

WHITE PAPER

Compensation & Benefits Communications



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COMPENSATION

Compensation refers to all types of direct or indirect payment. That includes fixed components such as the base salary as well as variable components such as yearly bonuses (short-term incentives, STIs) or long-term incentives (LTIs).

BENEFITS

Benefits include a wide range of different things that are typically not monetary in nature but are offered by the company (voluntarily) to its employees. There are all types of benefits from a variety of areas, such as pension plans, health plans, family assistance and financial consultation.

// PROFESSIONAL COMMUNICATIONS FOR COMPENSATION & BENEFITS //

Compensation & Benefits – success through professional communications

Any employer-employee relationship is based on compensation paid in return for work provided, typically in the form of money – most often referred to as remuneration. What was once a simple pay packet is now “Compensation & Benefits”, with a mixture of fixed and variable components as well as a variety of additional benefits. Many companies these days have relatively complex remuneration setups in place. A compensation system with modern elements increases an employer’s appeal and helps attracting, motivating and keeping employees. As such, Compensation & Benefits plays an important role in staying globally competitive in the market for competent, skilled workers.

Studies confirm the relevance of Compensation & Benefits

A number of studies¹⁾ in recent years have investigated which aspects about an employer have a positive influence on its appeal as well as on the motivation, commitment and loyalty of the employees in the company. The results show, for example, that young professionals, place a lot of value on Compensation & Benefits, in addition to having friendly colleagues and a nice working environment. Looking into the future gives us even more evidence of the importance of attractive and well-designed Compensation & Benefits packages, especially against the backdrop of shifting demographics, increasing digitalisation and automation, and changing values (e.g. trends toward freelance or new work).

Professional communications as a guarantee of success

Compensation & Benefits at a company can be extremely attractive, but without reaching the right employees and without raising enough awareness about the available packages their positive effect is lost. On top of that, many people, and particularly the younger generation, don’t like to deal with topics that appear too complex such as insurance policies or employee share plans. Complex Compensation & Benefits systems in this case can neither achieve the actual objectives set out, nor have the desired effect. A professional communications strategy tailored for the target group to ensure awareness, understanding and sustained motivation therefore represents a great opportunity for the success of a company.



1) All sources can be found in the appendix.

// COMPENSATION COMMUNICATIONS //

The money component as a basis for overall compensation – understanding is key

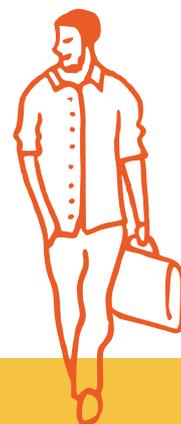
Employees typically view questions regarding their compensation packages with high interest. The objective of communication is thus to support this interest and create a better understanding of the relationships between personal performance, the development of the company and an overall compensation package.

Goals of compensation communications

One major goal of compensation-related communications is to keep employees **continuously informed** of everything related to their remuneration (status quo and planned changes) and to ensure they also understand it all. Only when employees know about the fixed and variable components that make up their overall compensation, and how their personal performance and/or company development affects that, will they be able to relate to it all and make targeted decisions based on that understanding. To guarantee transparency and comparability of one's compensation package, a carefully considered communications strategy needs to be put in place. If employees feel they have the necessary information and are being fairly treated, then the trust between employee and employer will grow. The ability to compare one's own compensation with industry benchmarks also plays a decisive role in convincing employees of the fairness of a compensation package and thus improves the existing trust between the two parties.

If the personal compensation element is not clear to the employee, it may even lead to the base salary component being unsatisfactory, or the bonus may not be much of a motivator to improve their overall performance. In addition, changes to compensation are always a touchy subject as well. Even if it's a neutral or positive change, there is often a risk that employees will see it as negative despite there often being no justifiable reason. In the worst-case scenario this can lead to valuable employees leaving the company. An accompanying communications strategy that is both timely and contextually well thought out can greatly help in avoiding this and thereby retaining know-how and saving costs over the long term.

The **knowledge** and **understanding** that such a campaign provides are proven to be major components in the **satisfaction** of employees in terms of their personal compensation packages. In addition, these communication efforts can provide **insight** into bigger-picture topics such as overall company strategies or visions; they can garner **approval** for possible changes; and they can motivate individual employees into **action**, for example to consent to participate in an incentive programme or to sign a new employment contract.



As part of a long-term communications strategy, the objectives of the project and the communication itself need to be clearly defined. What level of detail is needed? What reactions should be triggered? What timing or legal factors need to be kept in mind? Which channels and media are available or newly integrated? If all of these questions are answered in advance, professionally planned and implemented, the strategy can generate **acceptance, appreciation and loyalty** among employees in terms of the compensation. A sustainable communications strategy can also have a positive effect on HR departments, which are responsible for the communications, and may even reduce the amount of effort involved in successfully running a campaign.



Examples of projects for which it makes sense to have a professional communications strategy:

- Adjusting salaries after a revision of the grading system
- Introducing long-term incentive (LTIs) programmes
- Vesting and other events as part of management programmes
- Changing the criteria for short-term incentive programmes
- Linking incentive programmes with overall company success
- Eliminating previously existing compensation components

// BENEFITS COMMUNICATIONS //

The overlooked value of benefits

Benefits offer a number of opportunities. As a voluntary additional perk from a company, they are a good chance to differentiate the firm from the competition, address the specific needs of employees, and provide the entire staff with regular positive news. When well communicated, they can make a very positive contribution to the company's culture – and that is an opportunity you don't want to miss!

As with compensation, the basis for successful benefits communications is to provide ongoing updates to all employees about existing as well as new offers and perks. With benefits, however, it is essential to pay attention to the fact that certain offers are only made for certain locations, or that some offers are not necessarily equally interesting for all target groups. A fair benefits portfolio keeps all of the different employee groups in mind, and only adds value when it contains clear and focused messages to specific target groups. Poorly communicated benefits portfolios can easily lead to resentment, envy and misunderstandings.

Goals of benefits communications

When communicating about benefits, the concepts of “**employer care**” and “**employer branding**” need to be even more in focus than in compensation communications.

Effectively established benefits can lead internally to an improvement in employee satisfaction and thus to long-term **loyalty**. The foundation here is a benefits communication setup that not only allows for simple awareness of the offer, but also good understanding among employees while highlighting the benefits of the offers for each individual. In a global study in 2018, 84% of the polled employees stated that offered benefits greatly influenced their loyalty to the company as well as their positive attitude toward their work. Externally, it serves to build a **good employer image** and help present a real element of distinction in the very competitive battle to recruit the best new workers.

Beyond that, the target group-specific design of benefits gives you the chance to address certain phases of life and the individual needs of employees and thus show interest in the lives of your employees (e.g., family leave or personal care leave). Professional communications make it clear to employees what their options are and give you the ability to tailor the various benefits to suit their current life situations, which can in turn inspire increased **satisfaction** and **loyalty** among them.

Employer care: The employer care concept attempts to offer employees special benefits that give them long-term security and protect them from risks. Companies that pursue this concept are aware that employees are what create an authentic and trustworthy employer brand, both internally and externally.

Employer branding: Employer branding is a company strategy that applies marketing-style branding concepts in order to portray a company as generally attractive and distinguish it from other companies in the highly competitive market for qualified employees.

In global market studies, companies polled are in agreement on one thing: Professional communications inspires people to actually take advantage of offered benefits and evokes **company loyalty** and **motivation**. It follows that the goals of benefits communications focus on raising **awareness** of the benefits portfolio, **understanding** and **clarifying** the offers, and increasing the amount of people who use them and experience actual added value as a result – all of which creates long-term faith in the employer-employee relationship. In addition, a sustainable communications strategy can also have positive effects for HR in terms of the work they do and how people perceive that work.

One particular highlight of benefits communications is that they can be **emotional, positive** and contain **advertising-style elements**, which means creativity can play a real part in the campaign.

A collaborative approach to benefits communications

When communicating benefits, employees can play an active part in the effort. The results of surveys, for example, can be used to garner information about their relevance and added value later on, even before the new benefits offers are developed or introduced. These often digitally implemented employee questionnaires provide important insights into corporate sentiment as well as deliver measurable results.

Examples of projects for which it makes sense to have a professional communications strategy:

- Presenting an entire benefits portfolio
- Introducing or eliminating benefits
- Changing a company pension scheme, e.g. due to new laws
- Presenting offers related to voluntary financial employee benefits (discounts, loans, employee share plans)
- Presenting offers for time-saving models, and much more!



// FINGER ON THE PULSE //

Trends and their immediate effects

Many social and economic trends including the digitalisation and automation of our world, the increased use of artificial intelligence, demographic shifts, changes in values, freelancing and an increased desire for free time among young people are all having significant effects on the corporate world and on the labour market. Ultimately, many of these current trends will lead to increased competition for employees, in turn making it more important for companies to keep their current workers and try to entice new ones to join them.

In this context, Compensation & Benefits communications, if they are effectively carried out, will gain in relevance because the related company offers will contribute greatly to **attracting and keeping employees**.

Digitalisation and Compensation & Benefits

Digitalisation is a particularly relevant trend for the Compensation & Benefits field. HR systems assume processes that were once manual while employees increasingly manage their own personnel-related matters themselves using software solutions. HR is working less on a personal basis with employees, making the opportunity of building trust on a personal level less relevant. This is therefore changing the overall role of HR. HR departments are increasingly taking on strategic tasks and functioning more and more as the messenger for management decisions. HR and internal corporate communications are merging, showing us that digitalisation is inspiring great changes here as well.

SharePoint-based intranet sites are being transformed into modern collaboration platforms and social networks. Information is being sent less and less often via email to personal inboxes, and communicated more and more via forums and chats. The disadvantage: too much information can be confusing and it loses the personal touch. Not everyone keeps up with the trends and not everyone knows their way around the new methods of communication. The renewed risk of important employees jumping ship arises and misunderstandings become more common, leading to dissatisfaction at the company. As such, communications related to Compensation & Benefits needs to be particularly well thought out.



Using digital communications channels

To successfully establish a digital culture, the use of digital communications channels for Compensation & Benefits campaigns is essential. The transition from analogue to digital processes and media, however, requires customised approaches that take into consideration, in particular, the preferences of employees in addition to just the company culture in question. The people responsible at a given company need to be aware of which channels their employees use (currently and potentially), and which new channels are in demand. For example, the inclusion of social media can often have a huge impact on the reach and efficacy of a campaign.

Using digital opportunities – involving employees

Naturally, digital platforms can be leveraged these days to find out the communication preferences of employees. For example, online surveys (on the intranet, via email, etc.) give you a quick and easy way to gather employee opinions. That information can then be categorised and analysed in order to make conclusions with regard to **preferences among the interviewees** or to create a sort of **mood barometer** for certain topics.

This aspect can of course be expanded to include questionnaires about the wishes and preferences for Compensation & Benefits communications. Which benefits do employees really appreciate? What are the most effective channels for communications related to existing benefits with employees who are possibly at different locations, in different countries, or who belong to different target groups? How do employees want to access and manage their benefits? How does the offer of benefits change the actual perception of employers?

In addition to current studies in the area of employee benefits, our own experience shows that gathering this type of data using technically advanced means works very well in recognising what employees really value and which offers promote real **loyalty, commitment, satisfaction** and **motivation**. It makes sense here to carry out such analyses before introducing Compensation & Benefits packages as well as on a regular basis in order to examine the advantages and effects of existing offers. Yet, even in today's world, where it's increasingly important for companies to differentiate themselves from the competition with customised Compensation & Benefits packages, less than 20% of companies use this type of data capture and analysis technology.



// SUMMARY //

“If employees don’t know what’s on offer they can’t make their selections, but more importantly, all of the money you spend on those benefits is not being recognised or appreciated.”

Simon Andrew, Head of Engagement at Benefex.

Numerous studies support the thesis above that, most importantly, the right communications regarding existing Compensation & Benefits is what achieves positive effects. Effective strategic communications help potential applicants as well as current employees to correctly inform themselves and actually take advantage of the benefits on offer at a company. If, on top of that, the programmes are presented in a way that is attractive for the target group in question and in line with the company’s values, then the company culture will spread to the employees and in turn support their ability to identify with their employer. With targeted internal company communications you will see a valuable dialogue between employer and employee, which makes a great contribution to a more modern and more durable overall company culture. Beyond that, awareness and participation rates for Compensation & Benefits increase due to communications efforts, and with it the recognition among employees that company is offering such benefits. In the end, employee satisfaction with, loyalty to and trust in their employer all grow.

When it comes to Compensation & Benefits communications, the content is often broad in scope and difficult to present clearly when dealing with things like employee shareholder programmes or pension schemes. In addition, there are often very diverse groups of recipients with different levels of understanding of such matters, and from whom a reply of some sort is required within a defined period of time. Employees need to have the chance to comprehend the offers being presented so they can make informed decisions about participating or not. Compensation & Benefits communications must therefore walk a thin line between having an advertising tone and an informational tone. A considered, organised and intuitive strategy is of the utmost importance for success here.



// WHERE CAN I FIND SUPPORT FOR CREATING A TARGETED STRATEGY AND PROFESSIONAL COMMUNICATIONS? //

We have worked as specialists in Compensation & Benefits communications since 2011, offering extensive expertise as well as many years of communications experience to our clients. We develop and implement communications concepts for complex topics for customers of different sizes and from a wide variety of industries – and we love what we do. Our work has already garnered a number of awards for us and our clients along the way.

We support our clients in the implementation of communications concepts that include competent, end-to-end project management and the creative design and production of campaigns and media. But our work doesn't stop there. We are also an able sparring partner in the interface position (project management office) between the various departments at a company, from the planning phase all the way through to the results measurement stage. Unequity's clients profit from our holistic project approach, which can include things like pre-project creative workshops or post-project findings summaries to help establish forward-thinking next steps.

An overview of what we offer

- Strategic communications planning and consultation
- Project management as PMO (project management office) or in partial projects
- Development of creative concepts
- Implementation of creative concepts from initial design all the way to production
- Implementation of multimedia, multilingual and international communications campaigns
- Employee surveys (data capture and analysis)
- Results measurement and identification of potential
- Publication of results in specialist media, submission of award applications, creation of case studies, etc.



As an interdisciplinary team of consultants, project managers, graphics specialists, designers and copywriters, we create specialist communications campaigns taking into consideration your target groups, communications culture and individual objectives. Our international network of partners and service providers enable us to work for you on a global level.

Have a look for yourself at our numerous case studies with national and international companies from a variety of industries and visit our website at <https://unequity.com/en/projects/>.

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// STUDIES //

ACADEMIC WORK (2018):

YPAI - Young Professional Attraction Index

BOSTON CONSULTING GROUP (2017):

Twelve Forces That Will Radically Change How Organizations Work

GARTNER (2017):

Global Talent Monitor

INSTITUTE FOR EMPLOYMENT STUDIES (2016):

The Relationship Between Total Reward and Employee Engagement

INSTINCTIF PARTNERS (2015):

Study on Digitalization in German Companies

MERCER (2018):

Global Talent Trends Study – Unlocking Growth in the Human Age

SOCIETY FOR HUMAN RESOURCE MANAGEMENT (2017):

Employee Benefits – Remaining Competitive in a Challenging Talent Marketplace

THOMSONS ONLINE BENEFITS (2018):

Giving employees a voice on global reward and benefits

THOMSONS ONLINE BENEFITS (2018):

Global Employee Benefits Watch Report 2018/2019

THOMSONS ONLINE BENEFITS (2017):

Communicating Employee Benefits – Driving the Value of Reward

// AND WHAT CAN WE DO FOR YOU? //

Unequity takes a great idea and uses optimised communications to make it a success. Whether it's employee shares or management programs, bonus plans, company car arrangements or offers for pension plans, we make your compensation & benefits program a big win – for your employees and for your company.

Unequity. Good communications for good ideas.





UⁿEQUITY
communication

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