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REWARD MANAGEMENT

Focus on employee benefits

Report
November 2018

The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has 150,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

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Report

Reward management: focus on employee benefits

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Charles Cotton

We're delighted to publish our fifteenth survey report examining UK reward management. This year's report, in partnership with our sponsor, LCP, focuses on employee benefits. It explores such issues as which benefits are provided to whom, how they are being communicated and evaluated, the provision of employee financial well-being and the internal and external drivers of benefit policies.

Our survey of 570 HR professionals provides essential insights into one of the most important aspects of people management: the provision of employee benefits in order to support and further the business objectives of the organisation and meet the needs and wants of existing and potential workers.

We hope the findings presented here provide valuable benchmarking data and evidence to help organisations better manage, communicate and evaluate the impact of their benefits offering.

The 2018 CIPD *Reward Management* survey report finds a wide range of employee perks on offer. From traditional benefits such as a staff canteen, a company car, a season ticket travel loan or a Christmas party, to new ones such as nap rooms, paid leave to adopt a pet, fertility treatment or allowing employees to take as many paid days off as they want.

Providing these benefits incurs both direct and indirect costs, which employers need to understand and consider alongside the expected payback for the organisation. Ultimately, they need to ask: which benefits will help create and sustain the working environment needed for employee engagement and performance, and help the business achieve its goals?

This involves examining both the conditions of service that they already provide, and those that they are thinking of providing, against the needs of both the organisation and its employees. Of course, the needs of the organisation and workers change over time. What an employer needed from its employees ten years ago in terms of skills, experience, attitudes and performance was not necessarily the same as what is needed now. Similarly, what employees wanted and expected from their employers prior to the financial crisis was not the same as it is today.

Within this changing environment, HR and reward professionals need to review the employment deal regularly to ensure continued alignment between the needs of the employer and the employee, within an acceptable budget. Choice does exist, so it's important to highlight the various alternatives and consequences of adopting different business models and what this then means for how people are rewarded and recognised through pay and benefit policies.

However, the people profession's hard work does not stop with benefit selection. We also need to consider how best to administer these benefits, in terms of how they are provided to employees, how best to communicate the benefits and how best to evaluate what is being spent, to ensure that the package is delivering the desired results for the organisation and its employees. Advances in technology and analytics can help in this respect, especially in assembling an evidence-based argument for a change in direction, if one is needed. Insights from behavioural science into the ways in which people might react to benefits are also invaluable to today's people professionals.

Charles Cotton, Senior Adviser to the CIPD for Performance and Reward

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2 Foreword from LCP

Dipa Mistry Kandola

We are thrilled to work closely with the CIPD on their fifteenth annual *Reward Management* survey, which this year focuses on workplace employee benefits.

In our experience, the majority of employers have a similar goal in mind by offering benefits: to attract and retain the right people needed to support current and future business needs. Recently this offering has focused on work–life balance and well-being support for employees. After all, this is about people, so any exploration of benefits must start here. We hope the insights within this report help HR professionals re-evaluate and evolve their workplace benefits offering to achieve better outcomes for their organisation and its people.

Diversity is no longer a consideration alone; it's a collective responsibility for inclusiveness

There has been lots of talk in the HR industry – politically and in the world generally – about emphasising individualism and not stereotyping via demography. This sentiment was echoed by a large number of respondents who told us that embracing diversity and personalisation is increasingly important. So, we were surprised to see diversity not being reflected in benefits, with a minimal focus on personalisation and benefits.

Organisations will only be able to get true engagement from their people if they offer tailored benefits facilitated through a comprehensive, multi-channel communication strategy that encourages feedback.

Interestingly, a large proportion of our respondents admitted that it wasn't always easy for employees to find out about all aspects of their benefits. The reality is that many employers offer great packages to their people, but often this good work is undone by poor communication, leaving people less than fully informed and dis-engaged.

Employers need to prioritise re-dressing their 'shop window' when it comes to benefits and supporting policies. In an age of information overload, cutting through the regulatory noise to ensure people use and value their workplace benefits is paramount. Striving to adopt a comprehensive portfolio of communication methods to engage with workforces could be the quickest and simplest win for many to act on now.

Harnessing data to do the hard work for you

Our results revealed that not many organisations use technology to better understand their workforce needs, yet respondents are aware of the need to harness analytics to decide the future of their benefits strategy. Leveraging technology becomes even more important when looking at the challenge of the diverse needs of individuals.

Organisations who don't yet have technology in place should, as a first step, be thinking about what the right model for their business looks like. When technology is adopted, organisations can use it for essential data and number crunching and ultimately provide more tailored, nuanced offerings to employees.

What next?

While *'well-being'* is the latest buzz term, the reality from our results finds that few are doing or planning much in this space. This could be down to the vast scale of what this area encompasses or not knowing how to practically approach challenging subject areas. Government and UK policy-makers are taking steps towards bettering the UK's overall financial and mental well-being. For now, the onus is very much on the employer to educate and engage their people with financial well-being to ensure people can meet the cost of living, saving and retirement.

It's been a turbulent decade for HR. Juggling legislation changes plus tightening of budgets and resource remain ongoing challenges, and the industry continues to evolve in response to the ever-shifting needs of a modern-day workforce with relatively new considerations such as financial and mental well-being being added to the benefits menu.

With change a constant challenge, not only in benefits but in the vast portfolio of HR-owned responsibilities that go far and beyond the reward world, HR professionals must harness data and technology to inform the benefits strategy to its full advantage and effect. Getting this right will not only help organisations see a return on their investment through increased productivity and general well-being, but could simultaneously help alleviate pressure on HR, providing renewed direction and focus as the industry continues to do its utmost to protect businesses and people.

Dipa Mistry Kandola, Head of Flexible Benefits Service, LCP

3 Summary of key findings

This report sets out the findings of the CIPD's fifteenth survey exploring issues of reward management in UK workplaces. In addition, the report draws on insights from a group of senior reward professionals who were brought together for this purpose.

The main aim of the research is to **provide a benchmarking and information resource** in respect of current and emerging UK reward management practice, with a particular focus this year on employee benefits. The following provides a summary of some of the key findings.

More information can be found in this report and in the accompanying online appendices, which can be found at **cipd.co.uk/rewardmanagementsurvey**

Benefit provision

- Nearly all (97%) employers are planning to maintain or increase their spend on benefits in the next two years. Professional development benefits (covering initiatives such as secondments, mentoring programmes and business apprenticeships) is the area most likely to attract extra money.
- The number of different benefits employers offer appears to have been gradually declining since 2013.
- Where benefit provision is offered to all employees, the most common benefit is an occupational pension scheme – now almost overwhelmingly based on defined contribution (DC), the exception being among public sector employers, which are more likely to provide a defined benefit plan.
- Where benefit provision is dependent on grade, seniority, location or job role, the most common benefit is a car allowance, closely followed by a company car.
- One of the few benefits to show a marked rise in provision, both overall and within sectors, is an employee assistance programme – ranked within the top ten across all survey responses.

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- There appears to be limited appetite for introducing new benefits next year. Where changes are planned, the provision of employee diversity networks to promote workplace inclusion rate as the most popular.
- There has been a slight fall in employer and employee pension scheme contributions, consistent with the extension of automatic enrolment in that many new schemes use the minimum contribution rates set by the law, while older schemes contributed more.
- The two most popular schemes for helping staff boost their DC pension savings are employer contribution matching and salary sacrifice, which are more or less evenly distributed across the sectors.
- By contrast, automatic escalation in employer DC contributions, whereby the level of an individual's pension contribution rises at regular intervals until an agreed level is reached, remains a minority choice, with just over one in ten respondents offering this arrangement.
- Organisations report a minimal impact caused by April 2018's increase in employer contribution rates due to auto-enrolment pensions provision, and the most frequent way of accommodating this rise has been through reporting profit reductions.

Policy and practice in employee benefits management

- An overwhelming majority of organisations say it is their policy to communicate about benefits provision to their employees, in most cases via the corporate intranet. However, around one in six report that their organisation does not communicate information about the benefits it provides to employees.
- Just one in ten employers segments their workers when communicating to them about employee benefits.
- Almost four in five organisations report that all aspects of reward, benefits and pension are easily accessible to employees, though one in five does not.
- Just a quarter of respondents say they assess the value they get from their expenditure on employee benefits provision.
- Less than half of organisations report that they use technology to better understand their workforce requirements.
- Less than half of organisations offer some degree of choice in benefits. When they offer choice, over two-thirds use an IT system either exclusively or in combination with a non-IT system.
- Half of the organisations responding to the survey say they operated a formal work–life balance policy and almost a fifth plan one in the next year.
- The more women there are in management, the more likely the organisation is to offer a formal work–life balance policy.
- Less than one in ten respondents have a formal employee financial well-being policy, although almost one in six plan to introduce one by May 2019.
- A small majority of organisations anticipate that the ageing population will have an impact on their HR practices over the next five years.
- Among our sample, the practice area anticipated to change the most to accommodate this trend is how work and jobs will be designed and hours organised. By contrast, pay systems and promotion mechanisms are seen as the least likely to change, although the detailed findings show significant variations by sector.
- The main internal drivers of benefit provision are to attract, recruit and retain the employees needed to support current and future business needs, followed by promoting work–life balance and supporting employee health and well-being.
- The most common external influences on the benefits package are legal and employment obligations and other employment rights legislation.

4 What do the findings mean for the people profession?

Implications for HR practice

The 2018 CIPD *Reward Management* survey report finds a wide range of employee benefits on offer, from traditional benefits (such as a staff canteen or company car) to new perks (such as nap rooms or allowing employees to take as much paid time off as they want). Some benefits have a direct cost for the organisation (such as providing private medical insurance), while others have indirect costs in terms of design, administration and communication (such as an employee network to support diversity and inclusion).

To help ensure that the organisation and its employees are deriving value from the package, people professionals should:

Assess whether the benefits package is having a positive impact

Given the costs associated with the benefits package, one would have expected more transparency around the effectiveness of the proposition. There is an opportunity for HR teams to show their value by proving that the time and money being invested in employee benefits is having a positive impact, both for the organisation and its people. In addition, this proof would be of interest to such stakeholders as investors, taxpayers or donors, who need to see that the organisation is managing the money they are giving it prudently. Yet just a quarter of respondents to our survey report that they carry out such a review of their conditions of service.

Our survey indicates that benefit provision has been gradually falling. One of the possible explanations for this is that some employers could simply be in the dark about the advantages that offering these perks brings. The CIPD provides a wealth of resources on the topic of HR analytics that could help people professionals to make evidence-based decisions about their benefits provision and demonstrate the value of their benefits package.[1]

How a firm treats its employees has an impact on its performance and there is a growing awareness among investors about this link between people and productivity. If investors want more information on how people are being managed, developed, involved, and rewarded, so will the board. The challenge and opportunity for the people profession is to carry out the analysis of how its policies and practices are creating advantage and then presenting this back in a way that is meaningful to both the board and investors.

Appraise how benefits are communicated and accessed

Another aspect of transparency is letting employees know about the benefits on offer. One would have expected almost all employers to tell their staff what's provided, yet almost one in six HR professionals report that their organisation does not. This could present an easy win for those that don't – the simple act of communicating the benefits already on offer could be enough to increase employee satisfaction, without any change to the offering needed. Again, there is a question whether there is much point in offering a range of benefits if you then don't make people aware of these benefits.

While many organisations in our survey segment conditions of service according to such factors as grade, location and occupation, just one in ten segment the way that they communicate their benefit message. This may make sense. It can be hard to segment employees on the basis of a few workforce characteristics and incorrect assumptions can arise. Instead, employee communication should be personalised, which means a bigger role

1 www.cipd.co.uk/knowledge/strategy/analytics/factsheet

for line managers in making the benefits narrative relevant to their team members. To be effective in this role, line managers will need support and development from HR.

Associated with transparency is accessibility. Two in five respondents admit that it's not easy for employees to access all aspects of the reward package, including benefits. Not only does this reduce the positive impact of the benefit spend, but there's also a concern that the problems in accessing the benefits may be concentrated among certain groups of employees, linked to such characteristics as age or gender. Whether or not this has legal implications, there is still the danger that those who find it harder to access the rewards will feel excluded and become disengaged. Because of these issues, HR teams should be taking a key role in assessing whether the package is accessible and, if not, what can be done about it.

> *While many organisations in our survey segment conditions of service according to such factors as grade, location and occupation, just one in ten segment the way that they communicate their benefit message.*

Another lens for exploring the benefit offering is how flexible it is. For instance, how adaptable is it in meeting employees' preferences? Our survey finds that two in five employers give their staff limited or total choice in the benefits offer. While there are many advantages in allowing employees choice, benefit flexibility does involve administration and communication, so it's not surprising some are yet to adopt this approach.

While HR teams should explore ways of helping to make the offering as adaptable as possible to meet the preferences of employees, we should recognise that there are difficult decisions around how much choice should be given. If there's going to be total choice, HR needs to consider how it will communicate to employees about the decisions they need to take and the possible consequences of their selections.

Champion the cause of financial well-being and work–life balance

One of the reasons for adopting a formal employee financial well-being policy is to help employees think through the benefit choices that they are being offered. Our survey finds that one in four organisations either already have a financial wellness policy, or are in the process of adopting one. Of course, there are other reasons for being concerned about the financial welfare of your employees, such as the recognition that money worries can have a negative impact on an employee's mental health and ultimately their performance.

While few employers have a formal financial wellness policy, more are currently running, or have plans to run, programmes to encourage better financial well-being in the workplace. The six in ten organisations that don't have such programmes give as their main reasons that they are not sure what they need to do or what their employees want, rather than concern that such programmes may not provide value for money.

If an organisation is already offering various employee financial well-being programmes, there is an opportunity for HR to add value by bringing these together within one coherent policy and to use this to create a strategy focusing on improving employee welfare and productivity. A stand-alone well-being strategy will be of limited value without an employee financial well-being strategy to support it. The CIPD has resources for people professionals to help make the case for a workplace financial well-being policy within the business and support them in the design and implementation of a strategy.[2]

2 www.cipd.co.uk/financialwellbeing

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In addition to offering employees some flexibility in the benefits package, almost seven in ten offer staff flexible working opportunities, such as working from home. Roughly half of these organisations offer this flexibility to all employees, while the other half make restrictions according to characteristics such as occupation, location or grade.

Flexibility in working is a key part of a formal work–life balance policy. Half of respondents already operate such a policy, while another one in six plan to introduce one by May 2019. It's interesting to note that our survey finds an association between the proportion of women in management and whether the organisation has a policy.

> *If an organisation is already offering various employee financial well-being programmes, there is an opportunity for HR to add value by bringing these together within one coherent policy and to use this to create a strategy focusing on improving employee welfare and productivity.*

The more women managers there are in an organisation, the more likely it is to have a formal work–life balance policy, suggesting that such a policy can help with the attraction and retention of women into senior roles. Flexible working and work–life balance policies bring many benefits for the organisation and its employees, especially when the focus is on all staff rather than those of a particular gender or age. For employers wanting to introduce flexible working or review their existing approach to flexible working, the CIPD has many useful resources.[3]

Train and develop line managers' skills

What are the implications for skills arising from our survey findings? If employees are going to take advantage of the benefits offered to them, not only do they need to be aware that the benefits exist, but they also need to understand what decisions they are required to make, by when and how, as well as the potential consequences of those decisions.

Similarly, if front-line managers are going to take a more active role in communicating to workers the story behind the organisation's benefit offering, they will require support and development from people professionals to help them acquire the skills they need to get the messages across to their team.

This requirement could become more important in the future. Another explanation for the small fall in the number of perks offered to staff could be that some organisations think that they have too many people policies trying to capture the whole of the employment relationship. For instance, rather than having a formal policy regarding paid bereavement leave that details who is entitled to what under various circumstances, it may be more appropriate to allow line managers to agree with the bereaved employee how they should be supported in their time of need.

Similarly, decisions about other non-financial conditions of service could be devolved to line managers, such as dress-down days, homeworking, time off to deal with eldercare emergencies, or bringing your dog to work. What is important is that before any formal policies are removed, line managers have been given the tools to take on the responsibilities and make decisions in a fair and transparent manner. The success of such moves will also depend on the culture of the organisation.

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3 www.cipd.co.uk/knowledge/fundamentals/relations/flexible-working

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Explore the alternatives and consequences of benefit change

Finally, employers may have been cutting back on some of their benefits because they have been taking a more instrumental approach to managing their employees, in terms of providing only those benefits that are required by law or that help them support the achievement of a narrow range of financial measures. However, while the achievement of financial targets is important, so too is how they've been achieved. If people are seen simply as a cost to be minimised, and are aware of their status, then they are likely to see the relationship with their employer as no more than a financial transaction and may do only the minimum to get rewarded.

However, employers do have a choice in the employment model that they adopt. People professionals have an important role to play in this choice, by using their evidence-based insights to highlight the various alternatives and consequences and putting forward the case for a model where employees are truly valued.

It should be remembered that more employers predict that their benefit budgets will increase than fall. Some of this extra expenditure may be due to cost rises, but if new benefits are to be introduced, it is important that reward and HR professionals assess their impact over time to ensure a return on this investment.

5 A snapshot view of benefits provision

In descending rank order, Table 1 lists the ten most commonly provided employee benefits in 2018, with comparison snapshot percentages for earlier years in the survey series.

While analysis of the data used in creating Table 1 has been carried out to explore possible correlations between benefits provision and demographic characteristics, such as gender, age or organisational size, nothing statistically significant has surfaced.

Other tables in this section give responses grouped by provision dependent on grade, seniority, location or job role and also by organisational sector. Plans to implement benefits provision within the coming months to May 2019 are also reported. More detailed information can be found in the online Appendices 1 and 2.

Table 1: Percentage of benefits provided to all employees (% of respondents)

	Percent of respondents		
Provide to all employees	**2018**	**2014/15**	**2013**
Pension scheme (trust or contract-based)	75	71	84
Paid leave for bereavement	72	80	93
Training and career development	68	73	83
Childcare vouchers (pre-existing schemes still running for those enrolled pre-September 2018)	61	56	63
Occupational sick pay	60		
Employee assistance programme, for example support, counselling or helpline	60	44	56
Christmas party/lunch	60	62	67
Tea/coffee/cold drinks – free	59	65	67
25 days' and over paid leave (excluding bank/public holidays) for full-time employees	59	66	73
Paid leave for jury service	57		

Grey shading indicates 'not asked in those years'.

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Benefits provided to all employees

Overall benefit provision seems to have declined between 2013 and 2018. In 2013, on average, employers offered 26% of all the benefits that we listed in our questionnaire. This fell to 23% in 2014/15 and to 22% in 2018. While this isn't a large fall, it is still noticeable. However, it should be noted that the number of options listed in our surveys has increased over time and that chance variation in the cross-sectional data set may also have played a role. Pension schemes, childcare vouchers and an employee assistance programme (EAP) are exceptions to the downward trend.

A pension scheme is the most common benefit, retaining its high place from previous years, reflecting the UK roll-out of automatic workplace pension enrolment. The percentage of employers providing childcare vouchers has remained roughly the same in recent years. However, this UK government-backed scheme (for employed parents whose employer participates) closed to new applicants in October 2018. The popularity of EAPs may reflect a current awareness of the link between employee physical and mental well-being and employer performance.

Paid leave for bereavement, training and career development, free tea and coffee and 25 days' and over paid leave (excluding bank/public holidays) for full-time employees are all markedly down, continuing a downward trend which started between 2013 and 2014/15. The provision of a Christmas party/lunch is also down, but to a lesser extent.

Some of the reduction could have been due to employers cutting back because of cost issues. This would suggest a move towards a more instrumental approach to people management, whereby benefits are provided solely in order to help the organisation achieve a number of financial outcomes.

That said, the savings may also have been directed to enhance other staff benefits or a focus on pay. Some of the reduction may reflect a desire for simplicity. For instance, rather than have a specific bereavement leave benefit, some employers may now expect such leave to be taken from the annual holiday entitlement, or for line managers to agree bespoke absence arrangements with the bereaved employee. Also, with employers requiring employees to show a degree of flexibility when work demands it, employees expect their line managers to be similarly flexible when their personal lives demand it.

The fall in the number of employers offering their employees training and development opportunities may be one of the reasons why UK employee productivity is relatively low compared with the other major developed countries.

Benefits dependent on grade, seniority, location or job role

Table 2: Top benefits dependent on grade/status in organisation (% of respondents)

	Percent of respondents		
Provision dependent on grade, seniority, location or job role	2018	2014/15	2013
Car allowance	37	45	52
Company car	36	42	38
Flexible/homeworking	34	45	32
Professional subscriptions (paid/part-paid)	33	48	36
Coaching/mentoring programmes	33	43	35
Work mobile phone that can also be for personal use	32	40	37
Study leave (paid)	27	41	22
Private medical insurance	23	24	24
Relocation assistance	23	41	33
Work tablets that can also be for personal use	22		

Showing top ten. Grey indicates 'not asked in those years'.

Car-related benefits top the list of employee benefits that are provided to a segment of the workforce. The provision of a car allowance continues a downward trend, while company cars seem to be holding up more robustly. The percentages for other top-rated benefits do not seem to show any consistent movement. For more details on provision, see the online Appendix 1.

While Table 2 shows that employers may offer a certain benefit, it does not mean that the whole workforce is able to access it. Whether provision is linked to grade or simply reflects location, employees who do not get these benefits may feel a grievance if a convincing rationale is not given, or if the employer fails to compensate them for this with other perks. Given these pressures, many employers will want to keep the number of benefits that are dependent on grade, location, occupation and so on to a minimum, to ensure that those who don't get these benefits don't feel resentful.

Benefit provision by sector

Pension scheme provision is the most common benefit in three sectors (77%, 70% and 89% respectively in the manufacturing, private services and voluntary sectors) and the second most common in the public sector (79%).

Within the private sector, slightly lower rates for pension schemes among the legal, financial, technology and other professional services (67%) are made up for by the higher rate of 75% in the private, retail, hospitality, catering, leisure and cleaning sector. One can only speculate why the figures aren't higher, given that pension provision is now a legal requirement (see section 16).

Occupational sick pay is the top benefit in the public sector (80%), but ranks lower down the list in other sectors (it is not in the top ten for manufacturing, 53% for the private services sector). It appears in the first ten within the legal, financial, technology and other professional services sub-sector (56%), but is lower in the other private service sub-sectors. However, in the voluntary sector, 81% of organisations offer this – a higher percentage than in the public sector but still only fourth on the list, due to other more popular benefits in the voluntary sector.

Some 85% of voluntary sector employers offer paid leave for bereavement; other sectors also offer this but at a lower percentage. The voluntary sector is also most likely to offer training and career development (84%), ahead of the manufacturing, private and public sectors (63%, 66% and 69% respectively). The voluntary sector is the only sector where training and career development has not seen a marked fall.

All sectors have EAPs in their top ten (private sector services reporting 55%, public 73% and voluntary 73%). This is one of the few benefits to show a marked rise, both overall and within the sectors, possibly reflecting the awareness among organisations of the link between high levels of employee physical and mental well-being and their performance. It might also be because of the current media focus on this topic and the expectation that all good employers will provide this support.

Most employers, except those in the public sector, allow internet purchases to be delivered to work and this is another benefit that does not seem to have suffered a marked decline. On the face of it, allowing the delivery of internet purchases seems to be a low-cost benefit for employers. This flexibility will help contribute to better quality of life for employees. However, there can be administrative costs for the employer associated with this benefit, especially during such peak times as Christmas. The low take-up in the public sector may be linked to these administrative costs.

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The retail, hospitality, catering, leisure and cleaning sub-sector is alone among the private sub-sectors in not seeing this benefit in the top ten. This may reflect that this sector has many small sites and it could prove difficult for employees to have goods delivered to their restaurant or pub. In addition, many of these workers tend to work flexibly, and it may be that they are able to wait at home for a delivery.

Free tea and coffee available to all employees has shown a marked increase in the voluntary sector, while declining elsewhere. The low take-up in the public sector may be because of concerns about how the provision of such a benefit may be regarded by taxpayers and the electorate.

Manufacturing is the only sector where on-site car parking appears in the top ten (69%), perhaps reflecting that many factories are located away from town centres and so there is the space available for car parks. It might also be due to some factories being located in areas not served well by public transport, supported by the finding that company car provision is highest in this sector. Dress-down days only appear in the private services sector (53%), although not in the retail, hospitality, catering, leisure and cleaning sub-sector, possibly reflecting the prevalence of a company uniform or dress code in many of these firms.

For more details on benefit provision by sector, see the online Appendix 2.

Benefit changes planned

Table 3: Benefits provision planned for introduction within the next 12 months (% of respondents)

	Percent of respondents
Employee networks to promote workplace diversity/inclusion	7
Ability to buy additional days of paid leave	6
Professional and business apprenticeships	5
Relaxation courses (for example mindfulness or meditation)	4
Ability to sell additional days of paid leave	4
Coaching/mentoring programmes	4
Cycle-to-work scheme	3
Free financial education/advice	3
Flu jabs	3
Free fruit	3
On-site fitness classes (for example Pilates)	3

Showing top 11 (five benefits tied in 7th place). Question not asked in previous years.

Table 3 shows that few organisations plan to change their provision in the coming months. The benefit that is most likely to be introduced is employee networks to promote workplace diversity and inclusion. This may reflect the impact of such initiatives as gender pay gap reporting, board diversity and the 'Me Too' campaign, and more employers recognising both the moral and business cases for a more diverse and balanced workforce.

The other two benefits at 4% are the ability to buy additional days of paid leave and professional and business apprenticeships, possibly linked to some organisations wanting to give employees more choice over their benefits (in the case of buying additional leave) and enhancing working lives (in the case of offering career development through apprenticeships).

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Table 4: Forecast of comparative spending on categories of benefits provision over the next two years (% of respondents)

	Professional development	Health/ well-being	Financial	Paid leave	Technology	Personal/ family	Social	Transport
Spend more	43	29	25	16	14	13	12	9
Remain the same	51	66	68	80	82	83	82	86
Spend less	6	4	6	3	3	3	5	4

Percentage of all respondents.

When it comes to whether employers plan to spend more, less or the same on their benefits over the next two years, more employers predict that they will spend more than those who predict that they will spend less. Table 4 shows the frequency of responses for our eight broad benefit groupings. Figures for the detailed benefit categories appear in Appendix 1.

Professional development benefits are those that are most likely to increase, according to our sample. Health and well-being benefits and financial benefits are broadly similar, expected to increase in 29% and 25% of organisations respectively.

This extra spending on benefits could reflect cost pressures (such as the increase in the minimum employer pension contribution rate) but it could also reflect a desire to enhance the proposition by improving the generosity of existing benefits and/or the introduction of some new perks.

Discussion point 1 – Pushing the 'reward button'?

To help inform this report, we brought together a panel of senior reward professionals to give us their reactions to the survey findings. Panel members brought various insights about the role played by employee benefits – showing how benefit provision can vary according to organisational and individual situations.

A view among our panel was that employee benefits act as 'headlines' as to what the organisation's employment proposition looks like. Descriptions variously were '*our glossy brochure*' or '*our front page*'.

That being said, there were reservations about getting overly prescriptive as to which individual benefits might represent the '*winning offer*'. In short, '*it all depends*', as one panellist put it when discussing the potential spread of benefits across organisations, '*hourly paid staff tend to be more towards the statutory end of the [benefits interest] scale, while salaried staff are more towards the voluntary end*'.

Providing a check on overly prescriptive interpretation of sector-specific benchmarking generalisations, one panellist commented that '*within each sector there are good organisations and others who are just about surviving*'. In addition to sector, geography and workforce demographics provide necessary context to understanding how benefit provision can vary: perhaps self-evidently, '*adopted practice may depend on what other job opportunities and packages within the sector are present in a particular region*'.

A further important check on unthinking adoption of 'best practice' is this: '*People are individuals; how do we discover what will "push the reward button" for an individual?*' We return to how employers find out more about their employees in a later discussion point.

Finally, a note of caution was sounded as to the lifecycle of what's regarded as a 'benefit'. One manufacturer found that their '*best ever benefit had been a day off on your birthday*'. But it was stopped as employee interpretation – and therefore sense of value of the benefit – had changed over time: from being a prized benefit, it had come to be seen as an entitlement.

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CIPD viewpoint

The provision of employee benefits requires a balance between competing drivers. From the employer perspective, the balance is between the money spent on benefit provision, communication and administration, and the expectations that providing this benefit can offer, such as talent attraction or retention.

Even benefits that are low cost to supply may turn out to be high cost to communicate and administer. Similarly, benefits that are assumed to be high cost to communicate and administer may actually be cheaper than first thought. This suggests that HR teams need to review on a regular basis what is being provided, how and why, to see whether employer expectations and assumptions still hold.

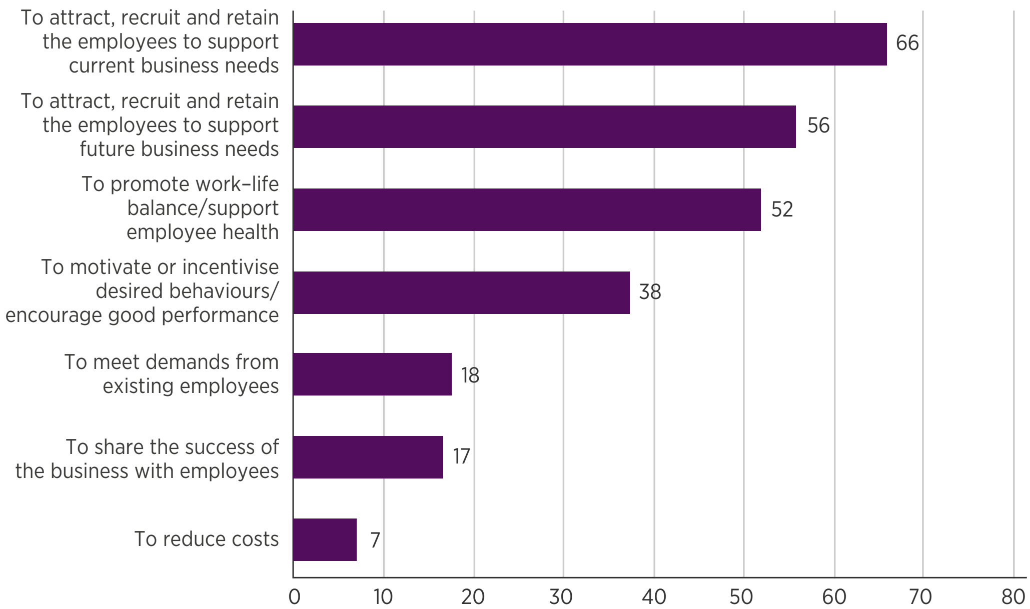
If a benefit is not seen as delivering value to the organisation, then before any change is made, HR teams should explore first whether that is because of how the organisation communicates or delivers the benefit. Insights from behavioural science indicate that reward changes can be costly, even if the perk on offer is not regarded highly by employees, because people do not always react in what may be seen as a logical manner.

6 Key internal and external influences on employee benefits practice

How far are benefit practices influenced by the organisation’s corporate objectives? To examine this issue, our respondents were given a range of possible influences on practice to consider, from which they had to select up to three.

As Figure 1 illustrates, recruitment and retention to support current and future business needs are the main objectives influencing benefit practices. Over half of respondents also cite promoting work–life balance and supporting employee health and well-being.

Figure 1: Corporate influences on employee benefits practices (% of respondents)



By industry, the voluntary sector is the most likely to cite attracting, recruiting and retaining employees to support *current* business needs (73%) followed by the public sector (69%). The public sector is the most likely to cite attracting, recruiting and retaining employees to support *future* business needs (69%) and promoting work–life balance/supporting employee health/well-being (also 69%). It is much less likely than other sectors to cite other objectives, except reduce costs (14% compared with 5–8%).

The voluntary and public sectors are less likely to cite sharing the success of the business with employees (3% and 5% respectively) compared with 26% for manufacturing and 22% for private sector services, though this remains a less common objective throughout.

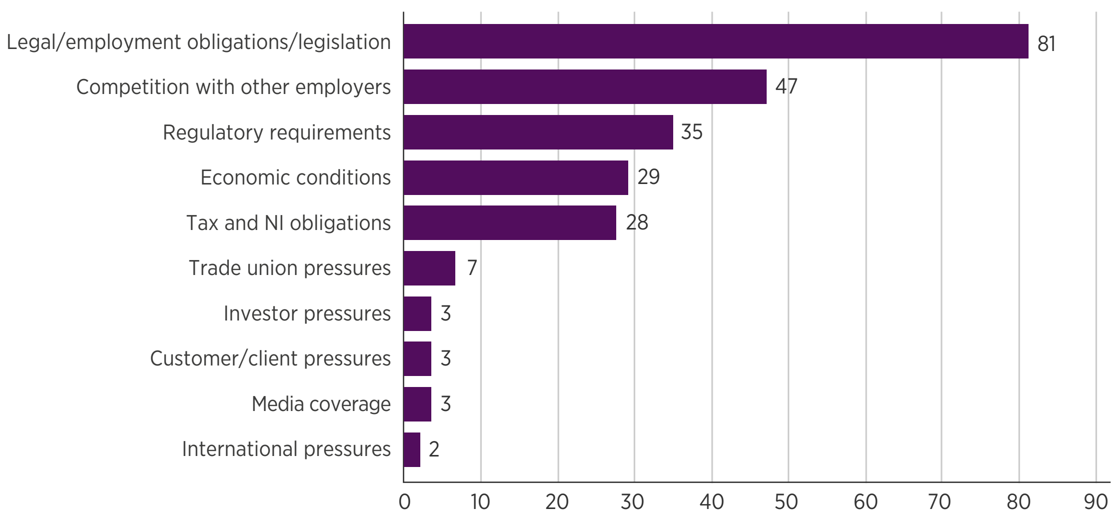
The manufacturing sector is the least likely to cite promoting work–life balance and supporting employee health and well-being (32% compared with 52–69% in other sectors). Among the private services sub-sectors, legal, financial, technology and other professional services are the most likely to cite promoting work–life balance and sharing the success of the business with employees – the latter, at 27%, more likely than any other sector or sub-sector.

SMEs are less likely than large organisations to use benefits to attract and retain employees but more likely to use them to meet demands from existing employees (20% compared with 10–15%) and to share the success of the business with employees (23% compared with 10–15%).

Very large organisations seem to show a similar pattern to SMEs, using benefits less than large organisations to recruit and retain employees, whether for current business needs (60% compared with 72%) or future needs (60% compared with 63%), and more than large organisations to share the success of the business with employees (15%) and to reduce costs (15%). The smaller reliance on benefits by very large employers to attract and retain talent may reflect the fact that such organisations may have other options, such as a combination of employer brand, corporate mission, product reputation and culture, to encourage staff to join and stay. For details on these results, see the online Appendix 7.

How far are benefit practices influenced by external factors? To examine this issue, our respondents were given a range of possible external influences on practice to consider, from which they had to select up to three.

Figure 2: External influences on employee benefits practices (% of respondents)



By far the most common influence cited is legal and employment obligations and other employment rights legislation, for example statutory paternity leave or automatic enrolment. The next most common are competition with other employers with similar packages, regulatory requirements, for example gender pay gap reporting, economic conditions and income tax, capital gains tax, National Insurance contributions or other tax obligations. Other external influences are negligible – pressures from trade unions, investors, customers, the media and international issues do not feature strongly.

Sectors do not differ markedly in many of the external factors. The public sector is notable in citing trade union pressures far more than any other sector (28% compared with 0–7%), reflecting their bigger role. Little variation is evident in the private services sub-sectors, except that retail, hospitality, catering, leisure and cleaning are noticeably more likely to cite regulatory requirements (42%) but less likely to cite income tax, capital gains tax, National Insurance contributions or other tax obligations (17%, the lowest of any sector or sub-sector). Legal, financial, technology and other professional services are far more likely to cite economic conditions (32%) and income tax, capital gains tax, National Insurance contributions or other tax obligations (38%, the highest of any sector or sub-sector). For more details on these results, see Appendix 7.

7 Benefits arrangements and corporate objectives

How do statements given by respondents on what is claimed to drive their benefits provision compare and contrast with the benefits they actually offer their workers? For example, will there be differences in the benefits portfolio in organisations seeking to drive down costs compared with those who say their aim is to incentivise particular behaviours?

Table 5 examines how far corporate objectives, such as to promote work–life balance and support employee health and well-being, influence benefits provision. Table 6 looks at how far the type of benefits on offer to employees are influenced by external factors, such as regulatory requirements (for example gender pay gap reporting).

It's worth spending a moment to explain how Tables 5 and 6 have been constructed using our survey data set.

1. First we compared the total percentage of benefits each employer provided (across all benefit categories) with their response (yes or no) to our question about internal and external drivers (see page 14).
2. Then we broke this down by benefit category (if there were eight possible benefits within a category, any organisation offering four would be given a 'score' of 50%, those offering two would 'score' 25%).
3. The mean (or average) for each kind of benefit have been compared with those saying 'yes' to each benefit driver option and those saying 'no'. We then picked out those that showed statistical difference ($p < 0.05$) and reported only on those.
4. Respondents who did not complete the question regarding benefit drivers were eliminated from our analysis.

According to our analysis, those respondents that report that their organisations have adopted a corporate objective of attracting, recruiting and retaining the employees they need to support current business needs are slightly more likely to provide both financial and pay-in-kind benefits and health and well-being benefits to all of their employees than those employers who have not adopted this corporate objective.

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Similarly, organisations that have a corporate objective to share the success of the business with its people are slightly less likely to provide personal and family benefits to employees according to their grade, location, occupation, and so on, than those organisations that don't have this objective. Other instances where the benefit provision is 'less likely' have been highlighted in Tables 5 and 6.

Table 5: Comparing benefits arrangements and corporate objectives (% of respondents)

Corporate objective (internal driver)	Benefit category	% of options in benefit groups offered by those who answered Yes or No to each corporate objective: Yes	No
To attract, recruit and retain the employees we need to support current business needs	All	27.0	25.0
	Financial/pay-in-kind provided to all	25.0	23.0
	Health and well-being provided to all	28.0	23.0
To attract, recruit and retain the employees we need to support future business needs	All	28.0	25.0
	Career/professional development dependent on grade, seniority and so on	24.0	20.0
	Financial/pay-in-kind provided to all	26.0	22.0
	Financial/pay-in-kind dependent on grade, seniority and so on	3.9	2.8
	Health and well-being provided to all	28.0	24.0
	Paid leave provided to all	32.0	29.0
	Technology dependent on grade, seniority and so on	27.0	19.0
To promote work–life balance and support employee health and well-being	All	28.0	24.0
	Career/professional development provided to all	43.0	32.0
	Financial/pay-in-kind provided to all	26.0	23.0
	Health and well-being provided to all	28.0	24.0
	Paid leave provided to all	33.0	30.0
	Personal and family provided to all	26.0	23.0
	Transport provided to all	19.0	16.0
	Transport dependent on grade (less likely)	**15.0**	**18.0**
To motivate or incentivise desired employee behaviours	Personal and family dependent on grade, seniority and so on	7.0	5.4
	Social provided to all	34.0	30.0
To share the success of the business with employees	**Health and well-being provided to all (less likely)**	**22.0**	**27.0**
	Personal and family dependent on grade (less likely)	**4.1**	**6.3**
	Technology provided to all	19.0	13.0
To reduce costs	Paid leave provided to all	40.0	30.0
To meet demands from existing employees	Transport dependent on grade, seniority and so on	20.0	15.0

For those benefits which are dependent on grade, the first decimal has sometimes been included, rather than rounding up or down, because the numbers are quite small.

Table 6: Comparing benefits arrangements and external factors (% of respondents)

Corporate objective (internal driver)	Benefit category	% offered by those who answered: Yes	No
Legal and employment obligations	Personal and family dependent on grade, seniority and so on	6.4	4.2
	Transport provided to all (less likely)	**17.0**	**20.0**
Regulatory requirements, for example gender pay gap reporting	All	29.0	26.0
	Financial/pay-in-kind provided to all	27.0	22.0
	Health and well-being provided to all	28.0	25.0
Competition with other employers with similar packages	All	29.0	26.0
	Career/professional development dependent on grade, seniority and so on	24.0	20.0
	Financial/pay-in-kind provided to all	26.0	22.0
	Financial/pay-in-kind dependent on grade, seniority and so on	3.9	2.9
	Health and well-being provided to all	29.0	24.0
	Personal and family provided to all	26.0	22.0
	Social provided to all	34.0	29.0
	Transport provided to all	18.0	15.0
Economic conditions	**Financial/pay-in-kind provided to all (less likely)**	**22.0**	**25.0**
Trade union pressures	Career/professional development provided to all	46.0	37.0
	Financial/pay-in-kind dependent on grade, seniority and so on	5.4	3.2
	Paid leave provided to all	37.0	30.0
	Paid leave dependent on grade, seniority and so on	6.5	3.2
	Personal and family dependent on grade, seniority and so on	9.7	5.7
	Social provided to all (less likely)	**20.0**	**32.0**
	Social dependent on grade, seniority and so on	8.0	3.7
	Technology dependent on grade, seniority and so on	35.0	23.0

For those benefits which are dependent on grade, the first decimal has sometimes been included, rather than rounding up or down, because the numbers are quite small.

Although there are no stand-out trends reported in Tables 5 and 6 and the differences can be quite small, given the relationships between the variables are all statistically significant (with probabilities of being due to chance of less than 5%), these comparisons have not, to our knowledge, been made previously. Thus, the tables should be of use to HR practitioners who are thinking about their existing benefit provision in light of their organisational strategies, as well as addressing questions around return on benefit investment, and to challenge current practice.

CIPD viewpoint

While the research finds that an organisation's objectives have an influence on the benefits provided, this influence is slight. This can be explained partly by external influences. For instance, certain benefits are universal because of the law, irrespective of what the organisation is trying to achieve.

History also plays a part; some employers may offer a benefit that once supported the business, but because of changing contexts there is no longer a rationale to provide that perk. Finally, employers may copy the benefits being provided by others, even if those benefits don't quite make sense to the copycat, given their circumstances.

HR teams should examine the benefits that their organisation offers to its employees and reflect on whether they still support the organisation's objectives. If they do not, they should explore what value there is in continuing to provide them and whether the money could be better spent on other parts of the reward package.

8 The ability to choose employee benefits

Table 7 reveals that 42% of organisations offer their workers either a total (35%) or a limited choice (7%) in benefits. Private sector services and the public sector are more likely than the other sectors to offer staff a partial choice. Manufacturing and private sector services are the most likely to offer total choice; the voluntary sector is the least likely. Within the private sector, the legal, financial, technology and other professional services sub-sector is more likely to offer at least some choice than the retail, hospitality, catering, leisure and cleaning sub-sector.

SMEs are much less likely than other organisation sizes to offer some choice (33%), and much more likely to offer no choice; more than half of both large and very large organisations offer total or partial choice. This may reflect the fact that large and very large employers have the resources to facilitate choice in their benefits package, allowing their workers to tailor the perks on offer to suit their individual needs and wants.

Figure 3: Provision of benefits choice, by size of organisation (% of respondents)

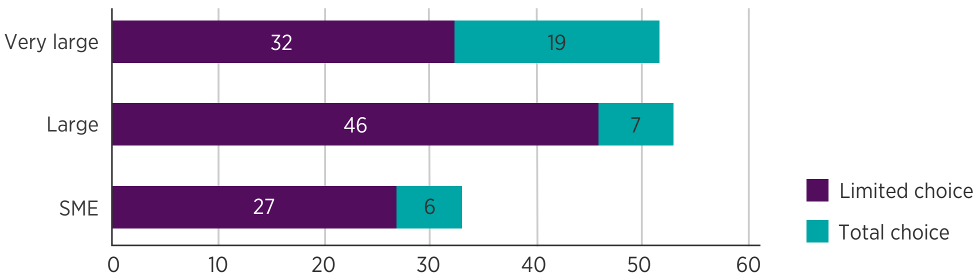

Table 7: Provision of choice in benefits packages, by organisation sector and size, and by demographics (% of respondents*)

	Yes, limited choice	Yes, total choice	Total or partial choice	No choice
All	35	7	42	57
By sector				
Manufacturing and production	29	8	37	63
Private sector services, of which:	36	9	45	55
Retail, hospitality, catering, leisure and cleaning	31	4	35	65
Legal, financial, technology and other professional services	40	10	50	50
Other private sector	33	10	43	57

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Public services	40	5	45	55
Voluntary/not-for-profit	34	3	37	63
By size				
SME (<250)	27	6	33	67
Large (250–9,999)	46	7	53	47
Very large (10,000+)	32	19	51	48
By women in management				
None	25	25	50	50
A minority	33	5	38	62
About half	34	9	43	57
A majority or all	42	5	47	53
By women in other grades				
None	40	20	60	40
A minority	34	4	38	62
About half	33	10	43	57
A majority or all	39	4	43	58

* Percentage of respondents who answered one or a combination of relevant questions in this part of the survey. The third column (total or partial choice) is the sum of the two preceding columns.

Where there are more women in management, there is a slight tendency for those organisations to be more willing to offer benefit choice to employees (47% where all, or the majority, of managers are women). However, the figures where there are no women in management should be treated with caution. They look significant, but represent only four organisations in this data set. There is also a slight tendency to offer more choice where half or more of the staff in other grades are women (43% in each case, compared with 38% where women form the minority).

That choice is associated with more women in management may be due to these firms being better able to recruit women, to retain them and to progress them, as well as being better able to attract senior women from employers that don't offer an element of choice.

Table 8: Benefit types associated with choice, by sector and size (% of respondents)

	Voluntary benefits	Discount benefits	Flex scheme
All	72	72	37
By sector			
Manufacturing and production	74	66	49
Private sector services, of which	71	65	42
Retail, hospitality, catering, leisure and cleaning	83	72	17
Legal, financial, technology and other professional services	74	60	50
Other private sector	61	68	39
Public services	77	91	23
Voluntary/not-for-profit	70	81	19
By size			
SME (<250)	67	55	35
Large (250–9,999)	78	81	38
Very large (10,000+)	63	94	38

Respondents were able to tick more than one option: the findings only include respondents who indicated 'Yes' to offering forms of choice around benefits provision.

Among those organisations that offer employees choice within their benefits package, we asked respondents how and on what types of benefit this was offered. Table 8 shows that organisations are almost twice as likely to facilitate choice through voluntary benefits or discount benefits as they are through a flex scheme.

All sectors are about as likely to offer choice on voluntary benefits, which are benefits paid for by employees although with administration/delivery facilitated by the organisation. The public and voluntary sectors are much more likely to offer choice on discount benefits, whereby employees are offered discounts on such things as retail vouchers or gym membership. Such benefits can deliver savings for employees at little cost to the employer, which could suggest why these benefits are popular among public and voluntary services, where reward budgets can be tight.

Conversely, the public and voluntary sectors are much less likely to offer choice via a flex scheme. 'Flex' or 'cafeteria' benefits plans are where some benefits are funded by the employer and the employee has the option to 'buy' or 'sell' benefits.

Within the private sector, the retail, hospitality, catering, leisure and cleaning sub-sector is the most likely to offer choice in discount benefits and in voluntary benefits. This could reflect the fact that firms in this sector are more likely to have products which they can discount for their staff. Similarly, given their tighter margin, they are more likely to use a voluntary benefit scheme to offer choice, as it costs them less than a flex plan. The legal, financial, technology and other professional services sub-sector is most likely to offer choice through a flex scheme, possibly seeing this as a more cost-effective tool in recruiting and retaining the skilled talent it needs.

Size is not hugely significant in offering choice on voluntary benefits, but choice around discount benefits increases in proportion to organisation size, possibly reflecting the fact that larger employers are both more likely to have products and services that they can discount and to be able to do deals that allow them to offer third party perks at a lower price than the individual would be able to get on their own.

Discussion point 2 – Choice and its facilitation

When it comes to the issue of choice and how it may be best facilitated, the panel's views were tempered by reference to what analysts have termed 'coercive isomorphism' (following what others do) and perceptions of complexity.

At the coercive end, the role of the state and legislation was cited: '*Choice is limited now because of changes in legislation, affecting the offer of flex benefits*.' And then there is the question of the influence on practice arising from organisational culture: '*Flexible benefits would not work for our organisation – people may make poor choices…*' The remedy offered was to '*give people some minimums but let them play around with them a bit; make each benefit flexible within itself*'.

Also, the question was raised about how respondents define 'flex'. '*People, and the organisations employing them, define the terms differently. What you class as flex may not be the same as what I class as flex.*'

The point was further developed by a call to clarify the intended meaning of choice in the overall reward mix. '*Is it giving people choice within wider reward, or more delimited – such as offering flexibility within voluntary benefits?*'

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In response, the onus to assure clarity was placed squarely on the HR function: '*Our job is to define the menu the [employee] customer can choose from. They may choose salad or vegetables but always have the steak. Table d'hôte with optional trimmings; not full à la carte. There is not an option to choose something not on the menu.*' Success in this endeavour might involve '*starting to think like a marketer*'.

What was recognised was that offering choice and then managing the process '*depends on whether or not organisations have the technology and other resources*'. But this can be turned to competitive advantage, especially when worrying about talent retention: '*The biggest factor in someone leaving is their manager. If your manager is asking you about what you think about your benefits, it makes you think the organisation is interested in you, you feel more engaged.*'

Again, the discussion's recurrent theme appears to be customisation in employee benefits provision and its consequences for investment and related management practice. And there are risks if things become overcomplicated: '*People are scared of benefits choice when it is complex.*' This point came across strongly in reviewing the survey's findings on financial well-being programmes, or their paucity, with frustration expressed, at least in one case, that '*product providers are driving the agenda, not what organisations and employees need*'.

9 How benefit technology enables choice

We asked those respondents that offer choice whether their organisations use an IT system to facilitate employee choice from among the benefits options available to them. Table 9 shows the responses, with 68% of organisations offering choice via a computer-assisted system either wholly (41%) or in conjunction with a non-IT approach (27%), such as a paper-based system.

Table 9: Use of IT system to facilitate employee choice around benefits (% of respondents)

	Yes	Combination	Yes, wholly or in combination	No
All	41	27	68	31
By sector				
Manufacturing and production	40	26	66	34
Private sector services	46	24	70	30
Public services	30	45	75	25
Voluntary/not-for-profit	41	15	56	44
By size				
SME (<250)	31	23	54	46
Large (250–9,999)	44	33	77	22
Very large (10,000+)	69	6	75	25

Percentage of respondents indicating 'choice offered'. The third column ('wholly or in combination') is the sum of the two preceding columns.

The voluntary sector is least likely to rely on an IT system to facilitate employee benefit choice, either solely or in combination with another approach. The public sector is least likely to rely wholly on an IT system, but is most likely to use it in combination with non-IT systems, leaving this sector as the most likely to use a computer-based system overall.

Very large organisations are most likely to use only a computer-based system – such use increases with size. But large organisations are most likely to use a combination of systems and are the most likely to use an IT-based system in some form. SMEs are very much more likely to use no computer-based system at all, probably reflecting the fact that they can manage employee selection through manual processes.

By contrast, large employers are more likely to need IT support because they offer choice to a greater number of workers and/or are possibly more able to afford the IT system required to provide choice. There may also be an element of perception, with some SMEs assuming that such technical support is beyond their budget, when this may not be the case.

When it comes to the type of technology-based system used, the highest response is from those who use a vendor portal, as shown in Table 10.

Figure 4: Use of IT system to facilitate employee choice around benefits, according to size (% of respondents)

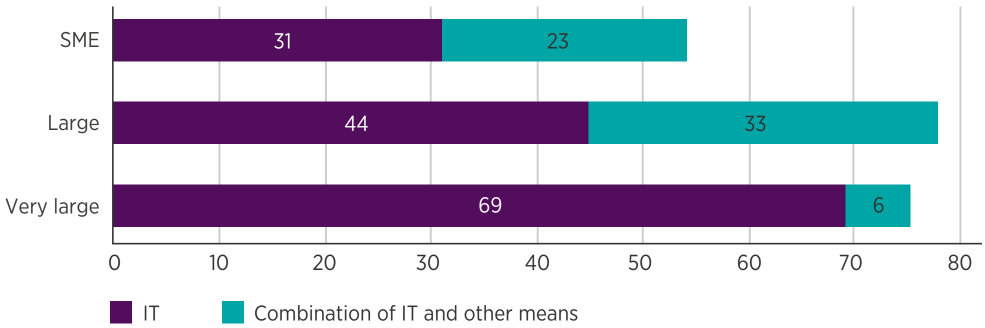

Table 10: IT system type (% of respondents)

	In-house	Vendor portal	Combination
All	25	42	32
By sector			
Manufacturing and production	26	39	35
Private sector services, of which	26	48	27
Retail, hospitality, catering, leisure and cleaning	27	36	36
Legal, financial, technology and other professional services	24	46	30
Other private sector	28	55	17
Public services	27	27	45
Voluntary/not-for-profit	20	47	33
By size			
SME (<250)	35	41	24
Large (250–9,999)	20	42	38
Very large (10,000+)	25	50	25

Percentage of respondents indicating 'Yes' or 'Combination' regarding choice.

Public services are most likely to use a combination of an in-house human resources information system (HRIS) and a vendor portal, while private services and the voluntary sector are most likely to use just a vendor portal. The proportions using a purely in-house HRIS do not vary much by sector.

Figure 5: IT-based system type, by size (% of respondents)

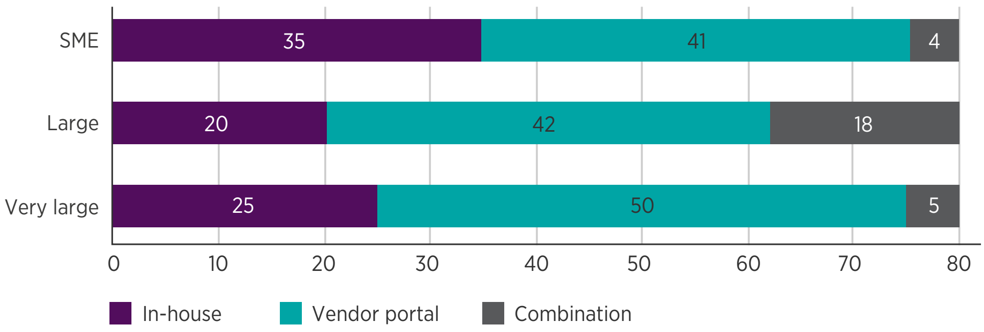

Figure 5 shows that vendor portals are the most common type of IT system used across organisations of all sizes, but SMEs are more likely than larger organisations to use an in-house HRIS. Large organisations are more likely than SMEs or very large organisations to use a combination of the two.

CIPD viewpoint

Providing benefit choice can be one way of enhancing the overall appeal of the benefits package, and the organisation as a whole, to employees. However, the cost to the organisation of communicating and managing the selection process can't be allowed to outweigh the advantages to the employer (such as enhanced recruitment and retention) and employee (such as being able to tailor a package to meet their needs and wants).

Automation can help employers overcome these challenges, but a bright and shiny IT system is only part of the answer. Insights from behavioural science show that people can see choice as a cost if they have to make decisions without being fully aware of the possible consequences. Many employees may be comfortable with not making an active decision and simply going with the flow.

While choice can seem an appealing way of enhancing an organisation's employer brand, HR teams need to give thought to how choice is going to be offered, communicated and managed. For instance, what communication and education processes will need to take place, what 'nudges' will need to be created, or what defaults will need to be engineered?

10 Communicating employee benefits

Our survey finds that most employers do communicate with their workforce about the benefits on offer. However, 16% of respondents report that it is not policy to do so (rising to over a fifth of manufacturing and production firms).

Table 11 shows that even in very large organisations, which typically provide more benefits, communication is not ubiquitous. If employees in these organisations do not have the full picture of the package on offer, it's reasonable to doubt whether or not their benefit spend will be having the intended impact.

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Table 11: Organisations communicating information about the benefits provided to employees, by sector and size (%)

	Communicates information
All	84
By sector	
Manufacturing and production	78
Private sector services	84
Public services	84
Voluntary/not-for-profit	89
By size	
SME (<250)	81
Large (250–9,999)	88
Very large (10,000+)	84

Percentage of all respondents.

The voluntary sector is most likely to communicate the benefits package and manufacturing and production the least likely. SMEs seem less likely to communicate than large and very large organisations, which may be considered unusual as in an SME there are usually fewer individuals with whom to engage.

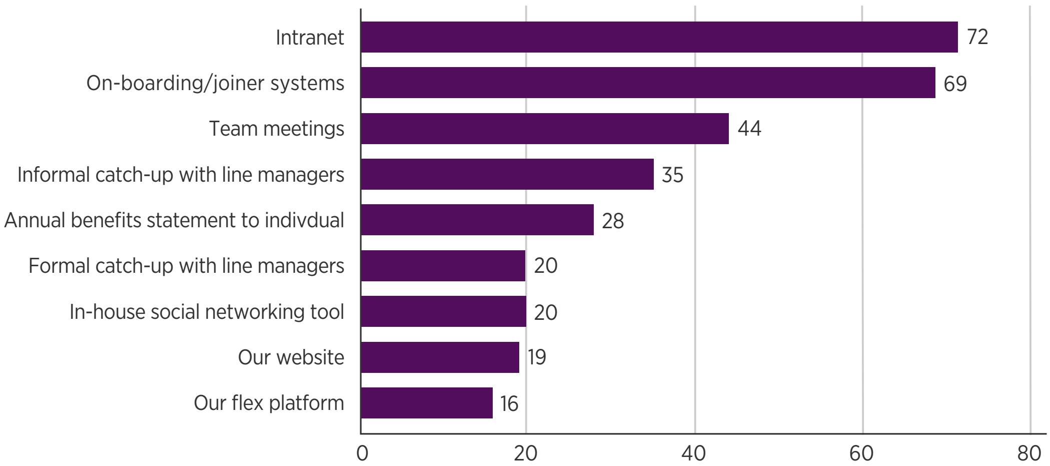
Table 12: How information regarding benefits is communicated to employees (% of respondents)

	Intranet	On-boarding/ joiner system	Team meetings	Informal catch-up with line managers	Annual benefits statement to individual	In-house social networking tool	Formal catch-up with line managers	Our website	Our flex platform
All	72	69	44	35	28	20	20	19	16
By sector									
Manufacturing and production	46	57	38	25	31	10	15	18	16
Private sector services, of which	56	61	37	32	21	19	17	14	17
Retail, hospitality and so on	49	53	51	47	16	14	19	14	14
Legal, financial and so on	62	57	36	32	23	12	21	14	10
Other private sector	66	68	38	27	27	22	19	10	12
Public services	91	54	37	26	29	14	21	28	5
Voluntary/not-for-profit	60	58	42	32	20	20	17	10	8
By size									
SME (<250)	39	51	50	39	17	12	20	8	8
Large (250–9,999)	81	68	26	22	29	21	14	24	18
Very large (10,000+)	83	46	29	17	42	29	21	25	25

Percentage of respondents indicating ‘Yes’ to communicating about benefits.

Among those employers that do let their staff know about the benefits on offer, Table 12 shows the various means by which this information is communicated. The most common way of communicating is via an organisation's intranet, followed closely by the use of an on-boarding/joiner system. Between a quarter and a half of organisations that do communicate to employees also use team meetings, informal catch-ups with line managers and annual benefits statements to individuals. Other means are used by less than a quarter of organisations.

Figure 6: Means by which benefits information is communicated to employees (% of respondents)



In the manufacturing and private service sectors, on-boarding/joiner systems are used by more firms than the intranet. The intranet is used by almost all of the public sector, who also make use of on-boarding/joiner systems. Almost three-fifths of voluntary sector employers use the intranet and on-boarding/joiner systems. There is a danger of just using the recruitment and induction process to communicate to employees the benefits on offer, because some individuals may forget what's been told to them at a later date. Focusing on their audience and the best way to communicate with them, HR should use a variety of complementary messages at different times to get their benefits narrative across to their people.

Within the private sector, the legal, financial, technology and other professional services sub-sector is noticeably more likely to use annual benefits statements, intranets and on-boarding/joiner systems, while the retail, hospitality, catering, leisure and cleaning sub-sector is more likely to use informal catch-ups with line managers and team meetings.

This finding may be surprising as one may have assumed that the retail, hospitality, catering, leisure and cleaning sub-sector would have relied on the low-cost mass communication methods that technological solutions provide. However, the preference for the human touch in this sector may reflect the fact that communication can have more of an impact if delivered by a person as well as the belief that their line managers are skilled enough to explain to their team what's being provided, how and why.

Very large employers are more likely to use an individualised annual benefits statement, possibly indicating that across such a large group of employees an individualised statement could be quite a cost-effective way of letting people know the full value of their package.

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Discussion point 3 – Communicating employee benefits: Luddites vs. hopeful technologists

Mindful of what has already been discussed regarding questions of building shared meaning, context, customisation, and risk arising from complexity in benefits provision, there was some dismay among panellists about the survey finding that corporate intranets rank top in media selection to communicate the benefits offer.

The view was tempered by observations about accommodating differences in employee work patterns: '*the intranet can be good for shift workers,*' as well as managing communications across distributed work environments.

There are of course risks in assuming that corporate communications connect with employees in a meaningful way. *'People can ignore umpteen e-mails and claim they didn't know, for example.'* Although '*people now talk much more openly about their benefits*'.

One response to this issue was expressed as follows: '*Paper is coming back*.' Or in the words of another panellist, developing the theme: '*We have a printed statement of salary and benefits — this is what you get in total and this is what it would cost you to buy it. We've stayed Luddite and use printed statements sent to people's homes: 12–15 pages, pension, bonus, detailed information.*'

The accent in the latter observation was on helping to drive home understanding of value, at least in terms of benefitting from scale economies – corporate purchasing power trumping that of an individual's capacity to obtain similar benefits at a better rate.

But the key message seemed to be how to get across meaningfully '*this is your value to the organisation*'. And as such, success in communication '*is helped by having a good design*'; if annual statements are to be provided, '*use them more creatively and flexibly*'. But to return to another recurring theme in this year's findings which was also accented strongly in last year's survey when discussing performance and reward management – '*so much depends on the manager*'.

In terms of leadership influence on drivers of corporate objectives, this may be illustrated by the comment of at least one panel member that, '*Now we have female members on the board, all the work–life balance stuff comes in*.' But at the interface between employee and organisational front line: '*I'd rather get rid of all the paper and catch up with your manager*.' In other words, organise employee benefits provision in ways that create conditions for '*a culture of dialogue and engagement … face-to-face interaction shows the organisation cares*'; it literally puts a 'face' to it for each individual workforce member.

If organisations are to achieve the maximum impact from their investment in benefits, it might be assumed that communication about the 'package' on offer will be customised between different employee groups (that is, segmenting by such aspects as employee age, location or contract).

However, Table 13 reveals that among the current sample, this seems to be a minority practice. Overall, just over one in ten organisations segment their people for the purpose of communicating about benefits, with the public and voluntary sectors doing this the least.

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Table 13: Use of employee segmentation when communicating about benefits, by sector and size (% of respondents)

All	11
By sector	
Manufacturing and production	13
Private sector services	13
Public services	5
Voluntary/not-for-profit	8
By size	
SME (<250)	8
Large (250–9,999)	13
Very large (10,000+)	16

Percentage of respondents indicating 'Yes' to communicating information on benefits.

Table 14 shows that, among those that do segment their audience when communicating, grade/salary is the most common way cited to segment employees, followed by location. The employment contract is cited by a fifth, while all other options are mentioned by less than one in ten respondents.

Table 14: Criteria used when segmenting employees to communicate about benefits, by sector and size (% of respondents)

	Grade/ salary	Location	Employment contract	Age	Employee needs	Shift pattern	Gender
All	63	40	21	7	7	5	2
By sector							
Manufacturing and production	80	20	30	0	0	0	0
Private sector services, of which	57	50	14	4	7	0	0
Retail, hospitality and so on	75	38	13	0	13	0	0
Legal, financial and so on	54	54	15	8	8	0	0
Other private sector	43	57	14	0	0	0	0
Public services	100	50	100	50	50	50	50
Voluntary/not-for-profit	33	0	0	33	0	33	0
By size							
SME (<250)	47	53	7	13	13	7	7
Large (250–9,999)	75	33	29	4	4	0	0
Very large (10,000+)	67	33	33	0	0	0	0

Percentage of respondents indicating 'Yes' to employee segmentation when communicating on benefits. The table comes with a further word of caution: only 62 responses were received from 43 respondents for this question, because of filtering according to previous answers, so the absolute numbers here are quite small.

CIPD viewpoint

Given the amount of investment in providing and administering benefits, it's rational for employers to invest time and money in communicating not only the benefits on offer, but the supporting narrative behind this provision. People professionals have an important role to play in helping craft a compelling narrative that explains to employees what is being provided and why, what action people are required to take, and what the various consequences could be of their decisions.

Just as impactful as what is being communicated is how it is being communicated. A range of options should be used from technological solutions – which can allow employees to explore their benefits more fully – to chatting face-to-face with a line manager. While the dialogue between an employee and their line manager can be positive, this will depend on how much support team leaders get from HR, such as helping them to acquire communication skills or knowledge about certain benefits, as well as providing signposts that line managers can direct their colleagues to if they are unable to help fully.

Should more organisations tailor their messages by segmenting their workforce? It can be difficult for employers to create personalised messages based on a small number of characteristics alone, and there is always the danger that HR may end up pigeon-holing employees incorrectly based on some flawed assumptions about a person's situation based on their age, gender or education.

A more pragmatic approach may be to craft and provide the same message for all employees, but encourage them to think what the implications for them are given that they should be best placed to know about their individual circumstances. People professionals have a role to play in encouraging and supporting this reflection and flagging up where help can be found.

11 Accessibility and cohesiveness of benefits

Discussing flexible benefits provision, the CIPD endorses take-up as a means by which to address employee diversity, as well as offering cost-effectiveness to employers in benefits provision. But it counsels that to be effective, such approaches need to be managed as part of an integrated reward strategy, building on behavioural science insights on how people react to having opportunities to choose between alternatives and make decisions.[4]

Mirroring the large number of organisations stating that, in general, they communicate information about benefits to employees, most organisations report that all aspects of their reward, benefits and pension offering are easily accessible to employees (Table 15).

Table 15: Perception that all aspects of reward, benefits and pension are easily accessible to employees (% of respondents)

All	79
By sector	
Manufacturing and production	75
Private sector services	81
Public services	83
Voluntary/not-for-profit	71
By size	
SME (<250)	79
Large (250–9,999)	78
Very large (10,000+)	82

Percentage of all respondents.

4 www.cipd.co.uk/news-views/cipd-voice/issue-8/employee-financial-well-being

The manufacturing and voluntary sectors are slightly less likely to report that all aspects of reward, benefits and pension provision are easily accessible, while the private services and public sectors are more likely to do so.

When asked to reflect on what they would like to do, compared with what they actually do, three-fifths of organisations would like to provide a more cohesive user experience to employees when they access all aspects of their reward package. Future enquiries may fruitfully explore what those organisations that apparently do not want to engage with a 'total rewards' approach are doing; it might be that some of them believe that they are doing so already.

Table 16 shows that there does not appear to be a great difference according to sector, although the voluntary sector seems most likely to want this. SMEs are least likely to want this cohesiveness.

Table 16: Organisations that would like to provide a more cohesive user experience for employees when they access all aspects of the reward, benefits and pension package (% of respondents)

All	58
By sector	
Manufacturing and production	53
Private sector services	57
Public services	59
Voluntary/not-for-profit	69
By size	
SME (<250)	51
Large (250–9,999)	66
Very large (10,000+)	66

Percentage of all respondents.

CIPD viewpoint

HR teams play an important role in ensuring that their people have easy access to the rewards on offer. For a start, if particular groups of employees are unable to access the rewards, perhaps linked to their age or gender, this could result in legal repercussions for the organisation. Also, if some staff find that they are unable to access easily certain benefits on offer, this may result in them placing less value on the whole package, and the organisation as an employer. Finally, among those unable to access particular perks, this situation may foster a resentment – 'there is one rule for them and another for the rest.'

Similarly, organisations should be able to get a better return on their total reward investment if they are able to enhance the 'customer' experience for employees when they access particular aspects of their reward package. HR should be taking the lead in ensuring that the 'shop window' used to display their employer's rewards provides a cohesive offering to their people.

12 Employee well-being policy and practice (including financial well-being)

Half of the organisations responding to our survey say they operate a formal work–life balance policy and almost a fifth plan to introduce one in the next year, as shown in Table 17. In April 2018, the CIPD found that employees perceived they were working on average five hours a week more than they would like to.[5]

Research by Daverth et al[6] indicates the importance of interaction between formal policies in organisations and 'cultural cues' if work–life balance opportunities are to be translated into take-up by employees.

Cues are illustrated in the form of influence between managerial levels: if senior management in an organisation didn't demonstrate behaviours indicating they took work–life balance seriously, then neither would those who report to them, or most of the organisation's workforce.

Case study evidence in this research shows that the lack of formal policies in a private sector setting are associated with low work–life balance policy take-up, whereas in a public sector setting – where managers perceived less discretion as to whether or not to expect employees to prioritise work over their personal life – more structural support influencing take-up was evident.

We asked respondents if they had a formal work–life balance policy, and analysis of the data reported in Table 17 shows that the public sector is much more likely to have such a policy, followed by the voluntary sector. Private sector services are close behind, but only 29% of manufacturing respondents report having one. The retail, hospitality, catering, leisure and cleaning sub-sector is much less likely to have such a policy than the legal, financial, technology and other professional services sub-sector.

But there may be change in prospect: manufacturing and production is far more likely to have plans to introduce a policy in the next year. The public sector is much less likely to have such plans, but this reflects the number of organisations that already have the policy.

The likelihood of having a work–life balance policy increases with organisation size.

Possibly influencing cultural cues, organisations where at least half of managers are women are more likely to have a work–life balance policy as opposed to where women are in the minority, or are not present in management. The figure for organisations intending to introduce such a policy in the next 12 months remains constant or increases the more women are in management.

There is also a noticeable effect, albeit smaller, the more women occupy other grades in the organisation. Where there are no women in management or other grades, the intention to introduce such a policy drops to zero.

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5 www.cipd.co.uk/workinglives

6 DAVERTH, G., HYDE, P. and CASSELL, C. (2016) Uptake of organisational work–life balance opportunities: the context of support. *International Journal of Human Resource Management*. Vol 27, No 15, pp1710–1729 (reviewed in www.cipd.co.uk/news-views/nut-shell/issue-60/work-life-balance).

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CIPD viewpoint

Like employee financial well-being, work–life effectiveness recognises that there are two parts to every employee – what goes on at work and what goes on outside of work. Employers that just focus on what goes on at work only get a partial picture of their employees.

Work–life initiatives can include such programmes as flexible working and shared parental leave. Flexible working can include part-time working, term-time working, job-sharing, working from home and mobile working. Some of the benefits provided by respondents in our survey can also help some employees achieve work–life effectiveness, for example emergency eldercare support, on-site crèches and allowing internet purchases to be delivered at work.

By taking a more holistic view of employees, people professionals are better able to encourage appropriate behaviours, values and attitudes among the workforce. By championing a work–life balance policy, they can help an organisation achieve a more balanced workforce by encouraging both men and women to be more effective both at work and in their private lives. Positive benefits for the organisation include reducing the amount of stress and pressure employees feel and increasing employee retention.

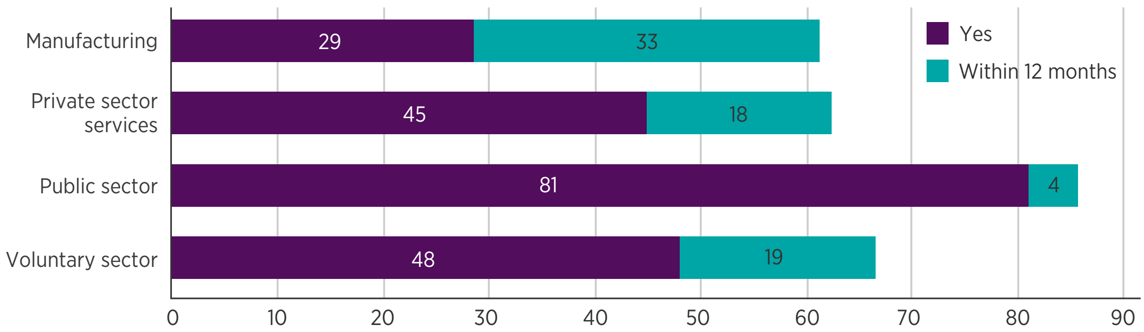
Our research shows that adopting a work–life balance policy can help attract and retain more women in management roles. However, such a policy should also help all employees, irrespective of their age, gender, race, or other characteristics, to achieve a better balance.

Table 17: Operation of a formal work–life balance policy (% of respondents)

	Yes	No	Planned in next 12 months
All	50	32	17
By sector			
Manufacturing and production	29	39	33
Private sector services, of which	45	38	18
Retail, hospitality, catering, leisure and cleaning	35	45	19
Legal, financial, technology and other professional services	50	38	12
Other private sector	42	32	25
Public services	81	14	4
Voluntary/not-for-profit	48	33	19
By size			
SME (<250)	43	36	21
Large (250–9,999)	55	30	15
Very large (10,000+)	68	26	5
By proportion of women in management			
None	25	75	0
A minority	36	46	18
About half	59	25	16
A majority or all	56	25	19
By proportion of women in other grades			
None	43	57	0
A minority	41	36	22
About half	53	31	15
A majority or all	55	27	18

Percentage of all respondents.

Figure 7: Work–life balance policy by sector (% of respondents)



Another area in which there has been interest recently in developing a progressive HR agenda is employee financial well-being.

> *'The CIPD sees employee financial well-being as a state of both emotional and physical well-being, produced by a set of conditions and abilities. It includes making the most of an adequate income to enjoy a reasonable quality of life and having the skills and capabilities to manage money well, both on a daily basis and for the future.'*[7]

Table 18: Operation of a formal employee financial well-being policy (% of respondents)

	Yes	No	Planned in next 12 months
All	8	76	16
By sector			
Manufacturing and production	5	86	9
Private sector services, of which	8	73	19
Retail, hospitality, catering, leisure and cleaning	10	74	15
Legal, financial, technology and other professional services	8	70	22
Other private sector	6	77	17
Public services	12	74	13
Voluntary/not-for-profit	5	77	18
By size			
SME (<250)	4	81	15
Large (250–9,999)	9	73	18
Very large (10,000+)	39	52	9
By proportion of women in management			
None	0	75	25
A minority	8	78	14
About half	7	75	18
A majority or all	7	78	16
By proportion of women in other grades			
None	0	86	14
A minority	6	82	11
About half	10	71	19
A majority or all	5	79	15

Percentage of all respondents

7 www.cipd.co.uk/news-views/cipd-voice/issue-8/employee-financial-well-being

CIPD research finds that one in four of the UK's workforce report that money worries have impacted negatively on their work performance, so there is a business case as well as a moral argument for wanting to improve the financial well-being of employees.[8]

However, our survey suggests that there is still a long way to go among employers actively taking up this issue. Table 18 shows that less than one in ten respondents currently have an employee financial well-being policy, although more than one in six intend to introduce one in the coming months.

The public sector is more likely to have adopted a formal policy, possibly in response to the pay controls that have been in operation in large parts of the public sector, while private sector service firms are the most likely to be intending to introduce one.

There is little variation amongst the private sector organisations, although the legal, financial, technology and other professional services sub-sector is most likely to be planning such a scheme; this may be because of the growing awareness that even relatively highly paid workers can get themselves into a financial mess, with repercussions for the organisation.

Figure 8: Financial well-being policy by organisation size (% of respondents)

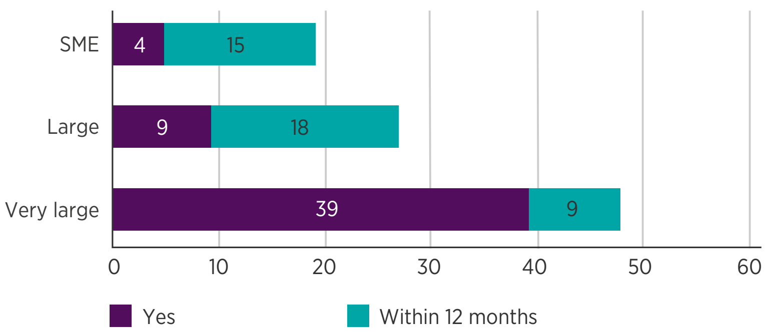
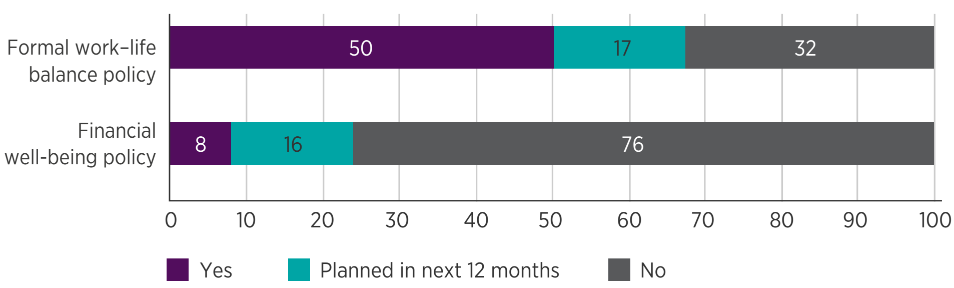


Figure 9: Comparison of work–life and financial well-being policies (% of respondents)



To understand in a little more detail organisational thinking around the underdeveloped employee financial well-being topic, the survey asked about current or planned activity to 'educate' employees so as to improve their capacity to handle financial well-being challenges. The findings are shown in Table 19.

Among respondents, almost one in five organisations already have programmes in place, but another two in five have plans to introduce them within the year.

Manufacturing is the least likely sector to have such schemes, but all sectors are roughly equally likely to be intending to introduce programmes in the near future to encourage better financial well-being.

8 https://www.cipd.co.uk/financialwellbeing

Not only are SMEs less likely to be trying to encourage better financial well-being among their employees, they are also the least likely to be planning to introduce a programme within 12 months.

Table 19: Provision or plans for programmes to encourage better financial well-being in the workplace, by sector and size (% of respondents)

	Yes	No	Planned within a year
All	18	60	21
By sector			
Manufacturing and production	11	69	20
Private sector services, of which	21	59	21
Retail, hospitality, catering, leisure and cleaning	15	60	25
Legal, financial, technology and other professional services	23	55	23
Other private sector	20	63	16
Public services	21	55	25
Voluntary/not-for-profit	16	63	21
By size			
SME (<250)	12	72	17
Large (250–9,999)	23	50	27
Very large (10,000+)	36	45	18

Percentage of all respondents.

When asked why they don't provide programmes to encourage better employee financial well-being, the most common response among employers is that they are not sure what they need at this stage. As shown in Table 20, the two other substantial responses are that they don't think it will provide value for their spend, and they don't know what employees want. Other options are cited less often. These responses indicate that the current lack of progress is not so much due to the cost complications of such programmes, but reflect more practical concerns around knowing where to start or how to work out what is needed.

Those working for public sector employers are less likely to state that they are not sure what they need at this stage and slightly more likely to say that they don't know what employees want. Private sector services are notably less likely to respond that they don't think it will provide value for their spend, while the manufacturing sector is much more likely to give that response.

Table 20: Main reason an organisation doesn't provide programmes to encourage better financial well-being in the workplace (% of respondents)

	Not sure what we need at this stage	We don't think it will provide value for our spend	Don't know what employees want	Our providers don't offer these	We are just at the initial planning stage	We used to provide and they weren't taken up
All	42	23	18	9	6	3
By sector						
Manufacturing and production	38	35	15	5	4	4
Private sector services, of which	48	16	20	7	6	4
Retail, hospitality and so on	61	17	4	13	0	4
Legal, financial and so on	44	17	24	8	3	3

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Other private sector	46	14	22	2	12	4
Public services	31	23	23	13	8	3
Voluntary/not-for-profit	40	29	12	14	5	0
By size						
SME (<250)	41	27	15	9	6	2
Large (250–9,999)	44	17	23	7	5	3
Very large (10,000+)	60	10	10	10	0	10

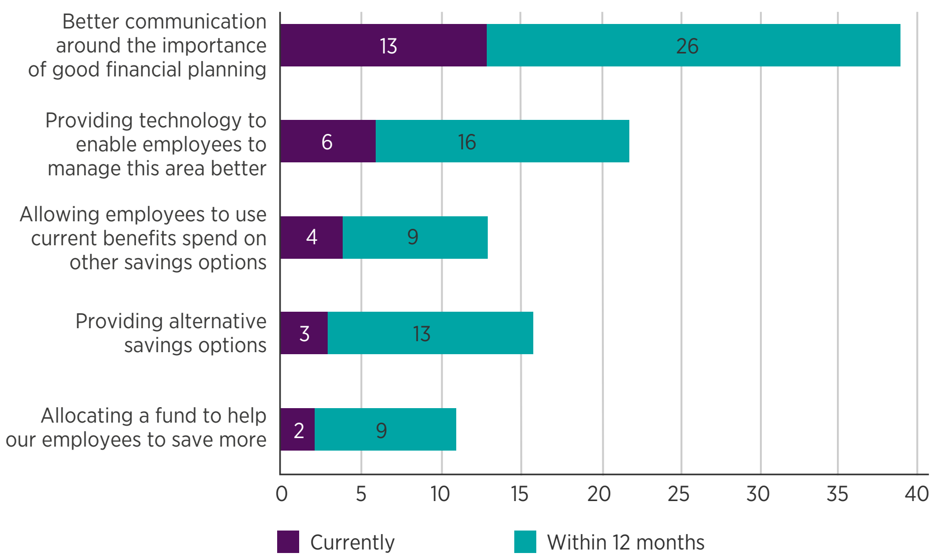
Percentage of those who responded 'No' to current or planned provision. For reasons of space 'Retail, hospitality, catering, leisure and cleaning' has been shortened to 'Retail and so on' and 'Legal, financial, technology and other professional services' has been shortened to 'Legal and so on'.

Smaller employers are much more likely to state that they don't think it will provide value for their spend and the likelihood of this response decreases with employer size, while larger organisations are more likely to say that they are not sure what they need at this stage. Notably, a tenth of very large organisations used to provide programmes but found they weren't taken up, a response which is negligible for other sizes of organisation. This suggests that it is not the case that the low take-up of financial well-being programmes is because many have been found wanting; it's simply that they haven't been taken up.

When it comes to the steps that employers are taking, or are planning to take, to encourage better financial well-being, Figure 10 shows that generating more awareness through better communication on the importance of good financial planning is the most common current or planned option. Within the private sector sub-sectors, retail, hospitality, catering, leisure and cleaning is the one most likely to cite this response (29%) – a higher rate than any other sector except the voluntary sector.

The other options reported in Figure 10 are currently provided by only between 2% and 6% of respondents. The next most common options planned in the next year are providing technology so employees can understand and manage this area better (16%) and providing alternative savings options (13%).

Figure 10: Options currently provided or planned for provision in the next 12 months to encourage better financial well-being (% of respondents)



The popularity of providing alternative savings options increases with the size of the organisation, both as a current and planned option. Current use of both allowing employees to use current benefits spend on other savings options and allocating a fund to help employees save more for the future also increase with organisation size, with 10% of very large organisations citing each of these options. SMEs are less likely than larger organisations to generate awareness through better communication on the importance of good financial planning (7% as opposed to 19% for large and 13% for very large organisations). For full details of these results, see online Appendix 4.

CIPD viewpoint

CIPD research released last year finds one in four employees admit that money worries have affected their performance at work.[9] As part of the same project, research by the Institute for Employment Studies shows a clear association between poor financial wellness, poor employee health and poor employee performance.

As investors become ever more interested in how firms treat their employees, workplace financial well-being provides a window into how organisations really value and recognise the contributions of their people and invest in their welfare. There is also a similar interest in how staff are being treated from other stakeholders, such as customers, the media and politicians, amplified by such initiatives as gender pay gap reporting.

Despite the link between poor financial welfare and productivity, and the greater scrutiny of how employees are being treated in the workplace, our survey finds a lag in employers taking action in this area. People professionals play a key role in championing greater employer engagement, demonstrating how good employee financial well-being can have positive implications for the organisation, such as through better productivity or enhanced standing among stakeholders such as customers or investors.

13 Use of technology and external services in benefits management

Organisations are being encouraged to harness technology to improve the effectiveness of HR processes and, in turn, organisational effectiveness through people. A term getting a lot of attention at the moment is 'HR analytics', defined as:

> *'a number of processes, enabled by technology, that use descriptive, visual and statistical methods to interpret people data and HR processes. These analytical processes are related to key ideas such as human capital, HR systems and processes, organisational performance, and also consider external benchmarking data, [in turn…] enabling HR teams to demonstrate the impact that HR policies and processes have on workforce and organisational performance, and … to demonstrate return-on-investment and social-return-on-investment for HR activity.'*[10]

9 www.cipd.co.uk/financialwellbeing
10 www.cipd.co.uk/knowledge/strategy/analytics/factsheet

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Our survey finds that 45% of respondents say that their organisations use technology to better understand its workforce requirements (Table 21).

Table 21: Use of technology to better understand organisations' workforce needs, by sector and size (% of respondents)

All	45
By sector	
Manufacturing and production	29
Private sector services, of which	44
Retail, hospitality, catering, leisure and cleaning	35
Legal, financial, technology and other professional services	45
Other private sector	47
Public services	69
Voluntary/not-for-profit	41
By size	
SME (<250)	36
Large (250–9,999)	53
Very large (10,000+)	68

Percentage of all respondents.

The manufacturing sector is noticeably less likely to use technology to better understand its workforce needs, while the public services sector is considerably more likely. The retail, hospitality, catering, leisure and cleaning sub-sector is the least likely in the private sector to use such technology. The use of technology for this purpose increases with size, suggesting as employers grow in size, there is more of a need to use such technology, or that the costs associated with this technology become more affordable.

Table 22: Role of external suppliers in the administration/delivery of employee benefits, by sector and size (% of respondents)

	External providers for communicating benefits	External providers for delivery of benefits	All managed in-house
All	25	55	39
By sector			
Manufacturing and production	32	50	38
Private sector services, of which	24	56	41
Retail, hospitality, catering, leisure and cleaning	27	45	42
Legal, financial, technology and other professional services	24	61	36
Other private sector	21	53	47
Public services	25	62	32
Voluntary/not-for-profit	21	51	43
By size			
SME (<250)	22	47	44
Large (250–9,999)	27	63	35
Very large (10,000+)	35	59	29

Percentage of all respondents.

We also asked respondents what part external suppliers play in the delivery and communication of the employee benefits provided by their organisation. Overall, Table 22 shows that a quarter of employers use external providers for communicating benefits, while more than half use them for delivering them. By contrast, two in five respondents manage delivery and communication in-house.

The manufacturing and production sector is the most likely to use external providers for communication, but public services are the most likely to do so for delivery of benefits. The private and voluntary sectors are the most likely to manage everything in-house. Retail, hospitality, catering, leisure and cleaning are the most likely of the private sub-sectors to use an external provider for communicating benefits, but legal, financial, technology and other professional services are the most likely to use an external provider for delivery of benefits.

The use of external providers for benefits communication rises with size of organisation; large and very large organisations are markedly more likely than SMEs to use external providers for delivery. Conversely, SMEs are the most likely to report managing everything in-house. Possibly, as employers grow in size they are more able to afford external support, are more likely to require such support in managing the benefits package, or are more likely to find providers willing to offer them this support.

14 Perceived impact of an ageing population

When it comes to an ageing population, 52% of respondents expect that this will have an impact on their organisation's existing people management policies and processes in the next five years.

Figure 11: Expectation of impact of an ageing population (% of respondents)

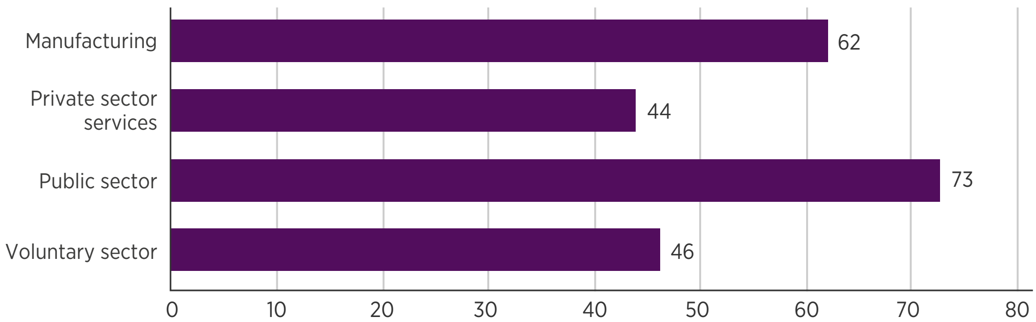

Figure 11 shows that manufacturing and the public sector expect this effect most (62% and 73% of respondents respectively, as opposed to 44% and 46% of private services and voluntary sector organisations). This may reflect the age profile of these employers, since in 83% of public sector organisations at least half of the managers are aged 50 or over, and in 74% of public sector organisations at least half of the non-managers are aged 50 or over. This makeup is also seen in the manufacturing sector, though to a lesser extent (64% at both levels). The retail, hospitality, catering, leisure and cleaning sub-sector is the least likely of all to expect to be impacted by an ageing population (38%), which also reflects the age range of such organisations, which in general employ fewer over-50s than the other sectors.

SMEs are less likely to expect an impact (44%) than large and very large organisations (61% and 55% respectively). For full details of these results, see online Appendix 5.

Table 23: People policies and processes expected to change the most in the next five years to meet the challenge of an ageing population, by sector and size (% of respondents)

	Job design, work/ working hours	Recruitment/ selection	Promotion of staff physical/ mental well-being	Management/ development of staff performance	Employee pensions/ benefits	Promotion of financial well-being	Promotion	Employee pay
All	61	53	52	32	27	21	12	9
By sector								
Manufacturing and production	76	62	48	40	16	16	14	2
Private sector services, of which	49	52	46	32	35	19	14	13
Retail, hospitality and so on	40	33	80	40	40	27	13	0
Legal, financial and so on	54	56	42	31	40	21	15	15
Other private sector	47	53	39	31	28	14	14	17
Public services	68	54	68	32	20	11	11	7
Voluntary/not-for-profit	61	39	48	19	29	52	6	10
By size								
SME (<250)	63	60	47	33	25	18	10	11
Large (250–9,999)	61	48	58	32	28	23	14	6
Very large (10,000+)	58	50	42	33	33	17	17	8

Percentage of those who anticipate an ageing population will have an impact over the next five years. For reasons of space 'Retail, hospitality, catering, leisure and cleaning' has been shortened to 'Retail and so on' and 'Legal, financial, technology and other professional services' has been shortened to 'Legal and so on'.

Over the next five years, which people management policies and processes are forecast to change the most in response to the ageing population? The most common response is that the design of work and jobs and working hours, followed by recruitment and selection, promotion of staff physical and mental well-being, and management and development of staff performance are likely to be most affected. Promotion and pay are seen as the people policies least likely to need to adapt.

Interestingly, while just 9% predict that how they manage pay levels, structures and progression will need to change, three times more (27%) think that they'll have to adapt their existing approach to employee benefits, especially in the private services sector, possibly reflecting an issue with those benefits where there is a link between cost and age.

In the manufacturing sector, 76% of respondents think that how jobs and work are designed and working hours policies will have to change because of an ageing population, possibly reflecting the physical nature of many tasks in that sector. This compares with only 49% of respondents in private sector services. Employee pay and employee pensions and benefits are seen as much less likely to be impacted by respondents in the manufacturing sector (2% and 16% respectively) than by those in other sectors.

In private sector services, job and work design and working hours are expected to be less impacted by an ageing population than they are in the other sectors, possibly reflecting that some of these roles may be less physically demanding. The retail, hospitality, catering, leisure and cleaning sector are the least likely (33%) of any sector to think that recruitment and selection will need to change because of an ageing population. This sub-sector also shows zero for employee pay but a massive 80% for promotion of staff physical and mental well-being (by far the highest proportion of any sector for any option).

In the public sector promotion of staff physical/mental well-being is emphasised as needing to change more than in other sectors, possibly reflecting the experience of national sponsored initiatives, though promotion of financial well-being goes down to 11%, as opposed to 16–19% for the manufacturing and private sectors.

CIPD viewpoint

People professionals play a key role in helping their organisations respond to both the challenges and opportunities of an ageing workforce, especially in terms of how the design of work and jobs will need to adapt.

Interestingly, few respondents think that their current approach to performance management and development will need to change and even fewer think that they will need to change their approach to pay.

However, in those organisations where pay and employee performance are linked, reward professionals will need to explore how achievement will be defined, measured, developed and remunerated in the future, as the organisation, work and tasks are redesigned to take advantage of the new demographic prospects.

15 Value-for-money considerations

It seems logical to assume that corporate attention will involve regular assessment of whether the organisation's benefit spend is delivering value.

However, as Table 24 shows, only around one in four employers in our sample say they assess the value of their benefit (including pension) spend. We didn't ask the other three in four employers why they do not assess the value of their benefit spend, but it might be because they are unsure as to how to go about weighing the costs against the advantages. It may also reflect the fact that no one within, or outside, the organisation is asking for these data. However, our results suggest that many organisations could be spending money on employee benefits as an act of faith.

Table 24: Do organisations assess the value from their spend on benefits (including pensions), by sector and size (% of respondents)

	Yes	No
All	26	74
By sector		
Manufacturing and production	30	70
Private sector services, of which	28	72
Retail, hospitality, catering, leisure and cleaning	30	70
Legal, financial, technology and other professional services	28	72
Other private sector	26	74
Public services	23	77
Voluntary/not-for-profit	17	83
By size		
SME (<250)	23	77
Large (250–9,999)	27	73
Very large (10,000+)	43	57

Percentage of all respondents.

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By main sector, manufacturing and production firms are the most likely to carry out a review, while voluntary sector organisations are the least likely. There is little variation among the private services sub-sectors.

Very large organisations are much more likely to assess the value they get from their expenditure on benefits than employers of other sizes.

Table 25: Frequency with which an organisation carries out value-for-money analysis on benefit spend (% of respondents)

	At least annually	Every one to two years	Every three to four years	Every five to six years	Less frequently	On an ad hoc basis
All	59	22	8	2	2	6
By sector						
Manufacturing	55	18	18	0	5	5
Private sector, of which	63	18	5	3	2	8
Retail, hospitality, catering, leisure and cleaning	33	17	25	0	0	25
Legal, financial, technology and other professional services	62	24	0	3	3	7
Other private sector	84	11	0	5	0	0
Public services	63	31	6	0	0	0
Voluntary/not-for-profit	40	40	10	0	0	10
By size						
SME (<250)	53	22	10	2	4	8
Large (250–9,999)	67	22	6	0	0	6
Very large (10,000+)	50	25	13	13	0	0

Percentage of those respondents who carry out VFM analysis.

Among those who do carry out a value-for-money assessment, Table 25 shows that most do so every year, while a further one-fifth do so every one to two years.

Voluntary sector organisations are much less likely than other sectors to undertake a yearly review, but more likely to do so every one to two years. They are also slightly more likely to do so on an ad hoc basis. The manufacturing sector is more likely to have a less regular assessment of every three to four years than other sectors. The retail, hospitality, catering, leisure and cleaning sub-sector is noticeably less likely to carry out this assessment annually and is much more likely to do so on an ad hoc basis, although absolute numbers are low for this group, necessitating caution in interpreting the figures.

Figure 12 shows that among the minority of employers who assess the value of the benefit spend, the most popular measures used are the take-up of staff benefits and employee feedback. Beyond that, there is a wide spread of methods, other main ones being leaver feedback, retention data and employee survey data.

The manufacturing sector appears least likely to use employee feedback (64% compared with between 70% and 80% in other sectors). The retail, hospitality, catering, leisure and cleaning sub-sector is particularly likely to use this measure (83%), possibly reflecting the fact that many in this sector already use customer feedback to help inform their service and so are able to adapt this approach to gain employee perceptions. As a whole the private services sector seems less likely to use the take-up of staff benefits compared with the other main sectors (70% compared with 80–86%).

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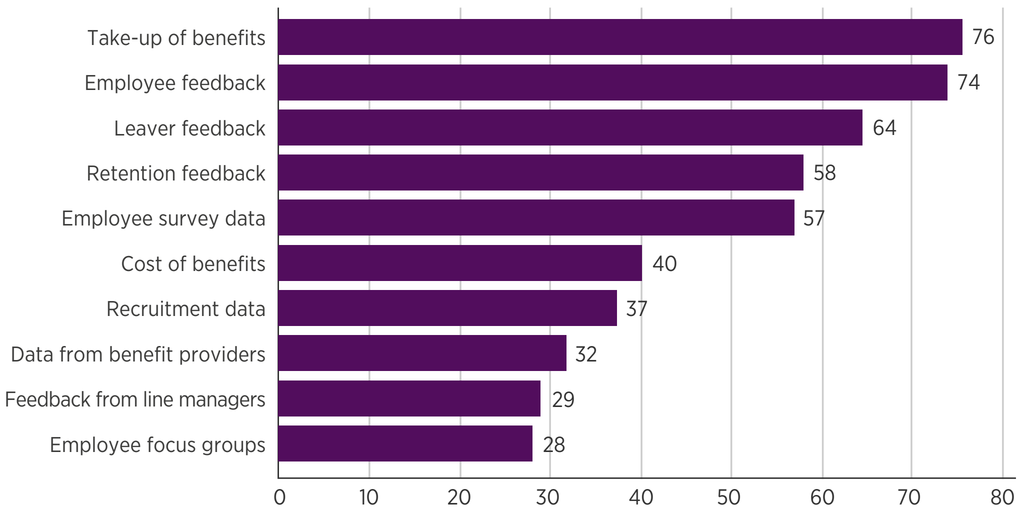
Figure 12: Measures used to assess the value of benefit spend (% of respondents)



Cost of benefits is much more likely to be used as a measure by the voluntary sector (60%) and the retail, hospitality, catering, leisure and cleaning sub-sector (58%) than the other sectors (between 36% and 47%), possibly because of the tighter margins in both of these sectors.

The public sector differs from the other sectors in terms of the measures adopted, being the most likely to use employee survey data (67%), recruitment data (53% compared with 30–32%) and employee wellness and well-being data (53% compared with 14–20%).

SMEs appear less likely than large organisations to use take-up of staff benefits (69% compared with 86%), employee survey data (46% compared with 71%) and employee wellness and well-being data (6% compared with 33%). Across the board, the percentages for SMEs are lower than for larger organisations – this might indicate that they may use a narrower range of measures (48 SMEs provided a total of 232 measures, while 51 large organisations reported a total of 331 measures). For full details of these results, see the online Appendix 6.

CIPD viewpoint

HR professionals are able to demonstrate their value to their organisation by indicating whether the amount of money being spent on benefits is delivering value for money, both for the employer and the employee.

They should help the organisation establish and articulate what it wants from its benefit spend in terms of employee behaviours to join, stay and perform. Existing benefits should be compared with these objectives and expenditure calculated. Various people and business measures can be used to help assess whether the benefits, and the money being spent on them, are having a positive impact.

If certain benefits are failing to deliver value for money, HR teams should explore why this is. It might not be a problem with the benefit itself, but in how it is being delivered and communicated.

Without data analytics to demonstrate the value that benefits create for the organisation, inappropriate decisions can be made to remove a perk. These incorrect decisions can result in poor employee relations, with consequences for organisational performance. Similarly, incorrect decisions can be made when introducing a new benefit.

Discussion point 4 – So what is valued in benefits?

Along one axis, the inferred experience in managing employee benefits is sensing that '*the safety net is becoming more important*', exemplified in the sentiment, '*if I fall over, the organisation will look after me*.' And '*it's the intrinsic benefits that have a monetary value they [employees] love.*' with benefits in one organisation judged as '*the top thing driving engagement*'. And another viewpoint sums the position up as follows: '*My organisation is never going to be a high payer, but what we can do is look after our people*.'

That paternalistic sentiment extends along another axis, looking to the future, with '*feedback from employees to help me to develop my learning*'; one panellist turned this into a question of strategic design: '*[Investing in] professional development may give the organisation a competitive advantage, meaning the board is more likely to accept it*.'

Building on this, it was argued that '*part of the challenge is how much the organisation is prepared to invest in the HR system*'. But when discussing varying practice in assessing the value of benefits spend, an observation was: '*Unlike when discussing bonus payments or pension, the question is never put as to what am I getting for my money?*' Prompting the response that comparing drivers of benefits spend against the actual benefits offer may be instructive: do those organisations stressing cost reduction shape their benefits provision differently? As our follow-on analysis (Tables 5 and 6) shows, while significant correlation may be established, the pattern is not especially distinctive.

Perversely, as one panel member put it, '*60% of what appears in the employee benefits offer is to do with not being at work*' – holidays, paid sick leave, and pensions are all things linked with employees outside the work setting. What might this suggest as to how employers conceptualise employee 'orientations to work'?

So, is it the case that, as one panellist put it: '*You are going to have to drive productivity by stealth*', although '*there may be hidden productivity going on*'? With the concern expressed by another that still '*people are working harder, not smarter*'.

Returning to the question of management in the benefits 'space', our findings suggest there is plenty of work to do: to find out what employees really value, and how across different segments, down to the level of individuals as they progress through career and life phases, the value from this major area of investment in employing people can be better assured. That in turn requires a willingness to resource and prioritise this aspect of organisational activity. Benefits decision-makers will perhaps find that their capacity to grasp dynamically what employees really appreciate and desire is enhanced by using 'big data', where in-depth analysis can be informed by a workforce census not confined to samples and averages.

16 Pensions and retirement

Table 26 shows the different pension arrangements being used to enrol employees into a workplace pension, both by sector and by size of organisation. Defined contribution (DC) is the overwhelming 'standard type' of pension, with defined benefit (DB) cited by less than a fifth.

It is interesting to note that 81% of respondents answered this question, slightly more than the percentage reporting that they offered a pension to all (75%) or some (2%) of their employees in section 5. Given that workplace pension provision is a legal requirement, we may have expected more employers to report offering one. This assumption is backed up by our finding that just 4% report that they do not provide a workplace pension, which indicates that the percentage of employers who do offer one may be as high as 96%.

Table 26: Type of pension arrangement used to automatically enrol employees (% of respondents)

	Defined contribution	Defined benefit	Hybrid
All	80	18	2
By sector			
Manufacturing and production	94	5	1
Private sector services	94	4	3
Public services	18	82	0
Voluntary/not-for-profit	89	11	0
By size			
SME (<250)	88	12	0
Large (250–9,999)	76	24	0
Very large (10,000+)	57	30	13

Percentage of all respondents.

By sector, public services stand out as an exception, with DC being used as an auto-enrolment tool by less than one in five, while more than four in five use DB, almost an exact reversal of the overall figures. The other sectors show broadly similar patterns to each other, with the voluntary sector slightly less likely than others to report a DC plan and a bit more likely to report a DB scheme.

DC schemes become less likely with increasing employer size, while DB plans become more likely. However, this seeming trend may be explained by the large and very large public sector bodies indicated by these figures and further detailed in Table 27.

Hybrid pension schemes remain uncommon, the only appreciable percentage being in very large organisations, a result which is consistent with findings in 2014/15. Table 28 displays the 2014/15 percentages for broad comparison purposes.

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Figure 13: Types of automatic pension arrangement, by sector (% of respondents)

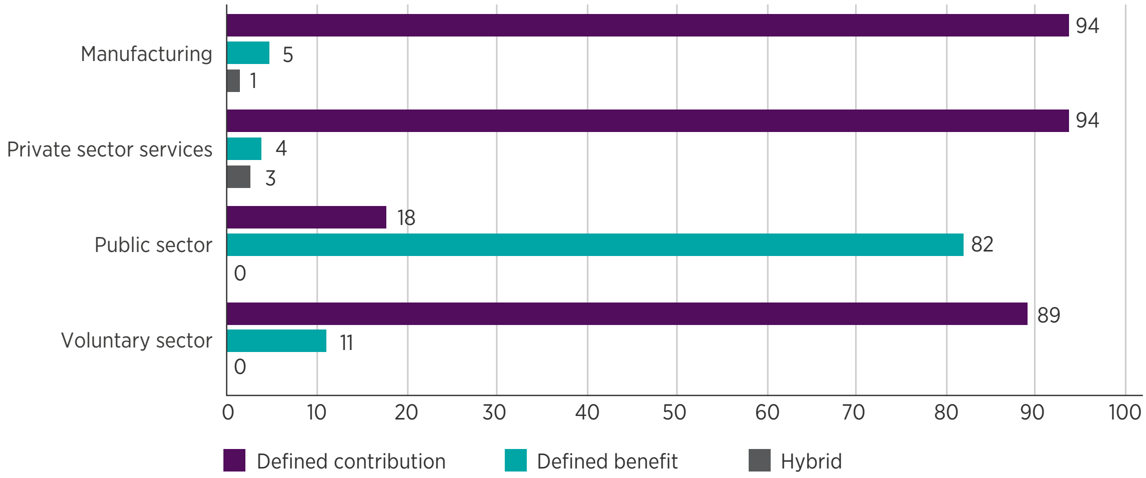


Table 27: DC vs. DB pension enrolment arrangements, by organisation size and sector (% of respondents)

	Defined contribution	Defined benefit
SME manufacturing	92	8
SME private	95	4
SME public	32	68
SME voluntary	89	11
Large manufacturing	97	0
Large private	97	3
Large public	12	88
Large voluntary	89	11
Very large manufacturing	100	0
Very large private	77	0
Very large public	22	78
Very large voluntary	0	0

Percentage of all respondents.

Table 28: Answers to question: 'What are the main types of pension arrangements at your organisation?' (2014/15), by sector and size (% of respondents)

	Defined contribution	Defined benefit	Hybrid
All	68	21	2
By sector			
Manufacturing and production	86	2	0
Private sector services	73	7	3
Public services	35	65	4
Voluntary/not-for-profit	76	16	0
By size			
SME (<250)	65	14	2
Large (250–9,999)	70	24	2
Very large (10,000+)	73	36	9

2014/15 figures come from a differently worded question, one that allowed multiple responses and included more options (for example 'contribution to a private pension'). These figures do not add up to 100%.

Even allowing for the variance in question wording between the survey cycles, pension provision has grown for DC and declined for DB.

Table 29: Typical employer and employee DC contribution rates as a percentage of pay, by sector and size (%)

	Mean	
	Employer	Employee
All	4.5	3.7
By sector		
Manufacturing and production	4.6	3.8
Private sector services, of which	4.3	3.6
Retail, hospitality, catering, leisure and cleaning	3.2	3.1
Legal, financial, technology and other professional services	4.4	3.6
Other private sector	4.5	3.9
Public services	5.0	5.6
Voluntary/not-for-profit	5.4	3.5
By size		
SME (<250)	4.3	3.6
Large (250–9,999)	4.8	3.9
Very large (10,000+)	4.1	3.8

Table 29 shows the mean amounts contributed by employers and employees to the DC pension scheme used for automatic pension enrolment purposes. The highest employer rates are to be found within the voluntary sector and the highest employee contribution rates within public services.

Within the private sector, the retail, hospitality, catering, leisure and cleaning sub-sector sees much lower rates of both employer and employee contributions than the other two sub-sectors and in fact shows the lowest rates for any sector or sub-sector.

Comparison with 2014 is difficult as data was collected then for the main DC pension, and some employers may not have used their main scheme for automatic pension enrolment purposes. However, using this data, we find that the overall employer contribution levels have fallen over this period from 5.8% to 4.5%, while employee contributions have dropped from 4% to 3.7%. This is consistent with more employers enrolling employees for the first time. We would expect to see DC contributions pick up over the coming years as the minimum contribution rates for both employers and employees are increased.

Figure 14: Typical employer and employee DC contribution rates as a percentage of pay, by sector (%)

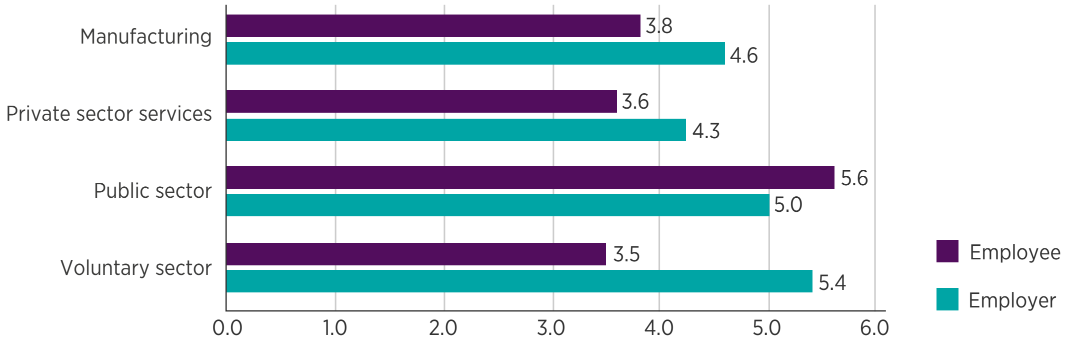


Table 30 shows the various ways that employers are helping their employees contribute to the DC pension plans.

'Salary sacrifice', whereby an employee agrees to exchange part of their salary in return for a pension contribution from their employer, is the most common scheme offered. This is followed closely by 'employer contribution matching', whereby if a worker contributes more to their pension pot the organisation will also increase its contribution for that employee. 'Auto escalation' is least popular, where the level of an individual's pension contribution rises at regular intervals on a set date until an agreed rate is reached, the increase often being linked to a pay rise.

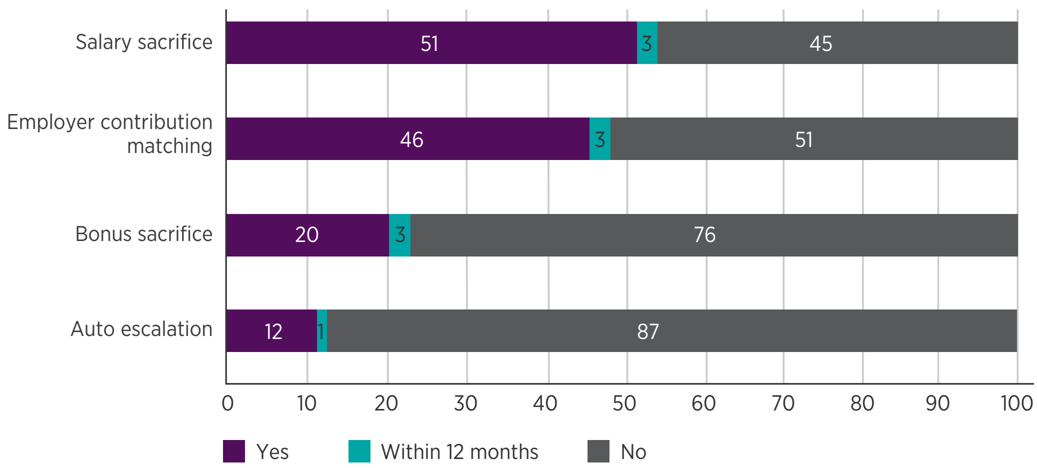
There is little change to these arrangements planned for the coming year, although very large organisations are most likely to intend to introduce employer contribution matching (8%). The public sector is most likely to intend to introduce 'bonus sacrifice' (9%); this is where an employee agrees to exchange all or part of their bonus in return for a pension contribution from the employer.

Table 30: Employer–employee contribution interaction (% of respondents)

	Yes	No	Planned within a year
Salary sacrifice	51	45	3
Employer contribution matching	46	51	3
Bonus sacrifice	20	76	3
Auto escalation	12	87	1

Percentage of respondents who replied 'defined contribution' as auto-enrolment practice.

Figure 15: Schemes offered to staff (% of respondents)



All these schemes increase in prevalence according to organisation size and very large organisations are far more likely to offer them. For example, salary sacrifice increases with size (offered by 41% of SMEs, 61% of large and 85% of very large organisations). A similar pattern is seen for employer contribution matching, where the figures are 37%, 55% and 69% respectively.

The two most popular schemes, employer contribution matching and salary sacrifice, are more or less evenly distributed across the sectors, but auto escalation is much more prevalent in the public sector (27%) and less prevalent in the voluntary sector (4%).

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Bonus sacrifice is more prevalent in the manufacturing and private service sectors (21% and 24% respectively) than in the public and voluntary sectors (9% and 8% respectively), probably reflecting the fact that these sectors are more likely to use bonus plans. For more information, see the online Appendix 3.

It is interesting to ask why more small and medium-sized employers are not using salary sacrifice. Not only can this help reduce the cost of contribution for employees through savings in tax and National Insurance contributions, but the organisation itself can also benefit through lower National Insurance contributions. While salary sacrifice is not going to suit all organisations because of the earnings profile of their workers, HR should investigate whether salary sacrifice could help their employer and its people.

We asked respondents what the impact of April 2018's increase in minimum automatic enrolment employer contribution rates had on their cost base, on a scale from 0 (no increase) to 5 (a significant increase). Table 31 shows that the effect of this rise seems to be minimal.

Table 31: Impact of April 2018's increase to minimum automatic enrolment employer contribution rates on responding organisation's cost base

	Mean
All	1.5
By sector	
Manufacturing and production	1.5
Private sector services	1.6
Public services	1.2
Voluntary/not-for-profit	1.5
By size	
SME (<250)	1.4
Large (250–9,999)	1.6
Very large (10,000+)	1.6

Base: respondents who indicated 'defined contribution' as auto-enrolment default. Respondents could select any number between 0 (no increase) and 5 (a significant increase).

When we asked our sample how their organisation has responded to the increase in the minimum employer contribution rate from 1% to 2%, the most common reply is that it was absorbed through lower profits (or surplus in the public and voluntary sectors). Table 32 shows that the other popular responses are that they reduced budgets in other areas, restricted salary increases and improved productivity. Least common are that they passed the increase on through higher prices, introduced salary sacrifice or cut share dividends.

Absorbing the increase through lower profits is more prevalent in the legal, financial, technology and other professional services sub-sector than in the retail, hospitality, catering, leisure and cleaning sub-sector, possibly reflecting the tighter operating margins for many in this sector.

Improving productivity is cited by only 7% of respondents in the retail, hospitality, catering, leisure and cleaning sub-sector, the lowest for any sector or sub-sector, which may be because increasing productivity is harder to achieve in this sector. By contrast, this sub-sector is more likely to cite that they have reduced budgets in other areas, and cut employees/recruited fewer or reduced overtime pay/bonuses than any other sector or sub-sector.

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Reducing budgets in other areas is noticeably less popular in the public sector than other sectors. The public sector's responses seem to be concentrated in fewer (five) areas/courses of action. This effect is noticeable in the voluntary sector too. This may be affected by the fact that some responses are not relevant to such sectors (for example cutting share dividends for the public and voluntary sectors). But it is also noticeable that the public sector is the only sector to report zero under restricting salary increases, possibly reflecting the importance of national pay arrangements.

Table 32: Organisation responses to the additional employer contribution costs (% of respondents)

	Absorbed through lower profits	Reduced budgets in other areas	Restricted salary increases	Improved employee productivity	Reduced amount spent on overtime pay/bonuses	Scaled back expansion plans	Cut the employees/recruited fewer	Reduced all/some business activities	Reduced/restricted the growth in benefits/perks	Passed on through higher prices	Introduced salary sacrifice	Cut share dividends
All	62	30	23	15	11	9	7	6	6	5	5	2
By sector												
Manufacturing	67	27	20	18	13	9	9	7	4	4	9	0
Private sector, of which	61	32	22	14	11	10	8	7	5	5	5	4
Retail, hospitality and so on	56	44	26	7	26	7	19	11	4	4	11	0
Legal, financial and so on	72	21	18	19	11	12	5	0	7	4	4	5
Other private sector	52	38	25	13	2	8	6	13	4	8	4	4
Public services	50	17	0	17	17	0	0	17	0	0	0	0
Voluntary/not-for-profit	61	30	39	9	9	9	0	0	13	9	0	0
By size												
SME (<250)	68	29	28	15	15	11	8	7	8	6	3	4
Large (250–9,999)	57	31	17	16	7	6	4	4	3	4	9	0
Very large (10,000+)	44	33	22	0	11	22	22	22	0	11	0	11

Base: respondents who indicated 'defined contribution' as auto-enrolment default.

Table 33: Planned changes to current pension arrangements in the next 12 months compared with 2014/15 (% of respondents)

	Intended pension changes 2018	2014/15
All	16	27
By sector		
Manufacturing and production	13	15
Private sector services	17	29
Public services	6	26
Voluntary/not-for-profit	27	37
By size		
SME (<250)	15	32
Large (250–9,999)	18	21
Very large (10,000+)	9	25

Percentage of all respondents.

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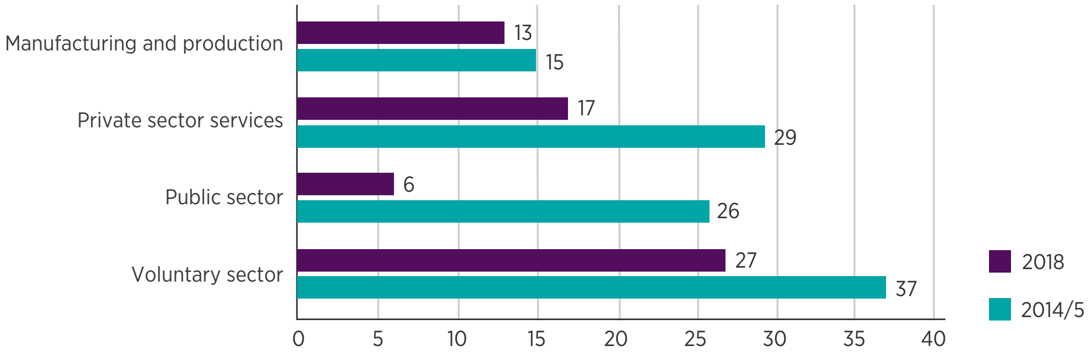
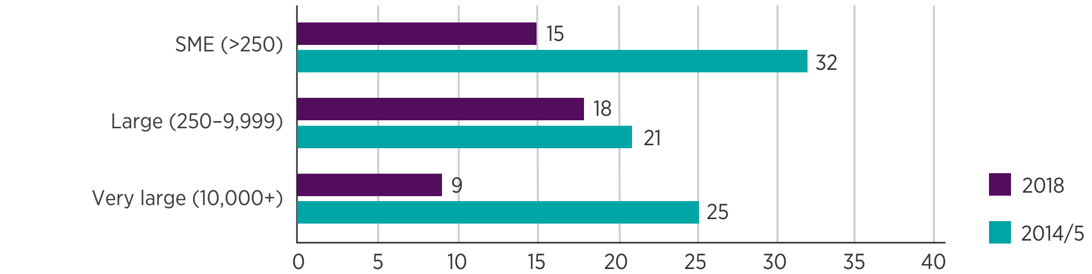
When asked whether their employers planned to make changes to their current pension arrangements in the next 12 months, less than one in six said they were. Table 33 shows that far fewer organisations are planning changes to their pension arrangements than in 2014/15, possibly reflecting the fact that back in 2014 many employers were getting ready for automatic enrolment.

Figure 16: Planned changes by sector (% of respondents)



The voluntary sector is the most likely to be intending change, as it was in 2014/15, while the public sector is the least likely. Very large organisations are the least likely to be planning change as compared with organisations of other sizes, again reflecting the fact that many very large employers are in the public sector.

Figure 17: Planned changes by size (% of respondents)



CIPD viewpoint

With the minimum employer contributions increasing again next year from 2% to 3%, we can predict that employers will respond in a similar fashion, with most accepting lower profits or surpluses. The danger with such a passive reaction is that as their financial reserves get smaller, the organisation is less able to accommodate other cost increases, especially those that are unplanned. This could result in short-term knee-jerk reactions, such as cutting the number of hours employees work or scaling back investment in new technology.

The only sustainable way to deal with higher employer contribution rates is by improving employee performance. If productivity increases, the employer will be able to use the increased revenues to offset the pension contribution costs. The trick is not to achieve this by aggressively getting employees to do more, but by operating in a smarter fashion. This would involve the redesign of the organisation, its jobs and work. While it may take longer to redesign the workplace, the benefits will last longer.

17 Background to the report and its construction

This is the fifteenth survey of UK reward management by the CIPD. For 2018, the focus has been on employee benefits – what is provided to whom and associated policy. The main aims of the survey are to:

- provide readers with an information and benchmarking resource in respect of current and emerging practice in UK reward management
- inform the work of the CIPD on reward management.

The following tables provide a breakdown of percentage of respondents by: sector; ownership; size of organisation (number of employees); and staff demographics.

Table 34: Organisation sector (%)

Manufacturing	Private sector services	Public sector	Voluntary sector, community and not-for-profit
18	53	17	13

Percentage of all respondents.

Of those who responded as private sector services, 49% were from legal, financial, technology and other professional service firms, 17% were retail, hospitality, catering, leisure and cleaning companies, and 34% were other kinds of service employers.

Table 35: Ownership structure (%)

Private sector – privately owned	Private sector – publicly traded services	Other, for example co-operative
76	22	2

Manufacturing and private sector services only.

Table 36: Geographic ownership (%)

Mainly or wholly UK-owned	Separate division/ operation of mainly or wholly UK-owned organisation	Division of internationally owned organisation
69	7	24

Percentage of all respondents.

Table 37: Organisation size (%)

SMEs (<250)	Large (250-9,999)	Very large (10,000+)
51	43	6

Percentage of all respondents.

Table 38: Proportion of female staff (%)

	Management	Other grades
None	2	3
A minority	38	27
About half	46	44
The majority or all	15	26

Table 39: Proportion of staff under 30 (%)

	Management	Other grades
None	17	5
A minority	57	41
About half	24	41
The majority or all	3	12

Table 40: Proportion of staff over 50 (%)

	Management	Other grades
None	2	7
A minority	30	42
About half	48	44
The majority or all	20	7

Data collection for the research took place between the start and end of May 2018. The survey was distributed electronically to senior reward/HR practitioners in the public, private and voluntary sectors. The number of respondents to this survey is 568.

We have, in the course of commenting on the findings from this 2018 survey dataset, made comparisons between the present and previous rounds of analysis. This is done exercising a little interpretative licence. A necessary caveat is that given the nature of the survey and its completion, we do not have a fixed panel of respondents to the online questionnaire year after year. Either because of rounding or respondents being able to specify more than one response to a question in tables reporting on findings, figures may not total 100%.

Considerable input was received during the development and piloting of the research questionnaire, and in the course of structured reflection at a round table of experts from across the HR and reward management community, held at the CIPD Victoria offices in London in late July 2018. We would like to acknowledge all the professionals who invested their valuable time helping to inform the questionnaire, its completion and the resultant survey report.

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