**The HR World**

***Chidi Ogbonnaya, HR academic and lecturer on the Help to Grow: Management course, a 12-week programme for business leaders and their senior managers, explains the key considerations and necessary steps HR leads should take when implementing a pay and benefits package for their organisation.***

Many organisations today find themselves in highly competitive markets that offer plenty of choice to job seekers looking for their next role, and an array of alternative options to existing employees.

This has created an environment where pay and benefits are more important than ever for attracting new talent and retaining staff.

A company’s awards package is also critical to nurturing a positive culture of employee engagement and high productivity across a workforce.

Through my research at Kent Business School into the subject, and from experience educating real business leaders on the Help to Grow: Management Course, I’ve identified four critical steps that HR departments and SME leaders should take to implement an effective pay and benefits scheme – and a few common pitfalls to avoid.

**First things first – do your research**

Before designing an employee benefit and renumeration schedule, I would always recommend doing thorough background research.

Start by researching your specific market to understand the prevailing norms, benchmarks and expectations for employee benefits and compensation. Take a look at what your competitors are doing to understand best practices, and question whether you should be stepping up beyond what others are already doing. As part of this step, I would also recommend seeking employees' views and involving them in decisions through in-person focus groups or anonymous surveys and, depending on available resources, seeking impartial advice from external HR experts.

**Understand the pros and cons of pay vs benefits**

I’m often asked whether there are advantages of introducing benefit packages opposed to increasing pay.

The key thing to understand here is that while pay is monetary and comes with tax elements, low pay is directly linked to an increase in staff turnover. Benefits, on the other hand, encompass non-monetary advantages including healthcare coverage, retirement plans, and flexible working.

While both contribute to the overall attractiveness of the job and employee satisfaction, and benefits have stronger links to staff retention, it’s unusual that a strong benefits package alone would appeal to employees if they are being underpaid.

**Invest in the most impactful benefits**

Having spoken to dozens of business leaders over the years, I know they can feel a pressure to be offering absolutely every benefit possible. Based on my research, there are definitely areas that deliver more from a ROI perspective when it comes to employee engagement and retention.

First, let’s look at flexibility. In today's post-covid era, flexible working has proved to increase job satisfaction and retention. If you’re most concerned with enhanced productivity, then skills-enhancement and professional development opportunities will give you the greatest return.

While a great starting point, don’t forget to keep revisiting how your benefit scheme is working. I usually recommend implementing a three to five-year review cycle depending on industry standards, budget considerations, and the size of the organization. Some businesses will review annually though so there really is no one-size-fits-all rule.

**Thoughtful rollout across the organisation**

Should the same level of benefits be made available to all employees within an organisation? In short, yes. The majority of benefits should be made available to all employees, but access should still be discussed on an individual basis and considered in the context of the entire workforce, for example by questioning whether all workers can realistically be offered flexible working if their roles are hands-on. Benefits, such as external training courses, should also be provided based on individuals' career needs.

A common pitfall that I see HR teams and SME leaders make is a lack of communication. Failing to mention your competitive and comprehensive employee benefits in the first place, is of course a big mistake, but a lack of reminders is equally detrimental. Without continued reinforcement and signposts for obtaining rewards, employees can be left wondering whether the business would rather they didn’t take them up on the offering.

Employee communication is a key topic explored within the Help to Grow: Management course. Participants walk away with the tools to identify appropriate strategies for leading change in an inclusive and engaging way, empowering them to implement approaches that boost employee engagement.

While every business is different, and every HR team will adopt the pay and benefit package that will be most suited to their team and goals, here are five key takeaways to remember for effective employee engagement:

* Understand the needs and preferences of your employees and involve them in the process.
* Offer competitive and comprehensive benefits and rewards to attract the talent you need.
* Inform employees about the resources available to them and how they can obtain them.
* Review your pay and benefits offering regularly to ensure it’s working effectively and is reflective of your current workforces’ needs.
* Fail to offer competitive and comprehensive employee benefits and be prepared for people to leave in the hunt for better rewards elsewhere.