

# Employee Benefits: Employees Say Their Benefits Don't Reflect The Current Situation

**In times of crisis, employers can pick and choose talent, while employees should be grateful that they have a job, right? Ummm, not so fast. Not only is that approach archaic, there are plenty of reasons for employers to invest in employees and their employer brand, especially during times of crisis. In this report, we take a closer look at what benefits are most important for different groups of employees, how benefits are related to engagement, what effect HR tech platforms have on benefits appreciation and the employee experience overall.**

But first, let's take a look at the relationship between employers and employees in 2020 from a broader perspective. Work-life during the pandemic - while there are no organisations unaffected by COVID-19, exactly how organisations are affected varies, with some industries experiencing large declines, while others are experiencing increased demand.

Additionally, competition for developers, programmers, and other tech competences was already tough before the pandemic, and this demand is unlikely to decrease during times of social distancing and remote working. Therefore, it would be a mistake to say that now it's suddenly an 'employer market'. Why care what employees want during the current pandemic? The fact there are no organisations that have not been affected by COVID-19 is also because every organisation is made up of individuals, each with their own personal challenges. Organisations that succeed in supporting their employees' health and maintain high levels of motivation and engagement will also become stronger through the pandemic. This is true, whether employees have had to reduce their working hours, have seen an increase in their workload, or have to work from home.

One thing that 2020 has taught us, is that we can adapt quickly when forced. For example, in 2019, who could have imagined

that a Conservative government in the UK would offer massive state aid package for companies and their employees? Or that employees for airline SAS would be quickly trained as care assistants? Or that remote working would become the new norm for employees everywhere in just a few months? The coronavirus pandemic has accelerated the digitalisation that was already underway.

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Without the digital developments we have seen in recent years, the crisis would undoubtedly have had different effects on our working life than what has occurred today. As Dave Munton, Head of Markets and Client Service, Grant Thornton UK LLP, writes in a study about the impact of pandemics on medium-sized British companies, "The importance of technology has proved paramount in enabling businesses to remain connected with their people and

their stakeholders, and in opening up new commercial opportunities". With this in mind, it has been particularly interesting to research the presence and effects of digital benefits platforms in the UK, Germany, and Sweden – each with similarities and differences when it comes to their benefits and digital maturity.

## Digital Infrastructure For Remote Working

The EU index, DESI (Digital Economy and Society Index), measures and summarises Europe's digital performance and competence of different countries based on connectivity, human capital, use of internet services, integration of digital technology, and digital public services. In the 2020 edition of the EU Index, all three countries rate above the EU average. If you compare these three countries with each other, Sweden ranks highest, followed by Great Britain, and Germany in third place. Of course, for employees to be able to work from home - something many employees in all three countries are doing during the pandemic - a well-developed digital infrastructure is a prerequisite.

## Which Benefits Are Most Common Today?

- Company cars that employees can also use privately
- Petrol costs are often covered by the employer
- Non-monetary remunerations, where the employer can offer a tax-free monthly gift or voucher up to 44 Euros, and up to 60 Euros for a work anniversary gift or other occasions. This is especially popular with smaller businesses and companies in the blue-collar sector
- Long-term account models that allow employees to earn credits, which can be exchanged for time off or early retirement. This is especially popular with larger companies
- Group risk benefits – a standard offer with most employers, typically including pension, life insurance, critical illness, incapacity and private medical insurances
- Childcare vouchers, or on-site childcare, can make a big difference for British employees with children, since childcare tends to be more expensive than in other European countries

- ULEVs, or ultra-low emission vehicles, can be offered tax deductible and are becoming a popular way for employers to link their benefits offer to their corporate social responsibility policies. However, bike leasing benefits are becoming increasingly popular, and I think we will see a rise in wellness benefits in the near future
- Computer glasses - Employees who spend part of their workday in front of a computer are offered eye exams and, if needed, glasses
- Healthcare benefits: Employers can offer employees reduced prices on private healthcare services, including health insurance, vaccinations, dental care, IVF treatments, gastric-bypass surgery, and laser treatments for eye defects.

The UK is quite a mature market, where we're seeing a shift from traditional insurance-based benefits to a more rounded well-being offering. Wellness allowance and work-life balance benefits are becoming increasingly popular, as employers are looking to support all aspects of their employees' lives. Employers can subsidise a wide range of wellness activities for their employees, tax-free, up to 500 Euros per year.

### Benefits That Are Worth Changing Jobs For - What Benefits Are Really Considered Most Important To Employees?

At a glance, the three most popular benefits in all three countries surveyed are:

- **Bonus & profit sharing:** taking part in a company compensation programme that awards employees a percentage of its profits
- **Flexibility:** greater employee freedom e.g., working hours and work location (e.g., work-from-home)
- **Pension:** benefits such as occupational pension or investment advice.

### Which Age Groups Are Likely To Change Employer For Better Benefits?

Younger employees generally seem to be easier to attract with a more attractive benefits offer than older people. In fact, nine out of ten employees aged under 30 say they would consider changing employers to receive better benefits.

### Important Benefits In Different Countries

Flexibility and work-life balance rank highly in the UK, mobility is considered more important in Germany than elsewhere, while skills development is given lower priority than in Sweden or the UK. Healthcare benefits, especially well-being benefits, rank higher in Sweden than in Germany and the UK.

We have found that different benefits are important for different employee groups. But people are, of course, much more than

their group affiliation. How can your benefits offering be tailored to suit each employee's individual needs, wants, and situation? More employers are enabling their employees to choose their own benefits, based on a broad and attractive offering by using a flexible benefits budget that employees can use freely on an entire benefits range, or within specific categories. For example, an employer may offer a flexible benefits budget for mobility that employees can use to spend on travel to and from work, as well as privately. Employers who wish to encourage healthier or more environmentally friendly choices can build incentives for this by increasing the flexible benefits budget for employees who choose bicycles, public transport, or a more environmentally-friendly car. According to our survey, benefits flexibility is more important for employees in Sweden and the UK than in Germany. Half of the employees in the UK and Sweden would consider changing jobs if offered flexible benefits, compared with four out of ten in Germany.

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### Why Is Benefits Satisfaction So Important?

Our survey shows that employees who are satisfied with their benefits are almost 20% more engaged in their work. And perhaps even more importantly, the proportion of employees with low engagement is 85.5% lower among those who are satisfied with the benefits. In the UK specifically, we see that engagement increases by a third for employees most satisfied with their benefits. On a regular day, how engaged are you in your work?

High levels of employee engagement also correlate with other factors that usually characterise a strong employer brand: feeling proud about where you work and ambassadorship. Three out of four employees with high engagement say they feel proud of their workplace and would recommend it to others. Among employees with low engagement, the majority are not proud of where they work and answer a resounding "no" to the question of whether they would recommend their employer to others. As a result, low employee engagement significantly risks damaging the employer brand.

We have established that employees who are satisfied with their benefits are more engaged in their work and that engaged employees are, in turn, more likely to become positive ambassadors for their employer. Similarly, employees who are dissatisfied with their benefits are less engaged and less likely to recommend their employer to others. In addition to a weakened employer brand, what are the financial consequences of disengaged employees? According to Anders Wikström, innovation researcher at Swedish research institute RISE, organisations have even more to gain by creating the right conditions for well-being and engagement as both lead to greater innovation. "There is a lot of research that shows the connection between healthy employees and the ability to innovate. I usually say the worst thing we can get if we invest in the right innovation conditions in organisations is that we get healthy employees. And the best we can get is healthy and engaged employees, together with a lot of power and innovation that the organisation can work with in the future. So, it's a win-win".

### Digital Tools For Managing Benefits

Once an employer has decided what benefits they want to offer their employees, a common problem that many employers face is a lack of awareness from an employee perspective that the benefits even exist. As a result, employees don't appreciate their employer's investment. Even if employees are aware of what benefits they have access to, there may still be blocks in the way that prevent them from using them. For example, while information about employee benefits can be available in employee handbooks and the intranet, information can often be so general that it becomes difficult for each employee to know what applies to them. Additionally, employees may be discouraged by complicated enrolment processes where HR and managers need to be involved. In other words, it is not surprising that benefit platforms have become increasingly popular in recent years, especially in larger companies. Digital HR technology platforms help reduce

HR administration and make benefits more accessible to employees.

In our survey, approximately one in three employees in Sweden and the UK said their employer offers them a platform or app where they can access their employee benefits digitally. However, only 15% of survey participants in Germany said the same. This partly reflects how the three countries place themselves in the EU's digitalisation ranking, with Germany at the bottom and Sweden at the top. Interestingly, however, British employers seem to have digitised the management of their benefits to a somewhat greater degree than Swedish employers.

### What's Next In The World Of Benefits?

As we stated in our introductory chapter, the coronavirus pandemic has impacted the workplace quickly and profoundly. While it is still too early to say which of these changes will last and constitute the 'new normal,' there are already some clear trends in the benefits area: "In Germany, there has definitely been an increased interest in different benefits related to working from home, where employees buy equipment to support their home office and get reimbursement from their employer. With many employees in Sweden feeling socially

isolated while working from home, we can see a rising demand for support and counselling services. On the other hand, benefits for wellness during pregnancy are also increasing". The focus right now for UK employers is on mental well-being, health, and flexibility. People have been really creative, sending care packages home with favourite things to employees who are having a tough time. It's a really nice way to connect and show that we're all in this together.

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This article has been taken from The Benefits And Engagement Report from Benify.

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