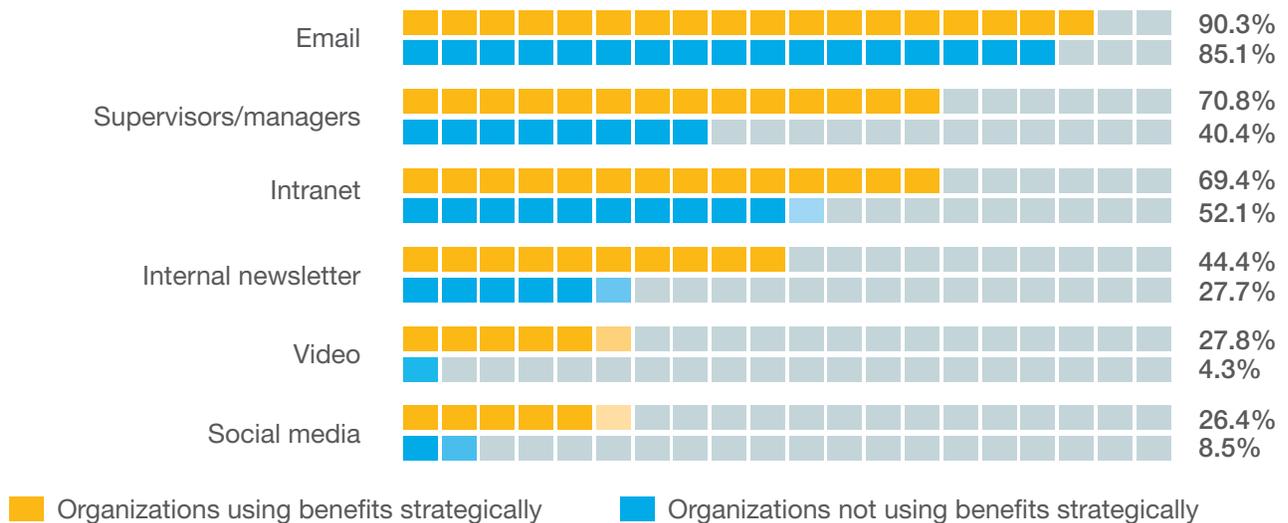
Communication is critical when it comes to benefits and perks. According to survey respondents, the main reason employees don't use their benefits is because they don't understand how to use them.

As the number of benefits increases, employees may become inundated with choices. Organizations should develop a more robust benefits communication strategy to mitigate confusion. Communication can't be left to the initial enrollment period. Communicate frequently with employees through a variety of channels so employees know what's available to them and how they can participate.

Strategic organizations understand the need for multichannel benefits communication. From email to social media, organizations using benefits strategically employ a greater number of communication channels than other companies (Figure 1). Also, these organizations are more likely to communicate with employees more frequently about their benefits than organizations that don't use benefits strategically (Figure 2).

Figure 1:

Channels used to communicate with employees about benefits offerings (by strategic alignment)



⁴ Skyhigh (2016). *Cloud Adoption & Risk Report*.

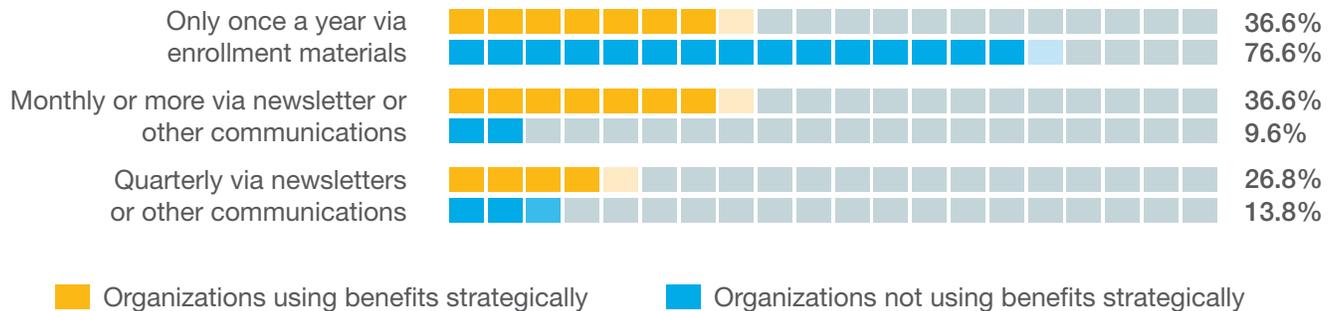
⁵ Association of Corporate Counsel (2015). *ACC Foundation: The State of Cybersecurity Report*.

What is the one thing that keeps you up at night regarding employee benefits?

Are we effectively communicating the benefits that are being offered to garner more participation?
 —from the *Using Benefits for Competitive Advantage* survey, open comments

Figure 2:

How often HR communicates the value of benefits to encourage employees to use them (by strategic alignment)



Benefits strategies are designed to impact several business goals, including employee engagement and satisfaction (68.2 percent), employee retention (62 percent) and employee satisfaction with leadership (20.7 percent). Each of these can be improved through better benefits communication.

Takeaway:

Frequent and tailored benefits communication helps increase employee benefits enrollment and usage. Providing consistent messages and involving managers and senior leaders shows employees that their employers want them to get the most from their benefits. [A six-step strategy may help.](#)⁷

What one change would you like to make in the next year to increase the impact of employee benefits on your organization?

Increase communication of benefits offered • Spend more time with employees on the power of the benefit offerings • Take a poll in January to see what’s changed in the lives of employees since 2018, and what can we do to help • New employee orientation, mid-year follow ups and end-of-year status updates to help prevent anyone from missing out on or not understanding their benefits—*from the Using Benefits for Competitive Advantage* survey, open comments

⁷ Segal Benz. *Driving Benefits Engagement: A Roadmap for Creating a Successful Communications Strategy.*

2. Support financial well-being through benefits

One in four survey respondents (23.8 percent) cite rapidly changing workforce needs and trends as a primary challenge facing their human resources departments in the coming year. When it comes to deciding on a benefits package, organizations should understand and address the needs of younger generations of workers who make up the bulk of new employees. For nearly two-thirds of organizations (66.8 percent), keeping up with the needs of younger employees entering the workforce has had a critical/moderate impact on the benefits they offer.

For many, this includes financial benefits. Nearly two-thirds of all organizations (62.3 percent) address employees' financial security through benefits and perks. However, one area of financial well-being seems lacking: student loan debt repayment assistance.

Nearly four in 10 organizations (38.8 percent) believe the student loan epidemic has had no effect on the benefits they offer to employees (Figure 3). In addition, only 13.6 percent of organizations identified student loan repayment and college savings benefits as a “creative benefits practice” their organization uses to recruit and retain employees.

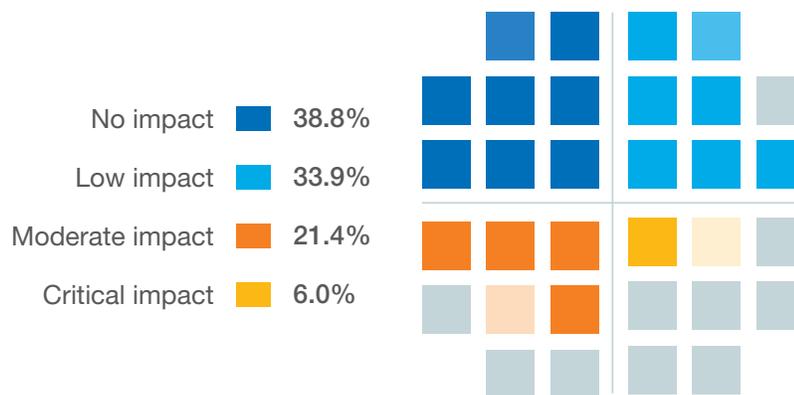
The No. 1 benefits challenge facing HR over the next 12 months is addressing rapidly changing workforce needs and trends.

The student loan problem is far-reaching, affecting young and old workers alike.

According to a recent poll, 75 percent of millennials have some form of debt, with a third (36 percent) shouldering student loan debt. The student loan problem also impacts older employees. According to recent numbers from the Federal Reserve, nearly 7 million student loan borrowers are between the ages of 40 and 49. These workers owe nearly \$34,000 each on average. Given these statistics, student loan repayment assistance programs can be an attractive option for employees and help companies create a competitive advantage.

Figure 3:

Impact that organizations believe the student loan epidemic has had on the benefits offered to employees (all organizations)



⁸ Arengé, A., Perry, S., and Tallevi, A. (2018). *Poll: Majority of millennials are in debt, hitting pause on major life events*. CBS News.

⁹ Hirsch, A. (2018). *Employers Explore Repaying Student Loan Debt*. SHRM.

Student loan repayment — whether in the form of tuition assistance or reimbursement — should be considered as part of a holistic approach to offering benefits. Assisting employees in this area can bring higher levels of engagement and retention, as younger employees value organizations that demonstrate their commitment to them. When employees are happy and healthy physically, mentally and financially, they're able to be more productive and engaged in the workforce, which will have a positive effect on the bottom line.

Takeaways:

Millennials are in debt, boomers may delay retirement thanks to student loans, and Generation Z workers consider financial security a top priority. [Financial well-being benefits](#) (like student loan repayment assistance) are quickly becoming a crucial part of any benefits strategy.

What is the one thing that keeps you up at night regarding employee benefits?

Loan repayment in an industry (health care) where many of the critical positions require certifications, licenses and/or degrees. —from the *Using Benefits for Competitive Advantage* survey, open comments

3. Adopt best practices in measurement regarding benefits

The inability to adequately measure the business outcomes of benefits is another top challenge to approaching benefits more strategically. More than four in 10 respondents (42.3 percent) cited the lack of ability to measure return on investment (ROI) as a top challenge. Among all organizations, only 37.6 percent agree with this statement: “We calculate the ROI of benefits investment at my organization.”

However, organizations that have created a benefits strategy are better at measurement. They also have better organizational outcomes that can be tied to approaching benefits strategically.

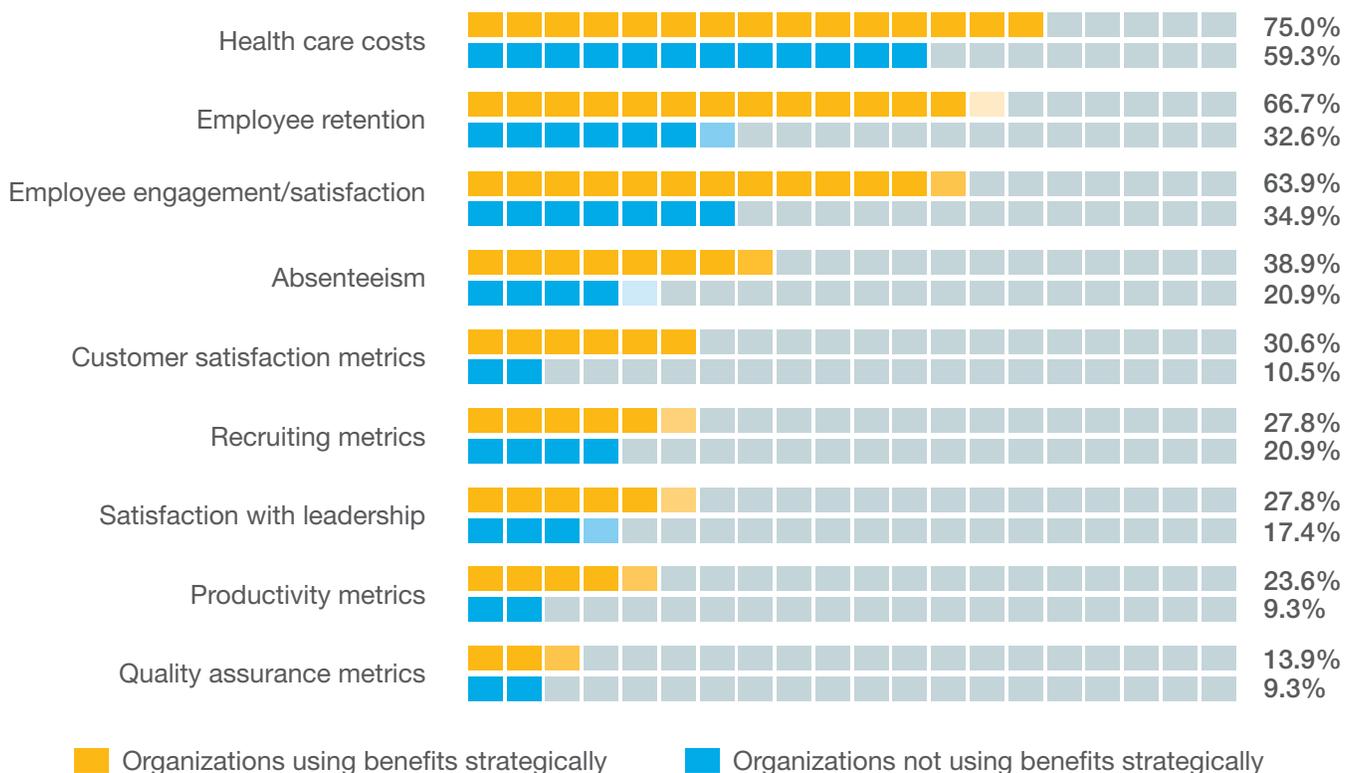
Technology allows for better measurement regarding the effectiveness of any benefits strategy. And with a set of carefully considered and appropriate key performance indicators (KPIs), organizations will know if their benefits are being used or if they’re wasting time and money on unpopular programs.

Insurance providers may monitor plan usage for organizations that request it. Employers can also survey their employees to find out what benefits they use or don’t use, and what benefits they would like to have. Several organizations surveyed mentioned annual surveys as part of their measurement mix.

In all instances, organizations using benefits strategically report using metrics more often than organizations that don’t (Figure 4).

Figure 4:

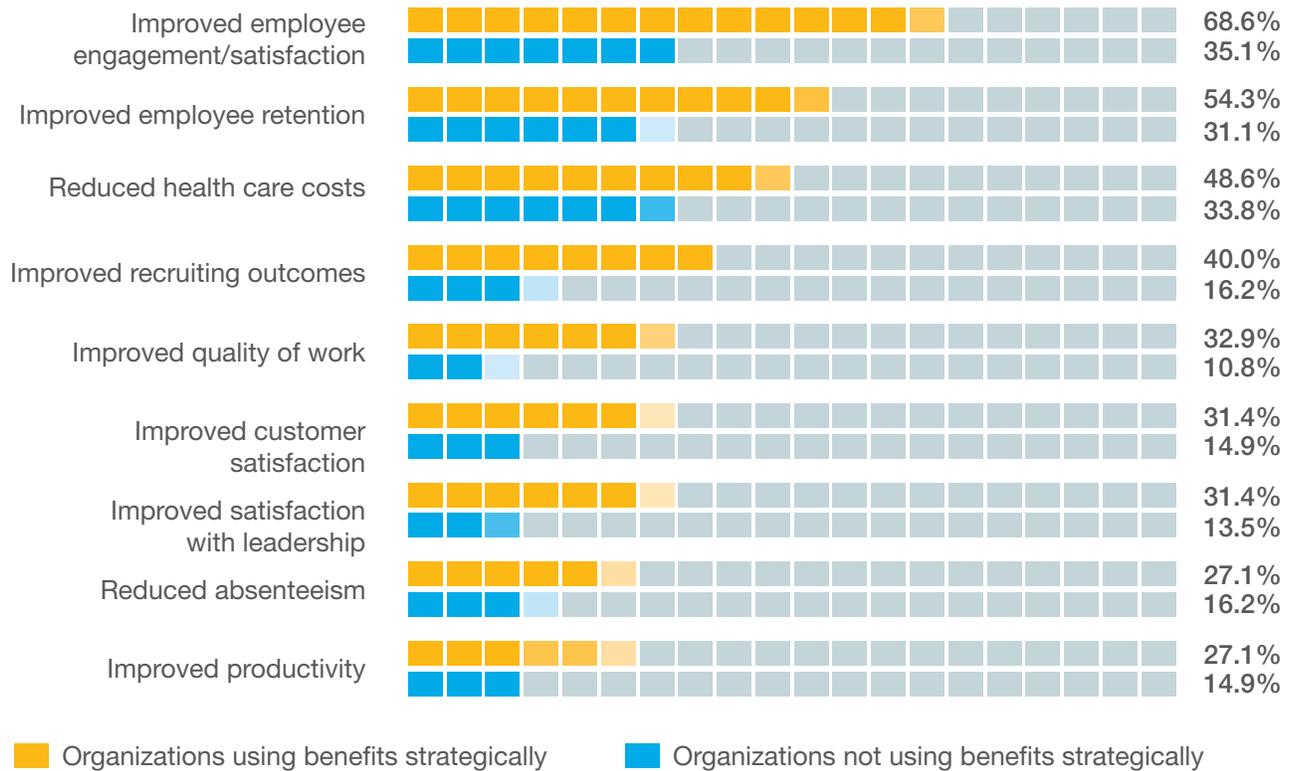
Metrics used to track the impact of benefits offerings (by strategic alignment)



In almost all instances, the more strategic organizations were more likely to report successful outcomes from efforts to improve benefits offerings than organizations that don't use benefits strategically (Figure 5).

Figure 5:

Outcomes resulting from efforts to improve benefits offerings (by strategic alignment)



Takeaway:

Tracking benefits usage and obtaining employee feedback can help organizations design and maintain benefits strategies that support their goals and help with recruiting and retention.

What is the one thing that keeps you up at night regarding employee benefits?

Measuring the ROI (e.g. an increase in employee motivation/engagement/morale/productivity). —from the *Using Benefits for Competitive Advantage* survey, open comments

4. Incorporate technology into benefits practices

Technology is essential in taking your benefits strategy to the next level. Data analytics gives organizations the ability to see how benefits are used (or not used) by the workforce. Predictive analytics can help organizations make future assumptions based on past data. Both approaches give organizations the information they need to make strategic benefits adjustments.¹⁰

Newer generations of workers rely on technology in every aspect of their lives. Benefits management suites or mobile interface apps give employees better access to their benefits, providing more control over benefits and perks. Employers that provide benefits enrollment and communication online and in mobile friendly interfaces will see higher adoption rates.

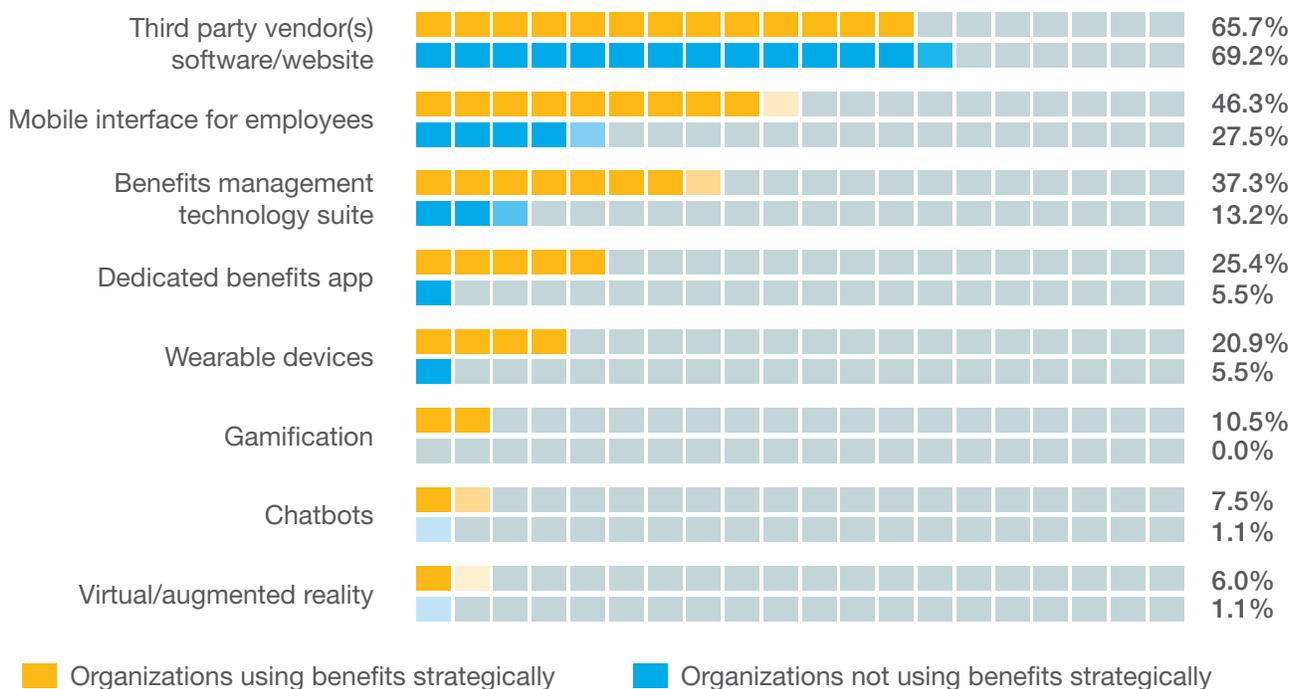
Two-thirds of respondents (65.9 percent) said keeping up with changes and trends in technology has a moderate to critical impact on the types of benefits they offer. Organizations understand the need for technology: 49 percent believe benefits technology creates a competitive advantage at their organizations.

However, technology is useless without the knowledge of how to use it. Close to one in six organizations (16 percent) cited a lack of expertise in technology as a top challenge to approaching benefits more strategically. Benefits vendors may help in this regard, providing training and expertise.

Strategic organizations are far ahead in the use of technology regarding benefits. From chatbots to benefits apps, these organizations are exploring new platforms or programs for benefits management in greater numbers than their counterparts (Figure 6).

Figure 6:

Technology used in benefit practices (by strategic alignment)



¹⁰ Reavie, V. (2018). "Do You Know the Difference Between Data Analytics and AI Machine Learning?" *Forbes*.

Despite these advancements, all organizations could be doing more with technology. Only 41 percent of all respondents agree with this statement: “We are building a high-tech performance team for HR.”

Takeaway:

As older workers retire and younger workers enter the workforce, technology is essential in supporting a successful benefits strategy. Organizations should begin exploring technology options now to find out what best fits their needs

┌ *What is the one thing that keeps you up at night regarding employee benefits?*

How do we design an employee benefits program that is customizable and takes into account the needs of the current workforce? —from the *Using Benefits for Competitive Advantage* survey, open comments



Conclusion

The labor market is tightening, and organizations must respond to that challenge. High base salaries are no longer enough to attract and retain high potentials. For organizations to succeed, they’ll need to understand how to use benefits and perks to create a competitive advantage. Employees are at their best when they’re happy and healthy physically, mentally and financially.

Businesses that align their benefits strategies with their business goals will see higher benefits adoption and overall employee satisfaction. Simply offering benefits isn’t enough. Organizations need solid communication strategies to ensure benefits meet employees’ specific needs. It’s important to clearly explain benefit plans so workers understand the value they bring. Leaders should support their employees’ financial well-being through programs such as tuition assistance or reimbursement. Identifying KPIs and measuring the adoption and use of benefits practice gives greater insight into programs and allows organizations to change or modify initiatives as necessary. Finally, using the latest technology will help employers communicate benefits and measure their impact most effectively.

Addressing well-being through benefits and perks demonstrates to employees that the organization is dedicated to their success, which will help recruit and retain high-performing employees.

Appendix

About

Ameritas

The group division of Ameritas Life Insurance Corp. has served customers since 1959, and today issues and administers dental, vision, LASIK, and hearing insurance and student loan repayment plans for more than 8.1 million people and more than 58,600 employer groups nationwide. Claims contact center associates have earned BenchmarkPortal's Center of Excellence award since 2006. Learn more about Ameritas and Ameritas Life Insurance Corp. of New York at ameritas.com/dental. Explore employee benefits and well-being topics at ameritasinsight.com.

Workforce

Workforce is a multimedia publication that covers the intersection of people management and business strategy. Our community of senior-level human resources executives and C-level officers are the key decision-makers on talent management matters in the 2,500 largest corporations in America. They read us for our editorial focus and relevance to help them improve their business — and their bottom line — through effective management of the workforce.

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Appendix

Demographics

Name of survey

Using Benefits for Competitive Advantage

Survey dates

November–December 2018

Number of respondents

437

Functional area of respondents

Human resources: 47.6 percent

Administration/management/corporate functions: 20.3 percent

Benefits: 9.5 percent

Learning and development: 7.5 percent

Other: 8.2 percent

Not shown for being less than 5 percent of respondents: line of business and talent management.

Organization size

Less than 100: 29.7 percent

100–999: 33.6 percent

More than 1,000: 36.7 percent

Types of employees offered benefits

Full-time employees: 97.2 percent

Dependents: spouses/domestic partners of employees, children, etc.: 49 percent

Part-time employees: 39.2 percent

Temporary workers: 7.4 percent

Other: 6.7 percent

Not shown for being less than 5 percent of respondents: Contractors (gig workers).

Geographic distribution

Mostly located in one country with one location: 38.7 percent

Mostly located in one country with multiple locations: 41 percent

Mostly located in one country with some global distribution: 8.5 percent

Highly distributed with multiple locations across the globe: 11.9 percent

Organization industry

Manufacturing: 16.5 percent

Professional and business services: 14.9 percent

Financial/insurance/real estate: 11.1 percent

Nonprofit: 10.8 percent

Health care: 9.8 percent

Education: 9.8 percent

Technology: 6.4 percent

Government/military/public administration: 5.9 percent

Not shown for being less than 5 percent of respondents: Agriculture, natural resources and mining, construction, information (publishing/communication/advertising), leisure and hospitality, retail and trade/transportation/utilities.