



Employee Benefits:

A Proven Strategy to Improve
Employee Retention

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Employees are the backbone of any organisation - you need loyal and productive staff to run any business effectively. So ensuring that your team remains happy and satisfied is vital to your organisation's bottom line, which is why most organisations have an employee benefits programme.

Employee benefits, also called perks, are non-wage compensation given to employees in addition to their regular wages. These are not limited to monetary or financial benefits, as they can come in many forms.

While you are legally required to provide some employee benefits, organisations are encouraged to go the extra mile to offer additional perks to support recruitment and improve retention rates.

Now, not all employees get the same benefits. Although general benefits are often given to everyone, some other perks are often discretionary and limited to outstanding employees who have demonstrated high performance and loyalty to the organisation.

Why do you need an employee benefits programme?

The main aim of employee benefits is to increase the standard of living - the economic security of the staff of an organisation. Setting up an excellent employee benefits programme lets your employees know that your organisation is invested and cares about their well-being and career growth. It sells your business as a great place to work and increases the chances of getting high-quality candidates during recruitment.

Employee benefits can also save you money. A [Harvard study](#) found that, on average, for every dollar spent on employee wellness, medical costs drop by about \$3.27 and absenteeism costs also fall by \$2.73 - a 6-to-1 return on investment that any company should jump at.

Increased productivity

A healthy workforce is a productive workforce, and this doesn't just apply to physical health but also mental and emotional well-being. Providing your employees with access to quality healthcare at a reduced cost takes the financial burden off them and helps ensure that they are working at peak performance at all times.

Improved culture and morale

A lot more employees are taking work-life balance and the benefits an organisation provides into consideration before accepting job offers.

Additionally, including benefits like shared gym memberships and recreational activities in the employment package helps employees bond with their colleagues, which can boost team morale.



Tax advantages

Many employee benefits are tax-deductible, not just for the organisation but for the employees as well. These include retirement plan contributions, health insurance, life insurance, paid vacations and many more.



Recruitment advantages

Referrals are one of the most successful sales tactics in any business. It's no different in recruitment. For instance, everyone wants to work in places like Apple and Google, not just because they are innovative, but also because they have fantastic benefits, as touted by their current and past employees.

In addition to great pay and an inclusive culture, employee benefits are another reason staff will refer friends to apply to your organisation. They will also leave rave reviews on company review sites like Glassdoor, improving your company rating and chances of having your pick of quality hires.

Reduced employee turnover

Offering an outstanding benefits package means keeping your employees in your organisation long term - members of staff are less likely to leave even when offered better pay by other organisations.

Reducing your organisation's turnover rate is good for productivity and finance. You'll spend less time and resources on constantly hiring and training new employees.

Let's take a look at 40 employee benefits ideas you could implement in your organisation.



- ✓ Employee stock options.
- ✓ Flexible working hours.
- ✓ Increased pension contributions.
- ✓ Work phone, especially for customer-facing staff.
- ✓ On-site gym or subsidised fitness classes.
- ✓ Education loan repayment plans.
- ✓ Year-end performance bonuses for employees who have outstanding performance.
- ✓ Shared transit plan for employees to help them save on transportation.
- ✓ One-on-one mentoring opportunities with top executives
- ✓ Support with housing/mortgage loans.
- ✓ Unpaid sabbatical.
- ✓ MVP awards for employees with exceptional delivery.
- ✓ Salary advance.
- ✓ Professional training and certification for staff.
- ✓ Great welcome packages for new hires. This may include a water bottle, notebook, stress balls, a smart watch to track their fitness goals, and so on.
- ✓ Paid maternity and paternity leave for employees welcoming new babies.
- ✓ Savings plans and free financial consultation to help employees meet their financial goals.
- ✓ Mini rewards for small wins. These can include restaurant vouchers, spa days, movie tickets, etc.
- ✓ High-end laptops and high-speed internet service to help employees be more productive.



- ✓ Company-wide destination vacations or retreats
- ✓ Access to investment opportunities
- ✓ Dress down days to allow room for individual expression.
- ✓ Day-off on employee birthdays.
- ✓ Gifts to new parents.
- ✓ Company branded merch.
- ✓ Eye-care, especially since most employees spend hours staring at their system, thus putting a huge strain on their eyes.
- ✓ Lactation room for breastfeeding mothers.
- ✓ Free health checks in the workplace.
- ✓ Designated parking spaces for employees who need it.
- ✓ Life insurance.
- ✓ Relaxation room to help employees decompress.
- ✓ Overtime pay.
- ✓ Confidential counselling services
- ✓ Investing in sleep pods or sleep areas.
- ✓ Payment for postgraduate tuition.
- ✓ Access to mental healthcare.
- ✓ Dental care.
- ✓ Free lunches and beverages.
- ✓ Subsidise childcare costs.
- ✓ Paid industry certifications.

How four top companies use employee benefits



Google has some great perks for staff that only a few other organisations can beat. These range from free food and cooking classes to university sponsorship for staff members who qualify.

Easily the most impressive benefits package from Google, however, is the payment of 50% of salary to the spouse or partner of any deceased staff for ten years.

As a result, Google has acquired over 50,000 of the best and brightest employees spread worldwide, improving workforce strength and increasing productivity.

facebook

In 2020, Facebook won nine awards from Comparably, including [Best Company, Perks and Benefits](#). This was probably an easy win for the social media giant as some interns reported earning over \$7,000 monthly in addition to free healthcare and housing.

The company offers four months of paid parental leave and a \$4,000 "Baby Cash" bonus to all employees with a new born. Saying Facebook knows how to take care of its employees will not be an understatement.

According to an [EY study](#) of more than 1,500 employees, investing in paid parental leave boosts employee morale and increases productivity while at the same time reducing employee turnover rate.



HubSpot

With an emphasis on mental health and well-being, HubSpot offers unlimited holidays and flexible working hours with four-week extra paid leave for every five years of work. This is in addition to their recently introduced mental health week, where the entire staff goes on a week-long break.

HubSpot also reimburses staff members for tuition to ensure continuous learning and growth of their staff. HubSpot's employee retention over time has increased, reducing the cost of recruiting and training new staff, while saving much more on talent management.

NETFLIX

Netflix is big on employee wellness and shows this by offering unlimited paid parental leave to new parents. Employees are also generally encouraged to take time off when they are burned out, need rest or just need a break. This is reinforced by the six-week holiday the company CEO takes every year.

Another wonderful perk from Netflix is a death benefit to the family of deceased employees that runs up to \$1.5 million, ensuring that family members of deceased employees get the financial support they need.

How to design an employee benefits programme



Having a well thought out benefits programme can be beneficial to both the employees and the employer. When designing a benefits programme, this is what you should do:

1. Understand the organisation's benefits objectives

What does your organisation prioritise when it comes to employee productivity and happiness? Some organisations are big on mental health and wellness, while others prioritise financial security and retirement funds. Whatever your priority is for your employees, create a benefits plan that speaks directly to that.

Here, your organisation's culture, long-term goals, and mission can help determine the objective benefits plan's objective.

Creating an employee benefits package that

doesn't serve the employee's needs is pointless, so the ideal benefits package should satisfy both the employer and the employees' needs.

2. Determine your budget

Once you have an objective, it's time to determine the budget. Employee benefits should be long term, so ensure that you're working with a budget that your organisation can sustain.

Starting a benefits programme and then stopping because the organisation no longer has the financial capacity to support it can be detrimental to your bottom line and cause dissatisfaction within the workforce, resulting in disgruntled and unproductive employees.

3. Research

Another thing you should do here is conduct a competitor analysis. See what competitors are offering as benefits and how they go about it. Also, find out what the tax ramifications of each benefits package mean for both the employee and the organisation.

4. Identify what benefits to offer your employees

Once you're done with the preceding steps, you can now identify the specific benefits you will be offering to employees at different levels in the organisation.

While the standard for every employee covers health insurance and pension funds, you can provide additional perks based on performance and seniority. These can be paid vacations, wardrobe allowances, official vehicles, extra leave days, monetary compensations, gym memberships, club memberships, etc.

It would be best to deploy an employee survey to help identify the specific benefits to offer. You should also decide on the criteria that makes an employee eligible for discretionary benefits, in addition to the primary benefits every employee gets.



5. Formulate a benefits plan

Your plan should take into account the most critical benefits needed by every employee, the benefits that are a priority, and then extra perks available at the company's discretion.

You will then need to match the benefits to the organisation's budget and ensure that you work within the specified budget. This is a process that can take a while and involve readjusting and reorganising.

6. Communicate benefits plan to employees

Once the benefits plan has been approved, communicate it to the employees. At this point, explain what drove the decision for the particular benefits package and how it ties into both employee needs and organisational objectives.

Your communication should help employees understand the financial implications of the benefits, specify the details of the benefits and encourage employees to use the benefits wisely.



7. Carry out periodic reviews to determine the effectiveness

Carry out periodic assessments and surveys to understand the impact of the benefits plan. See how well employees are using the benefits and get their feedback on how it has affected their lives.

Final thoughts

Designing a great employee benefits programme is important to ensuring employee loyalty, boosting productivity and reducing employee turnover. For this reason, the benefits you provide should coincide with the needs of the employees and the organisation's objectives.

Adjustments can be made later based on employees' changing needs, the industry, and federal regulations.



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