

Rewards 3.0

**The employee rewards
of the future**

What does the future hold for employee total reward?

In a world of uncertainty, this feels like something of a \$64,000 dollar question. Who knew three years ago that a worldwide pandemic and global economic crisis would change how we work – and how plenty of us think about our financial future?

Both events continue to have a lasting impact on the employee reward landscape, and the types of reward and benefit packages that will attract and retain talent.

To tackle these questions, we're taking a deep dive into what the rewards of the future might look like. For each of our three key areas, we'll give our answers to some key questions:

- 1 What's the big shift?**
- 2 Why is it happening?**
- 3 What should we consider for the future?**

We're focusing on the changes to rewards in three areas:



Financial rewards

The big shift

Cash-based bonuses have been the tried and tested way of rewarding employees for their hard work. Annual bonuses were considered the norm. But this is changing fast.

Employers are replacing or expanding their bonus schemes with share-based ones. According to EQ's Shareholder Voice research, there were over 15,000 tax-advantaged employee share schemes in the UK in 2020 – a 6% rise on the number offered in 2019 (and a significant 77% jump on the same figure compared to 2010). Share plans are part of a better and more valuable total reward package, helping improve both engagement and retention.

Why has it happened?

Once a cash bonus is paid, that's it: there's no further expectation keeping the employee motivated. In fact, there's even an argument to suggest cash incentives can have an adverse effect on employees, creating an overtly competitive work environment.

But with a share plan, employees become collectively invested in the future of their organisation. With the right communication in place, you can also show the link between their hard work and how that might benefit them in the longer term.

Share ownership can be a great way to foster a deep, meaningful and long-term relationship between employer and employee. Models are extremely adaptive, allowing companies to flex their offerings to fit in with their strategy and business goals.

What should I be thinking about?

Think about the messages you're conveying to employees. You want them to feel they're on an exciting and rewarding journey with you, one that could have long term benefits for their own financial wellbeing. This is especially important in today's economic climate: people will respond more positively to messages that help them to feel secure, confident and in control of their financial future.



To gain maximum engagement around your share plan offering, and increase the connection with your people, you may want to refresh your communications. Think captivating creativity, clear calls to action, jargon-free wording, and inspiring content across a mix of channels that reach your employee audience where they most want to be met.

Consider including a share plan as part of your rewards strategy. Launching a share plan for the first time is rewarding, but it can be a challenge; and there's lots to think about.

- How do I pick the option best aligned to my company's goals and objectives?
- How do I help my employees understand what a share plan is?
- How do I make it stand out against my other benefits?

To maximise enrolment, you'll want to deploy consistent and timely messaging. And depending on your circumstances, it may need to work for a culturally diverse workforce spread around the world. All of that can feel daunting, but with the right support in place the process becomes a lot easier than you may think.

Many of our clients team up with lawyers to design their share plan, and use a share plan administrator to help them get the technicals in place. We work with everyone involved to develop a communication strategy to support the internal launch, enrolment and engagement.

Our account managers have personal experience of share plans, adding value as they know which touchpoints to aim for and what pitfalls to avoid. Working hand in hand with our communications strategists, copywriters, graphic designers, animators and developers, they'll make the process easy for you – whether you're looking for a single communications asset or a complete campaign.

We think it's great that share plans are gaining prominence in the reward space. When launched in the right way, a share plan can align everyone on common goals, boost productivity, and show employees how valued they are.



Wellbeing rewards

The big shift

Employee benefits have long tended to be based on physical wellbeing – gym discounts, cycle-to-work schemes, free fruit or yoga classes. But even well before the pandemic, employee mental health and wellbeing were making their way onto the business agenda.

When lockdowns began, it quickly became apparent that employees needed mental health support. Many employers responded brilliantly, even while under immense pressure themselves. Now, access to tools and resources that support healthy minds, as much as healthy bodies, are the norm.

Even the way we consume wellbeing rewards has shifted dramatically in the past two years. Online access to GPs, counselling services, wellbeing workshops and webinars are now widely considered normal.

Why has it happened?

A ‘wellbeing revolution’ had been slowly gathering steam, to help employees address mental health issues, including burnout. But Covid accelerated its arrival.

It opened up the mental health conversation, and blurred the work-life balance. Employees now expect a certain level of care from their employers.

Covid and lockdowns concerns are waning, but many people are now finding their mental health is impacted by the cost-of-living crisis. They’re stressed and worried about the future, and many employers are keen to play their role in helping them feel supported.

What should I be thinking about?

Wellbeing benefits have probably seen the biggest shift in the past few years. It’s helpful to think about the performance of your strategies and offerings in two ways:

Do my wellbeing benefits cater for what my employees need?

During the pandemic, core wellbeing benefits tended to focus on flexible ways of working and mental health support.

Now we’re returning to the office, often with elements of hybrid or remote working. Our wellbeing benefits should look beyond our employees’ immediate needs, and take a progressive approach.

Many employers are working with their employees to create healthy workplace cultures. Physical and mental wellbeing are being joined by aspects of ‘social’ wellbeing, such as ED&I. Companies are encouraging a culture of listening, so employees feel valued and managers can understand and support individual needs.

Companies also want to support their colleagues’ financial wellbeing especially during the current cost of living crisis. They’re normalising the conversation around financial concerns, offering internal support services and realigning benefits.

Do my wellbeing benefits deliver in terms of employee performance and ROI?

Businesses are also feeling the cost of living pinch. You may find yourself having to justify the cost and explain ROI. But how do you measure this, when it’s so subjective? You’re not alone. According to a 2021 Aon Benefits and Trends Survey, 59% of companies now plan to measure wellbeing ROI (compared to just 9% pre-2021).

They’re analysing criteria such as productivity and output, absenteeism and staff attrition rates. We’re likely to see a subtle but marked shift in the conversation from “how does wellbeing help us bring our best selves to work?” to “how does it help us – and the business – be at our best?”. It’ll be interesting to see the results of some of this measurement emerge, and the impact it has on the wellbeing landscape.





Flexible rewards

The big shift

Benefits have become more... flexible. The rise of technology has been nudging us toward hybrid working for a while, a trend which accelerated in 2020 as many of us were forced into remote working overnight.

And there's no doubt that flexible ways of working are here to stay. Employee benefits will have to keep up, or risk appearing outdated.

Traditional benefits, such as travel loan schemes and gym memberships, are being superseded with ones that are more fluid and designed to encourage a healthy work-life balance.

We've also seen a huge rise in the freelance and gig economies, meaning more organisations employ transient workforces. Many of these are thinking about how to shape the rewards and benefits they offer to include their temporary workers

It's crucial for your benefits to evolve with the evolving needs of your people. If you keep the same benefits you have now and do nothing, you can expect your costs to double every 7.5 years. And that's a conservative estimate, based on where inflation levels are currently at.

Why has it happened?

Lockdowns created a radical change in ways of working. To put it in context, we've not seen such a dramatic change since the outbreak of World War 2. And it's led to a radical change in the needs and priorities of employees, too.

Many organisations adapted well, making rapid shifts toward more flexible benefits designed to meet these drastic changes in work and lifestyle. As the dust settles, employee benefits need to continue to meet new ways of working, and new social norms.

What should I be thinking about?

It's tricky to give a single answer to this question, as the evolving nature of the reward landscape is something we're all still learning to navigate! But here are a couple of the key trends we're starting to see emerge, and which we think will take precedence as we look to the benefits of the future.

Benefits that support development

Discussions around how to retain and nurture talent have been high on the agenda for many organisations. During lockdowns, huge numbers of employees began to seek change – a movement which has been termed the Great Resignation.

But there is one great thing that's emerging from this shift: companies are looking at how they can invest in their employees' skillsets to reignite their passions. Many are ramping up their learning and development budgets so that colleagues can further their education through external training courses and seminars.

But where budgets are tight (and let's face it, this is currently the case for most of us!) technology now affords many options for companies willing to support the development and growth of their teams. We're now used to remote working and virtual meetings. It's led to a boom in low-cost online training, making educational benefits easily accessible to everyone. All you need to do is give colleagues the flexibility to attend from their desks.

There's been a huge rise too in in-house employee mentorship programmes. Senior colleagues are paired with junior team members, facilitating knowledge sharing and development. These benefits are incredibly easy to embed, cost-efficient and appealing – a win-win all round.

Healthcare is going virtual

Since the pandemic, plenty of us have understandably been thinking more about our health. At the same time, access to healthcare services is still recovering from the events of the last few years. Savvy employers are reacting to this. Enter the era of virtual healthcare.

In the U.S, virtual healthcare has been mainstream for years. Now, the UK is catching up. Employees benefit from remote, real-time access to care – that could be a GP, specialist or mental health practitioner.

And there's benefits for employers too: colleagues no longer need to take time off to travel to and from appointments, and when done well virtual care can decrease absenteeism. Giving employees access to tools can also help them manage stress, allowing them to be more productive both at work and in their personal lives.

And so there you have it – a glimpse into the future of employee rewards. But to make it all work, and really bring to life your employee value proposition, you'll need to communicate the changes.

Employees lead busy lives, and we all have our attention fragmented by an increasing number of digital platforms and workstreams. Effective communication can help make rewards and benefits:



Simple to access, without removing focus from the day job



Easy to understand, giving employees all the information they need to make decisions that are right for them



Appealing by speaking to employees' ever-changing needs.

For help embedding your new rewards with your employees, reach out to us.

tel: **020 7420 1984**

email: **hi@eximiacomms.co.uk**

