

Employee Value Proposition and Benefits: Past, Present, and Future Connections

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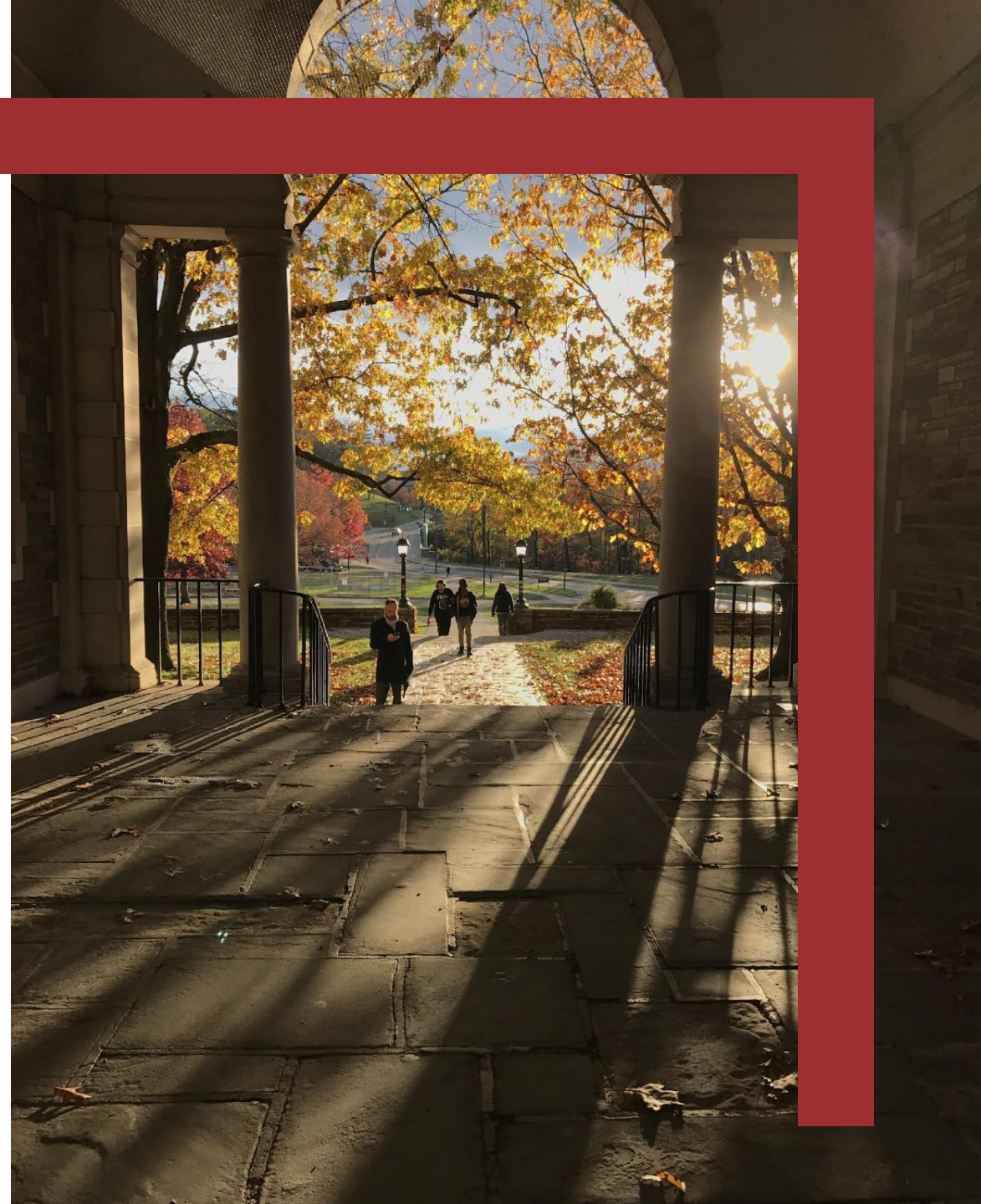
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AGENDA

1. Methodology
2. Current EVP and Benefits
3. Benefit Administration
4. Future Benefits and Trends
5. Conclusion



The Business Case for Good Benefits

Leverage benefits for competitive advantage:

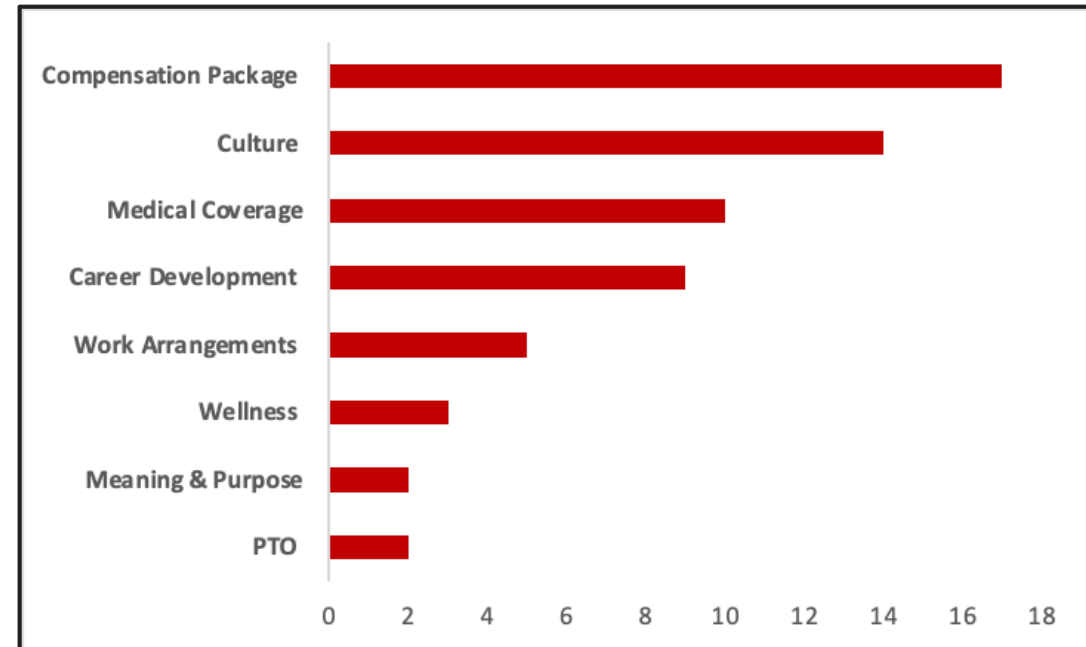
- Advance EVP and exemplify desired culture
- Attract and retain top talent
- Recognize workers
- Appeal to multi-generational workforce
- Signal organizational values to employees and families

Benefits are a key driver of employee engagement.



Higher employee engagement drives stronger company results and productivity.

Which of the following benefits categories do you find your employees value the most?



Research Questions



- I. How are benefits successfully **measured, changed, & communicated** across employee populations?
- I. How do benefits connect with the **employee value proposition** and strategic aspects of the **employee experience**?
- I. What are the **future-facing** benefits on the horizon?

Methodology

16 Partner Companies

26+ Leaders

14+ Industries

Thank you for your insights and participation in the Spring 2023 CAHRS RA study!



Bloomberg



ESTÉE
LAUDER
COMPANIES



OTIS



CURRENT EVP AND BENEFITS

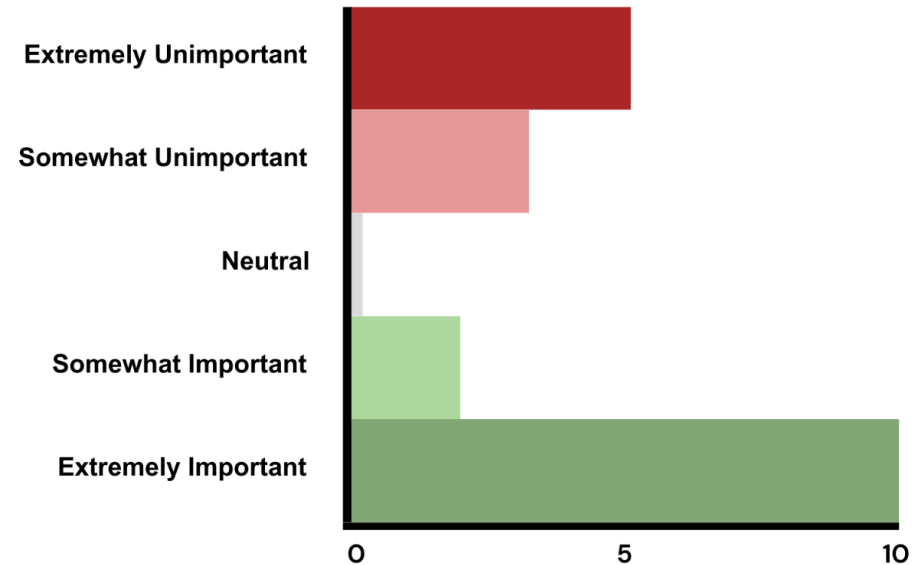
Where CAHRS partner companies land on their EVPs: the **unique set of benefits** that employees receive in return for skills, capabilities, & experience they bring.



How important are benefits to your company's employee value proposition?

40% of companies say benefits are **unimportant**

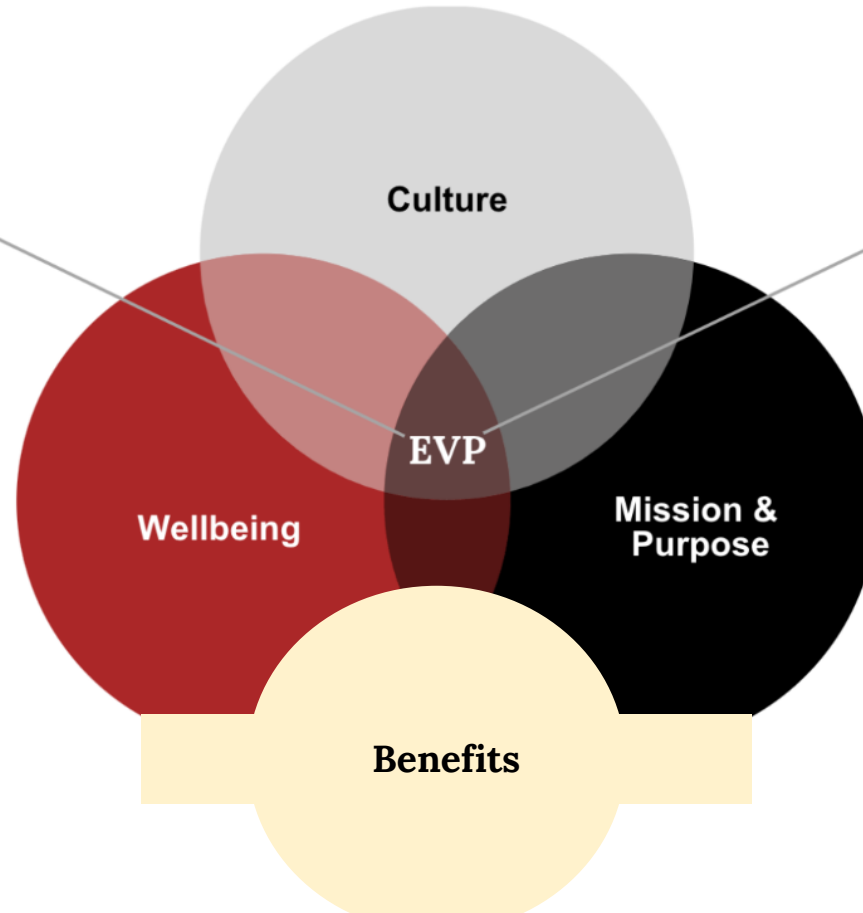
60% of companies say benefits are **important**



Defining EVP + EVP-Benefits Link

Benefits As
Foundational to EVP

Benefits As
Component of EVP



“Benefits can help make or break a culture, especially on the individual level.”

“Leverage benefits to help EVP come to life”

What factors most influence your company's employee value proposition?

Trend: EVP as **flexible** and dependent on key moments in employee lives.

Culture

- Families
- Flexibility
- Stability & job security
- Work environment & community
- DE&I, ESG, company mission & values
- Care & concern for employees, holistic wellbeing

Benefits

- Healthcare
- Compensation
- Paid Time Off

Career Development

- Learning & Development
- Advancement
- Impactful work

Structural Factors

- Unionization status
- Bottom line & additional financial targets
- Sustainability of culture, programs, & offerings

Making Benefits Changes

How often are benefits changed?

- Low frequency link between EVP changes & benefits changes
- Review more frequently than change
- Small tweaks rather than overhauls
- To meet benchmarks & feedback as needed



What are changes in benefits based on?

- Benchmarking
- Employee feedback
- Utilization Rates
- Claim data
- Costs
- Productivity
- Alignment with culture & values



Signature Benefits

“Signature Benefits” = Key benefits that differentiate a company from their competitors.

FINANCIAL

- Financial advising
- Exceptional contribution matching
- Student loan contribution

LEAVE

- Sabbatical
- Equitable parental and adoption leave
- Vacation time

MEDICAL

- Low/no contribution plans
- Limitless plans
- Equitable coverage
- Expanded women’s health offerings

WELLNESS

- Mental health coverage
- Work flexibility
- Fitness perks
- Emergency Childcare services
- Cultural institutions

Diversity, Equity, & Inclusion

DEI In Benefits

- Generally, large focus on DEI
- Considered when creating/reviewing offerings and policies
- Aim for benefits equity is prevalent (domestic and international)
- Expansion of DEI-focused benefits
- Ex: Adoption, surrogacy, disability, fertility, parental leave, gender-affirming procedures

Best Practices

- DEI-benefits execution tied to company values
- DEI is built-in rather than supplementary
 - Structural component of decision-making
- Retroactive Reviews
 - Checking current policy language & inclusivity of current practices
- Seek feedback through ERGs and DEI teams
- Only work with supportive partners/vendors
 - Macro: Examining vendors' language and policies surrounding DEI
 - Micro: Vendors use and respect employees' pronouns and identities



Current “Grand” Challenges

Communication, Awareness, & Utilization

- How to make people know what benefits are available to them when they need them
- More benefits = more coverage + more complexity
- More vendors = more pathways to understand

Cost

- Company budget
- Rising prices
- ROI reliable/unreliable for benefits

Administrative Complexity

- Unionized vs. Non-unionized workforce
- Geographical differences in legal requirements and norms
- Globalization and cultural expectations

Generational Differences

- *Baby boomers vs Gen Z*
- *Adapting offerings*



BENEFIT ADMINISTRATION ACROSS EMPLOYEE POPULATIONS

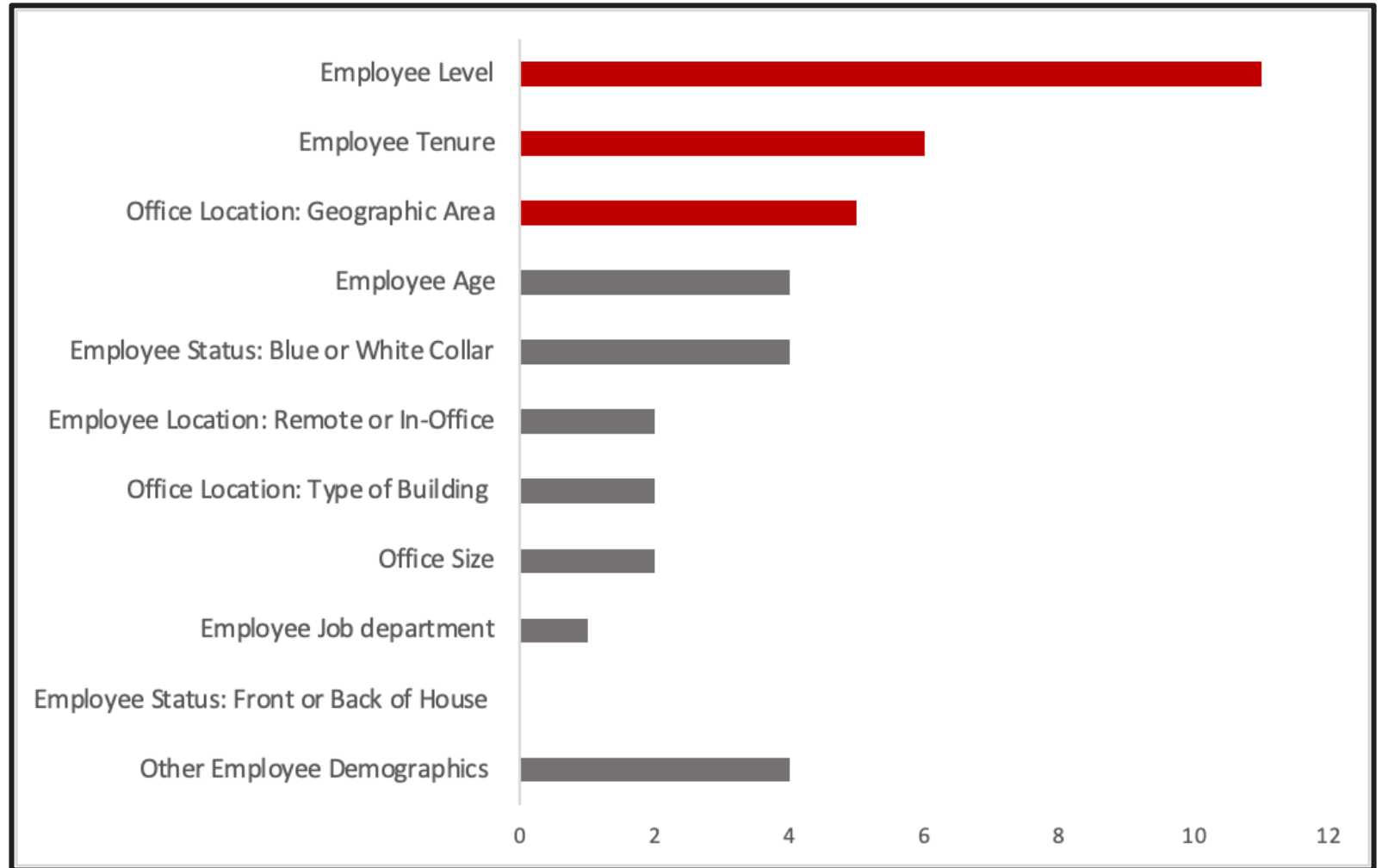
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Segmenting Employee Populations

What primary factors does your organization use to segment employees when strategizing and allocating benefits?

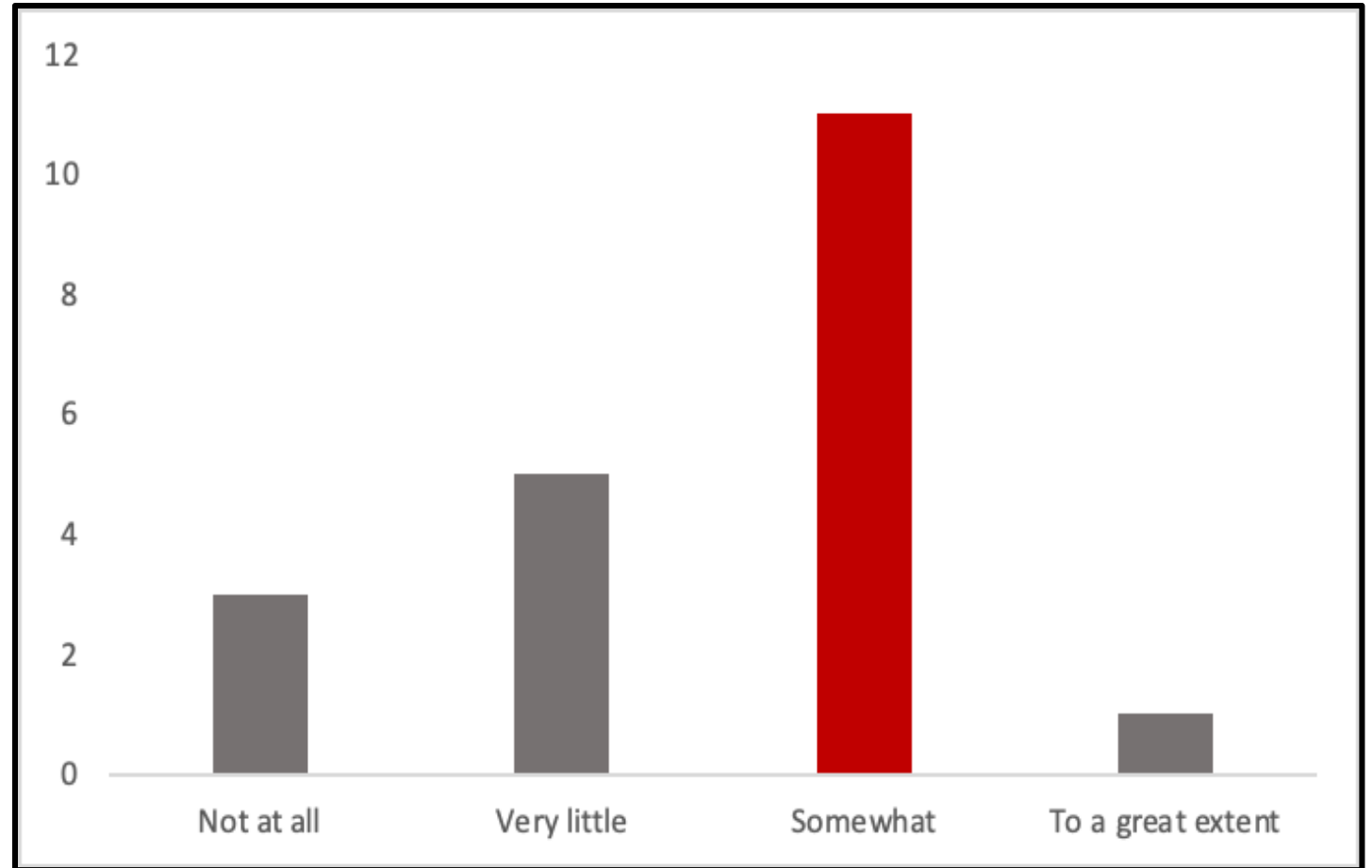
Employee Level was the most salient factor that companies segmented their employees by, followed by employee tenure and geographic area.



Communication Across Employee Groups

To what extent do you change your benefits communication based on factors you find relevant?

Majority of respondents change their communication strategy based on the employee segment they are targeting



Benefits Administration

Major differences lie in communication, not allocation

- Production vs. desk employees
 - Needed communication channels are different
- Union vs. non-unionized employees
- ERG-based social identities
- General population vs. niche location (e.g., fulfillment center)
- Executive vs. non-executive
- Domestic local vs. foreign local vs. global

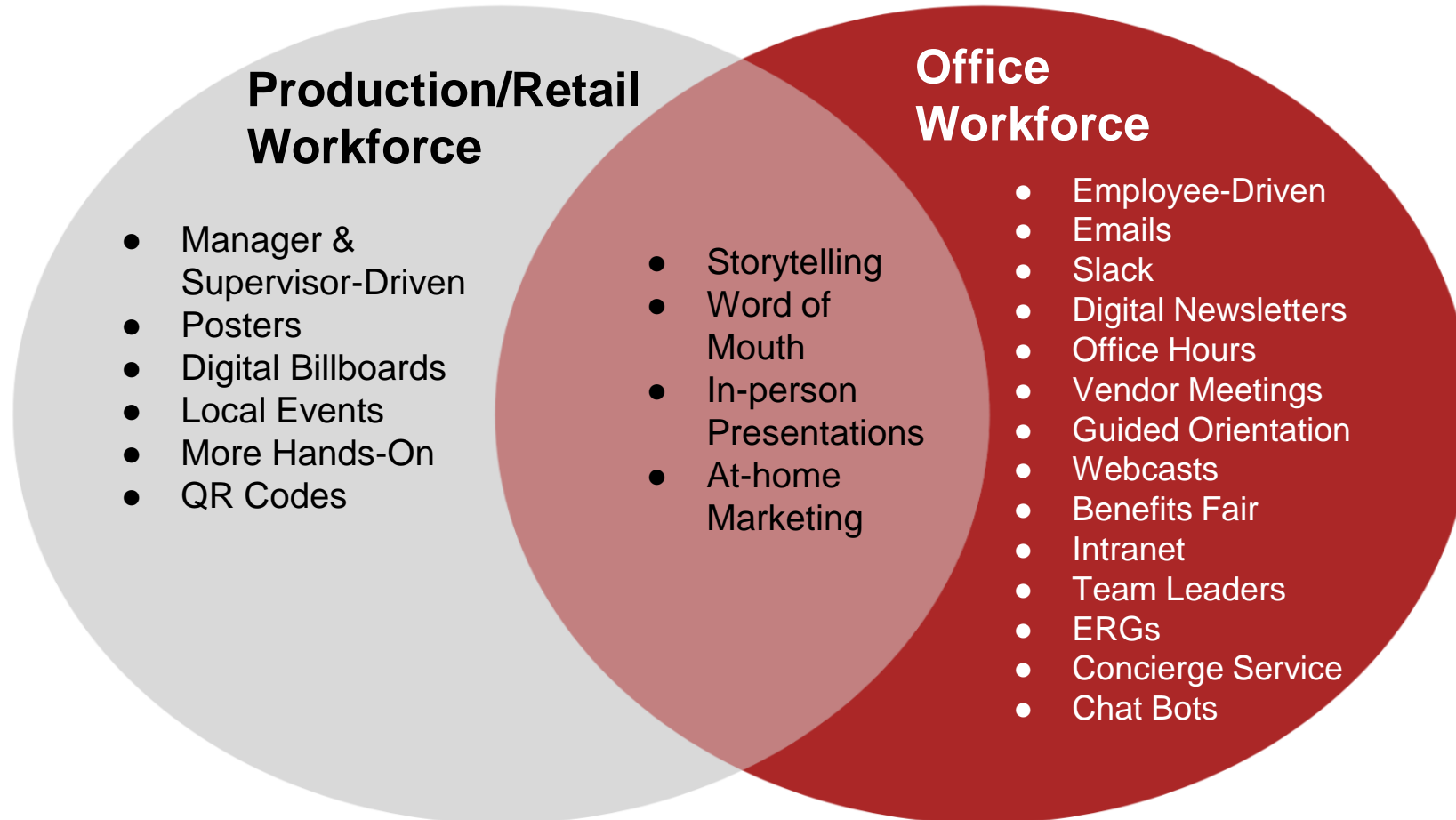
Customization is a divided topic

- Employees have a decent amount of choice
- Some say customizing is unpractical; some say “true flex” isn’t possible in U.S.
- Administrative concerns
- Some want to meet baseline access for all first
- Some say it is necessary for inclusion; even if not possible for one employee, can work with ERGs to offer customization another way



Communication Strategies

Communication is critical to drive utilization and guide employees to the benefits they need when they need them. Communication is often personalized, and changed based on the targeted employee population.



Communication Strategies

Common Challenges

Strategies

Having many benefits can be overwhelming for employees to understand



Keep communication short and sweet to avoid overburdening employees with information

Knowing which benefits apply to you currently can be difficult



Organize benefits into “moments” to simplify benefits and connect EVP (i.e. family building)

Employees already inundated with communication



Keep communication limited to weekly/monthly/quarterly to highlight key information

Benefits decision makers are at home



Involve family members by sending communications via mail to the household

Each employee has distinct needs & desires



Personalize communications based on employee demographics & data

Information sometimes difficult to find



Guide employees to a one-stop shop benefits portal



Encouraging Broad Utilization

Encourage broad utilization of benefits through:

1. Employee Testimonials
2. Communication from leadership (e.g., CEO blog, newsletters)
3. Town halls
4. Personalization
5. Home mailers
6. Automation (e.g., auto rollover)
7. Employee Resource Groups (ERGs)
8. Benefits concierge

High impact benefits can lead to:

1. Storytelling (word of mouth and formal storytelling)
2. Role modeling


These methods of encouragement are particularly important for stigmatized benefits, such as mental health and wellbeing benefits.



Metrics of Success

Staple Metrics

- Engagement, Participation, & Utilization
- Company performance considerations
- Benefits Cost
- Benchmarking
- **Process & Outcome Measures**
- **Impact on User**
- **ROI**



ROI averse: Goes against values and difficult to measure

ROI appreciative: See productivity pay-out & argue case for benefits

Employee Mechanisms

- **Employee Resource Group feedback**
- Feedback surveys
- Employee Sentiment, Satisfaction, & Testimonials
- **Social feedback channels**
- Focus groups for targeted benefits
- **Entrance & exit interviews**

External Sources

- Vendors:
 - Offer several metrics around utilization, appeals
 - Regular metrics discussions
 - Compiled data warehouses
- External consultant feedback
- Macro-level market trends

Benefit Metrics: Challenges & Strategies

Measuring Impact

- Hard to measure extent of benefits impact; impact a desired measure
- Want to better measure connection between benefits and productivity



Strategies: Targeted focus groups, in-depth interviews, process measures

Data Accessibility

- Data overload: Excessive data from several different sources
- Visualization & Dashboards: improving quality & availability
- Doubt surrounding health outcomes data



Strategies: Determine KPIs, standardize measures where possible, determine key health claim data

Vendor Management

- Lack of standardization in vendor measures (e.g., engagement)
- Lack of transparency & accessibility of vendor data
- Data visualization



Strategies: Build in-house data warehouses, fees of risk alterations



Benefit Categories

IMPACT ON USER

UTILIZATION

LOW

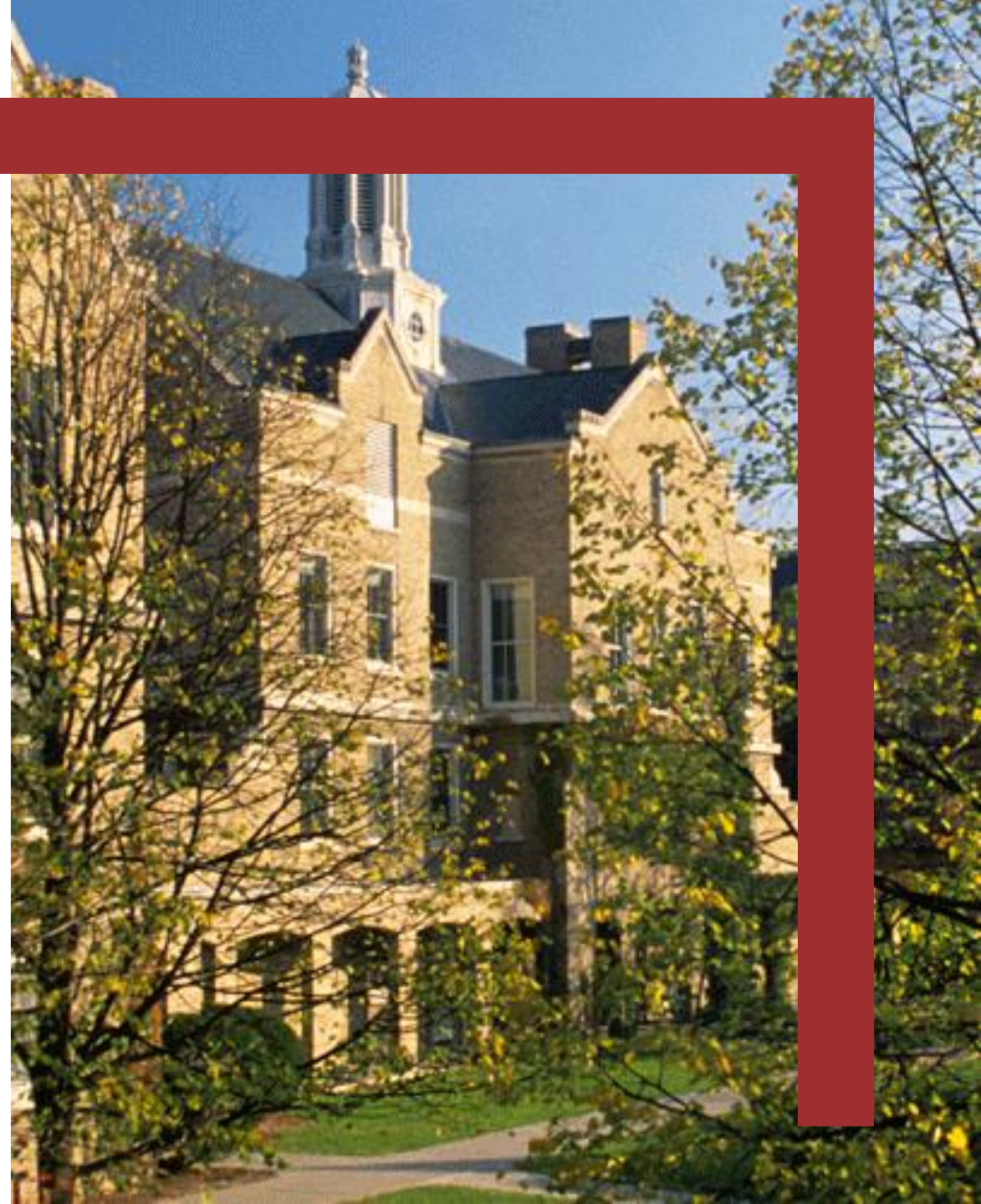
LOW

HIGH

Discretionary <i>Example(s): Employee discounts, pet insurance</i> <i>KPIs: Utilization, Engagement</i>	Deep Benefit <i>Example(s): Gender-affirming procedure, Adoption services</i> <i>KPIs: User Impact, Sentiment</i>
Everyday Benefit <i>Example(s): 401K</i> <i>KPIs: Utilization, Engagement</i>	Core Benefit <i>Example(s): Healthcare, PTO</i> <i>KPIs: Utilization, Engagement</i>



BENEFITS ON THE HORIZON



Benefits In Development

COMPREHENSIVE WOMEN'S HEALTHCARE

- Egg preservation
- Screenings
- Menopause support

EQUITABLE FAMILY FORMATION

- Adoption & surrogacy
- Parental leave
- LGBTQIA+ families

NEW & FLEXIBLE PAID LEAVE

- Emergency time-off
- Caretaker leave
- Sabbatical

FLEXIBLE WORK ARRANGEMENTS

- Flex schedule
- Weekly format

HEALTH WELLBEING

- Exercise
- Therapy
- Mental health support

FINANCIAL WELLBEING

- Increased support
- Education
- Planning

Anticipated Trends

MARKET (MACRO)

- Increased benefit customization
- Startups/vendors introduce niche benefits
- Power dynamics shift towards employees
- Labor market volatility means benefits are a competitive tool
- Advocacy approach for employees

COMPANY (MICRO)

- Continued emphasis on DEI
- Simplified benefits navigation and communication
- Emphasis on community, meaning, and purpose
- Increased financial perks through total rewards & recognition
- Introduction of Eastern medicine coverage

CONCLUSION

An intentional benefits strategy can connect to a strong EVP which impacts employee livelihood and fosters competitive advantage. Benefits can support employees in **moments that matter**.

Benefits strategies focus more on **equitable support** and **flexibility** than ever before. They serve as a strong signal of organizational values and commitments to **DEI**, **wellbeing**, and **employee purpose**.

**THANK
YOU**

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