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ONLINE BENEFITS

## Employee Rewards Watch 2009

### Summary

Employee Rewards Watch 2009 found that a staggering 88.32 percent of respondents believe that reward professionals are under more pressure to minimise costs and improve return-on-investment in 2009. Nevertheless, the research also revealed that reward professionals are poorly equipped to respond to this challenge, with less than one in ten (9.42 percent) organisations able to measure the return-on-investment obtained from their reward spend.

These findings were among a number of insights revealed in the sixth “Employee Rewards Watch”, in which 523 organisations took part.

Other key findings for 2009 include:

### **Reward Strategy**

- The majority of respondents reported the biggest issue they face in relation to their reward strategy is pressure from adverse economic conditions (52.94 percent), with just under half citing they faced escalating costs to remain competitive;
- Around one in three respondent companies either do not have a reward strategy in place (31.30 percent) or have a strategy that is not documented (31.71 percent);
- Whilst the majority of respondents (84.19 percent) report that their reward strategy impacts directly on employee engagement, nearly a quarter do not measure their reward strategy effectiveness in any way (22.59 percent);
- The majority of respondents believe it is either very important (33.20 percent) or important (26.84 percent) to demonstrate a return-on-investment from their reward spend. However, over half either do not have the ability to demonstrate a return-on-investment from their reward spend (26.94 percent) or cannot do it very well (33.27 percent).

### **Employee Benefits**

- Nearly half of respondents have not measured the success of their package at all (35.52 percent), or do not know if they have (11.91 percent). Less than one in ten respondents (8.42 percent) have measured any cost savings generated;
- In 2009 around four in ten respondents plan to review their Health & Wellbeing offering (38.19 percent), introduce Total Reward Statements (30.18 percent), or Flexible Benefits (27.52 percent);
- Respondents reported a wide range of advantages to their Company in having their current benefit package in place, with the majority citing that it assisted employee recruitment (65.09 percent), improved employee retention/turnover (64.27 percent), and increased levels of employee motivation (44.15 percent);
- Since the inaugural Employee Rewards Watch survey there has been a marked increase in companies not only offering an employee benefits package (22.22 percent rise), but also the numbers who are considering, are in the process, or have already implemented a flexible benefits scheme (up from 17.5 percent to 58.13 percent). The last year has seen the number of companies considering implementing flexible benefits rise by 6.89 percent.

## Salary Sacrifice

- Over the last year there has been a rise (5.05 percent) in companies who have implemented salary sacrifice options. The majority of respondents have now implemented salary sacrifice (72.63 percent), with a further 12.55 percent intending to in the next year;
- Respondents with salary sacrifice in place were asked if they generated the level of tax and National Insurance savings expected. Nearly a third (26.35 percent) have not measured the savings.

## Pensions

- The vast majority of respondents (90.77 percent) report the strategic objective of having a pension scheme in place is to provide their employees with adequate funding for retirement. However, a third of respondents (31.68 percent) do not know how many employees are members of their pension scheme;
- Almost half of respondents (46.67 percent) do not know how their pension contribution levels will change as a result of Personal Accounts. Personal Accounts will require auto-enrolling employees into a pension scheme, but the majority (51.18 percent) do not currently have the facility to do so.

## Reward Communication

- Seven out of ten respondents (70.64 percent) report their employees do not know the full value of their total reward package and the majority do not currently offer total reward statements to their employees (70.02 percent);
- Although nearly half of respondents (44.47 percent) believe it is very important to brand their benefits package to maximise impact, only 12.65 percent have a specific reward brand. And nearly half (45.70 percent) do not gather information from employees about the impact of their internal communication.

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