

The real cost of employee benefits

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The outlook is still bleak for employees with regards to their pay. With employers continuing to err on the side of prudence rather than open their purse strings, wages are unlikely to rise in the foreseeable future. How can benefit packages give ROI and prove valuable?

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Employee benefits packages have always played an important role in staff remuneration schemes, but as employers hurry to make savings, some refuse outright to even consider offering their employees any kind of benefit scheme, considering them to be costly supplements to a monthly salary. However, failing to offer these schemes could lead to greater costs being incurred in the long run. So, why should you consider offering employee benefits and which ones are the most effective?

First and foremost, benefits packages go a great way towards improving employee satisfaction. At work, employees often feel as though they are just a replaceable cog in the business' wheel, but a suitable package of benefits will make them feel valued, which in turn increases productivity. An employee who sees their salary enter their bank account every month, but who takes very little holiday and has nothing to look forward to on retirement probably will not feel that their company cares for their wellbeing. As an inevitable consequence, workforce morale will take a dive and productivity will slow, in addition to the pressures that a high staff turnover can bring.

Human resources managers and directors must ensure that productivity is kept high. The most common misunderstanding, however, among those responsible for staff remuneration is thinking that employee benefits are additional add-ons to a salary, just like a bonus. This is an easy mistake to make; after all, surely the salary is the 'benefit' the staff take home with them? What employers need to realise is that benefits packages should be incorporated into the overall remuneration package on offer, rather than be tacked on as an additional gift.

The best employee benefits packages should not take a large chunk out of a company's funds, but rather should be secured cheaply. They must also be flexible, as not every employee will prefer a few extra days of holiday to an increase in their pension fund contributions, for example. It can be hard to please everyone, so the right package should cover a broad spectrum of options.

Incentive schemes are a popular way of providing staff benefits to reward good performance at work. Under such a scheme, employees receive particular benefits (or even salary) in return for commendable performance. As most people know, this is one of the most common forms of incentive scheme used in sales positions. It promotes competition among staff and hard work.

Nevertheless, this type of remuneration can also have a negative effect on morale, encourage jealousy and lack of team spirit. If an employee has a bad month through no fault of their own, they may feel undervalued and less inclined to work doubly as hard in the following month to recuperate their losses. You should consider consulting with your staff before rolling out this sort of scheme – and, of course, you should remember that you must continue to fulfil any contractual obligations for the term of the agreement.

Employers also need to try to minimise the amount of days their staff take off sick. Statistics show that 29.3 million working days are lost annually due to employee illness, a figure that has a significant impact on the productivity of industries of every sector. In addition to official absenteeism, it is often the case that although an employee may be physically present in the workplace, if they are suffering from an illness or pain they are unlikely to be able to perform normal working activities with the same enthusiasm or ability.

Healthcare employee benefits schemes seek to address this problem, encouraging patients to attend regular check-ups to prevent niggling complaints from developing into major illnesses, thus reducing absenteeism and improving overall staff morale. There are many different schemes available on the market, such as healthcare insurance and discount plans. Which one you choose depends to a large extent on the demographic of your staff and the nature of your business. Older employees or those who undertake work on the computer may prefer benefits relating to optical health, while others may appreciate discounts of a dental kind. Some may even wish to extend their healthcare treatment to include aesthetic procedures such as tooth whitening or dermal fillers. The key to choosing a successful plan is to ensure that it is appreciated by all employees, rather than just a select few.

In this uncertain financial climate, employee benefits are likely to form an increasingly important part of the package offered by any firm to potential employees. Those looking to continue to attract the best possible employees at the lowest possible cost, while achieving maximum productivity from their workforce, must ensure that their staff feel healthy and valued. Employee benefits are an effective means by which this can be achieved.

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