



Driving Employee Engagement in the Modern Workplace

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Executive Summary

When professor William Kahn's research produced the term "employee engagement" in 1990, the workplace looked radically different. It consisted of word processors, rotary phones, fax machines and the sweet sound of dial-up internet. While this antiquated technology has been relegated to the proverbial - and literal- trash heap, one thing hasn't changed: people.

People remain at the heart of any organization. And in the more than 30 years since employee engagement was born, getting it right now is more important than ever. The COVID-19 pandemic spurred many workers to reevaluate the role work plays in their lives. As a result, they are less likely to take or stay in jobs that underpay, underutilize or under appreciate them.

But the answer doesn't necessarily include nap pods, espresso machines and other trappings. Employees are a lot more practical; especially when they're facing economic uncertainty in the form of inflation and recession. According to Gallup, 64% of employees rate increases in income or benefits as very important, up from 41% in 2015.

41% → 64%

64% of employees rate increases in income or benefits as very important, up from 41% in 2015.¹

Greater work-life balance and personal wellbeing is at the top of the list too. Delivering on these points and others makes it easier to attract, hire, engage and retain great employees.

So what's an employer to do? Investing in a comprehensive benefits program is a great place to start. In this white paper, we'll explore steps you can take to make it a reality.



1. Wigert, Ben, "The Top 6 Things Employees Want in Their Next Job," Gallup, [gallup.com/workplace](https://www.gallup.com/workplace), Feb. 21, 2022, accessed Feb. 2023.

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Measure Employee Engagement

You probably noticed the word “investment” in the previous section. That’s because leveraging benefits to drive engagement requires money and time. Benefits alone account for approximately one-third of the average employee’s paycheck. And getting benefits right requires communication and hands-on guidance.

That’s why the ability to measure its impact on employee engagement is so important. If you don’t already use a score or metric to keep track of how engaged employees are, you may want to start.



Relying on a Multi-Survey Approach

You can solicit feedback from your employees using several different types of surveys. Each one serves a different purpose and yields different data. When woven together, this data tells a contextual, comprehensive story of employee engagement in your organization. If you aren’t already, consider conducting:

Annual Engagement Surveys

This survey gathers high-level information on employees’ overall feelings about their organization over the course of a year. It’s the best tool for spurring discussion at the leadership level and tends to yield information that can inform broad initiatives, like investing in better benefits or adopting more flexible schedules.

If you don’t measure employee engagement at all, conducting this survey is a good place to start. But don’t rely solely on its data for too long. Annual employee engagement surveys don’t capture the day-to-day issues or interactions that can drive engagement down over time. And if they do, it’s possible you’ll learn about them long after you can do anything to help.

Pulse Surveys

They are short (no more than 10 questions) and deployed often to give you a real-time look into what your team is going through. They alert you to issues in time to address them and mitigate any damage. They can also give you a snapshot into employee engagement at different points of the year, especially around milestones like open enrollment.

Employee Net Promoter Score Surveys (eNPS)

The eNPS measures employee loyalty and can directly influence retention and recruiting. Low scores indicate employees who may be at risk of leaving or are undermining morale. Understanding who they are can help you prevent good employees from leaving.

On the other hand, high scores identify your ambassadors. Because these folks are fans, they may be willing to participate in recruiting efforts. Testimonials from real people who genuinely like their workplace go a long way toward attracting top talent.

Defining Key Performance Indicators



Defining Key Performance Indicators (KPIs)

Before you draft survey questions, decide which data points you'll use to calculate your employee engagement score. Some experts claim that just four data points are enough, while others encourage using 60 or more. There's no sure-fire formula. But that's a good thing. It gives you the flexibility to measure engagement in a way that makes sense for your organization and team.

To establish your score, choose the topics employees care about and influence the quality of your workplace. That should include:

- Total Compensation
- Benefits and Wellness
- Job Satisfaction
- Team and Organizational Culture

Once you've decided which topics or themes are important, draft questions like: Do you know what your total compensation is? Are you happy with the benefits you receive? On a scale of 1-10, how would you rate your manager?

Calculating Employee Engagement

Calculate Employee Engagement Score

Next, assign a point value or grading system to the questions you've selected. Again, there are a lot of ways to go about it. But here's just one example of how it could work.

Let's say you've selected five questions to produce the data points you need. Each question asks employees to rate their experience on a scale of one to five. You've decided that one is failing, three is average and five is perfect. Let's say 100 employees take the survey and the results on every question shake out like this:



15 employees: 1 ☆
20 employees: 2 ☆
30 employees: 3 ☆
25 employees: 4 ☆
10 employees: 5 ☆

If you multiply the number of employees with their corresponding response, total it and divide by the number of respondents, you get an average for each question.

$$15 \times 1 \star = 15 / 100 = 0.15$$

$$20 \times 2 \star = 40 / 100 = 0.40$$

$$30 \times 3 \star = 90 / 100 = 0.90$$

$$5 \times 4 \star = 100 / 100 = 0.00$$

$$10 \times 5 \star = 50 / 100 = 0.50$$

1.95

According to the scale, that number shows your hypothetical workplace is just below average when it comes to engaging employees. But not to worry! This number is your benchmark from which all future efforts can be measured. And when it comes to engagement, progress is more important than perfection.



Focus on Total Compensation

If you receive survey responses that show employees are confused about their total compensation or feel as if they're not paid fairly, don't fret. Instead, use it as an opportunity to explain what total compensation is, what it includes and why it's important.

After all, expressing the value of a person's employment solely through their hourly or annual wage is like trying to sell a Mercedes by touting the grip on the steering wheel. Sure, it's a crucial piece, but it doesn't capture the whole shebang and why it's special. That's why it's important to include every possible benefit you can think of when it comes to defining total compensation.

Start with the basics:



Base salary or hourly pay



Overtime pay



Bonuses, stipends or commissions



Benefits

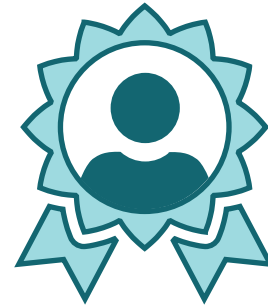


PTO



401(k) or pension plans

But that's not all. Any monetary or non-monetary employee perks or programs you offer should be a part of it too, like:



- **Free Lunches**
- **Financial Planning Assistance**
- **Tuition Reimbursement**
- **Corporate Discounts**
- **Company Credit Card**
- **Profit Sharing**
- **Flexible Scheduling**
- **Reserved Parking**

If you're worried that bragging will look bad, consider this. The last few years have created a crop of workers and job seekers that value stability and security in a job. This is among the top four factors employees seek in a job. Income and benefits, work-life balance, and the ability to do what they're good at round out the top three key factors employees seek, according to a Gallup survey. Yet, as more companies produce mass layoffs, stability is quickly making its way to the top.

Employees want to know all the resources employers can provide that help them navigate financial or even personal challenges. That special collaboration boosts employee engagement as well.

Total Compensation Continued

The greatest total compensation package doesn't mean much if employees don't understand it or worse: they don't even know it exists. That's why communication is crucial. Here are five tips to help you ace it:

1. Keep Messaging Simple

If people think a message is too complicated, they won't engage. Don't just pass technical or jargon-filled pamphlets onto employees. Take some time to translate what the benefit means in plain language, and then share that message with your team.

2. Know Your Audience

If your employees are mostly millennials and you're communicating by email or letter, consider a text, social post or Slack message instead. On the other hand, if Boomers make up most of your team, one-on-one conversations in-person or over the phone may work better.

3. Be Creative

Dullness has never won any awards. Use captivating, concise messaging when creating collateral and a creative combination of tools. Maybe send an email, create a social post and mail a postcard. Or, send a text message and hang up flyers. Simple and visually engaging mediums are sure to get employees' attention and make total compensation easier to understand.

4. Stay Consistent

People are constantly overwhelmed with messages and notifications in and outside of the workplace. As a result, they tend to ignore or forget a message the first time they see it. Create a cadence and ensure communication is ongoing to keep people engaged.

5. Don't Skip the Personal Touch

Total compensation can feel complicated and confusing for some. Following all the steps above can make it easier, but don't rely on technology alone. Give employees access to a person who can explain concepts and answer questions. During open enrollment, that may be a representative. Throughout the course of everyday work, that could be a manager or a member of your human resources team.



Remember

When employees don't understand their total compensation, they don't value it. This could lead to low engagement scores and negatively impact morale. Don't ignore a key component of employees' satisfaction. Show them all of the ways you value them.

Last, Not Least

Communicate total compensation details to candidates as well. Make sure every benefit you offer makes its way into job postings and talking points for recruiters and managers. A robust total compensation package crucial for engaging and keeping good employees. It also gives you the competitive edge in hiring great ones.

Evaluate Your Current Offers

Should your survey return results that indicate your benefits aren't quite up to par, this is just another opportunity to examine your offering and how well employees understand it (more on that in a bit).

Again, this is a golden opportunity to leverage your benefits to improve employee engagement. It's a good thing. Start by making sure you have all of your bases covered and then branch out to consider more competitive additions.

Establish the Basics

When it comes to total compensation and the role benefits play in bulking it up, starting with a firm foundation is key. If you're not already, consider offering benefits that help financially protect your employees' incomes and their families, which include:

- Health Insurance
- Reimbursement Accounts
- Disability Insurance
- Life Insurance

Next, bake flexibility into the program. How employees can choose their benefits is as important to them as what those benefits are. A one-size-fits-all approach doesn't meet employees' unique needs. Provide the opportunity to customize coverage so your workers aren't having to pay for something they don't actually need.



2. King, Brittany K., "36 Statistics on the Importance of Employee Engagement," Lorman, <https://www.lorman.com/blog/post/36-statistics-on-the-importance-of-employee-engagement/>, Aug. 30, 2021, accessed Feb. 2023. 3. Epperson, Sharon, "Nearly Half of U.S. Workers Suffer from Mental Health Issues...," CNBC, <https://www.cnbc.com/2021/02/10/half-of-us-workers-suffer-mental-health-issues-since-covid-19-hit.html>, Feb. 10, 2021, accessed Feb. 2023. 4. Stahl, Ashley, "What the Future of Work Means for Our Mental Health," Forbes, <https://www.forbes.com/sites/ashleystahl/2020/10/09/what-the-future-of-work-means-for-our-mental-health/?sh=13c8979160f7>, Oct. 9, 2020, accessed Feb. 2023

Expand Your Horizons

Earlier, we listed some benefits that fall outside of the more traditional definition, like tuition reimbursement and wellness programs. Why not consider those additions and more? After all, 72% of employees said having more work benefits would increase their job satisfaction. In addition to some of the suggestions we listed there, consider resources to help employees with:

72% of employees said having more work benefits would increase their job satisfaction.²

👤☆☆☆☆

Mental Health

Nearly half (46%) of full-time workers surveyed (1,400) are dealing with mental health issues.³ Seventy-six (76%) of people believe their employer should be doing more for their mental health.⁴ You can show support by cultivating a positive work environment and offering mental health benefits.

Dependent Support

Dependent Care Accounts (DCAs) are a great option to help employees navigate the stress of childcare. They allow employees to set aside pre-tax dollars and use that money to pay for eligible dependent care expenses, like daycare, before or after school care, day camps and more.

Serious Injuries

We've already mentioned disability insurance, but did you know other supplemental options exist to help cover deductibles, coinsurance and other expenses that may not be covered by other policies? These types of benefits can help employees rest easy knowing they have additional coverage in case they fall victim to unforeseen events.

When it comes down to it, employees want an employer who places a high value on their wellbeing. Providing a benefits offering that delivers a holistic approach will lead to higher employee engagement and retention.

Educate Employees

Earlier we mentioned that using total compensation as a tool for driving engagement doesn't have much "oomph" if no one knows about or understands it. Your benefits offering is the same way. And unfortunately, only about 1/3 of employees say they understand their benefits well⁵. That's why benefits education is so important. Here are a few tips to help you get started.

Communicate Clearly and Consistently

During pre-enrollment, sharing resources with employees to help them understand their benefits is crucial. But it's not enough. So before you hand out a few brochures or post some flyers in the break room and call it a day, consider this: Employees typically spend just 32 minutes on average researching their options⁶. That's not nearly enough time for them to fully understand the value your benefits package provides.

Consider using different ways to share information with employees over the course of a couple weeks before enrollment begins. That could include videos, presentations for in-person or teleconference meetings, live Q&A sessions and more.

Deploy Multiple Communication Mediums

It goes without saying that all employees don't absorb information in the same way. Whether you chalk it up to various learning styles or generational differences, sharing information about benefits in a way that's easy for everyone to understand is key.

That's why you need a multi-medium plan of attack. Create a comprehensive strategy that includes videos, a benefits website, emails and print materials that allow employees to learn in a way that meets their needs. As a result, you can expect less confusion and higher participation during open enrollment.

Offer Guided Support

Sometimes it's easier for employees to go through the motions of their annual enrollment. They may not fully understand the value of benefits, but they don't want to take the time to figure it out. Offering guided support can help them through the process of selecting the benefits that are right for them and their families. Perhaps that's why 93% of employees who've participated in one-to-one benefits counseling sessions found them valuable.



Enrollment Options

Whichever way makes the most sense for you to walk employees through their options and answer questions is the right way. The bottom line is that employees will enjoy a personalized experience where they can share their unique needs and feel the peace of mind that only a professional recommendation can bring.

If this feels like a daunting task, take a deep breath. American Fidelity can help you develop and execute a benefits education strategy that equips your employees to choose the right benefits without burdening your staff.

Educating employees about their options and empowering them to choose the right ones goes a long way toward helping employees value their benefits. In turn, they better appreciate their total compensation. This can drive up employee engagement and loyalty. And that has the power to create an entire staff who perform better, feel less burned out and tend to stick around longer.

5. HR Dive, "One-third of Employees Don't Understand Their Benefits", <https://www.hrdive.com/news/one-third-of-employees-dont-understand-their-health-benefits/547224/> Feb. 2019, accessed Feb. 2023. 6. Empyrean, "2019 Benefits Trend Report," Empyrean, [empyrean.com](https://www.empyrean.com/), May 2019., accessed March 2023. 7. Johnson, Steven, "5 myths about enrollment that employers need to forget," BenefitsPro, [benefitspro.com](https://www.benefitspro.com/), June 24, 2019 accessed Feb. 2023..

Survey Again

We started the process by finding out where employees stood on how engaged they feel, particularly around total compensation and benefits. After open enrollment has passed, it makes sense to bookend the experience with another survey focused solely on benefits and the enrollment process. Remember: Even though a lot of different factors influence engagement, employees' total compensation and benefits play a big part.

Throughout open enrollment, you may have hit a few speed bumps along the way. It's important your survey touches on those issues. But it should also cover some of the biggest ideas we presented in this white paper; namely whether employees:

- Found value in the types of benefits being offered
- Needed additional offerings as part of their benefits package
- Understood the monetary value of their benefits
- Saw how that value rolls up into their total compensation
- Received enough information about benefits prior to and during open enrollment
- Felt educated and empowered to make the right selections
- Were confused or disillusioned with the open enrollment process

Use the information you learn to drive your benefits and total compensation strategy throughout the next year. It also doesn't hurt to share the results and how you'll use them to drive change with employees. Knowing their feedback was heard instead of lost in a void drives engagement too.

Don't Go It Alone

Workplaces and the world outside them continue to change, yet people will remain at the heart of every organization. And the degree to which they're engaged and loyal will always determine how well any organization can reach their goals or fulfill their mission. Total compensation and the role benefits play in building it up is crucial. Relying on people who can lend a helping hand for all of it is a good idea too.

From finding the best benefits packages to meet your employees' unique needs, to walking them through the process one-on-one and everything in between, American Fidelity can help.

For more information, visit our website at americanfidelity.com or contact us at (800)-662-1113.



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