




# SHRM Survey Findings: 2016 Strategic Benefits— Assessment and Communication of Benefits



November 30, 2016



The 2016 Strategic Benefits Survey is part of a survey series administered annually since 2012 by the Society for Human Resource Management (SHRM). This research is used to determine whether various employee benefits are leveraged to recruit and retain top talent. The five-part series features the following topics, which are published as separate survey findings:

- Part 1: Wellness Initiatives
- Part 2: Flexible Work Arrangements
- Part 3: Health Care
- Part 4: Leveraging Benefits to Retain and Recruit Employees
- Part 5: Assessment and Communication of Benefits

In addition to overall results and results over time (where applicable), findings include comparisons of organizations in the high-tech industry and all other industries.

- **The main strategic focus for employee benefits packages:** About the same percentage of HR professionals indicated controlling health care costs (30%) or ensuring employees understand the value of their benefits package (27%) was their organization's main strategic focus for their employee benefits package; 18% indicated retaining employees was their main strategic focus.
  - HR professionals at high-tech companies were less likely to indicate controlling health care costs was their main strategic focus than HR professionals in other industries (24% vs. 33%); they were more likely than HR professionals in other industries to indicate recruiting new employees was their organization's main strategic focus (11% vs. 5%).
- **The most important benefits to the majority of employees:** The vast majority of HR professionals indicated health care benefits were one of the three most important benefits to employees; the same was true for expectations in the next three to five years (95% and 89%, respectively).
  - » In addition to health care benefits, HR professionals indicated the following benefits were among the top three most important benefits currently and in the next three to five years:
    - Retirement savings and planning benefits (71% and 69%, respectively).
    - Leave benefits (50% and 38%, respectively).
    - Flexible working benefits (29% and 41%, respectively).

- **Determining employees' knowledge about the benefits available to them:** Just 14% of HR professionals indicated their organizations' employees are “very knowledgeable” about the employer-sponsored benefits available to them; about two-thirds (69%) indicated employees are “somewhat knowledgeable.”
- About two-fifths of HR professionals indicated their organizations' primary method to determine the knowledge level of employees on employer-sponsored benefits available to them was via employee meetings (39%); fewer indicated their organizations used web-based benefits tools (14%), employee surveys (10%) or employee focus groups (2%). More than one-quarter (29%) indicated their organization does not use any methods to determine employee knowledge.
  - » Over one-quarter (29%) indicated their organizations did not use any methods to determine how well employees understood the employer-sponsored benefits available to them.
- **Methods used to determine the types of benefits employees want:** About one-half (47%) of HR professionals indicated their organizations compare their benefits with competitors' benefits to determine the types of benefits employees would find appealing; about one-third indicated their organizations used employee surveys (31%) and employee requests (30%).
  - » HR professionals at high-tech companies were more likely than HR professionals in other industries to indicate their organizations compare their benefits with competitors' benefits to determine the types of benefits employees would find appealing (59% vs. 41%); the same was true for the use of employee surveys (42% vs. 26%) and employee requests (37% vs. 26%). HR professionals at high-tech companies were less likely than HR professionals in other industries to indicate their organizations do not use any methods to determine what benefits employees want (9% vs. 20%).

- **Effectiveness of employee benefits communications efforts:** About one-fifth (21%) of HR professionals indicated their organizations' employee benefits communications efforts were “very effective” in informing employees about their benefits, a decrease from 2015 (29%); about three-fifths (58%) indicated their organizations' communications efforts were “somewhat effective,” representing no change from 2015.
- **Employee benefits communications methods used by organizations:** The most popular benefits communications method used by organizations was providing online or paper enrollment materials to employees (84%), a statistically significant increase from 2015 (76%).
  - » About four-fifths (79%) of HR professionals indicated their organizations used e-mail to communicate with their employees about employer-sponsored benefits.
  - » Over three-fifths (63%) indicated their organizations offered group employee benefits communication with an organizational representative; one-half (50%) indicated their organizations offered one-on-one employee benefits counseling with an organizational representative.

- **Due to the continuous rise in the costs of benefits, HR will be called on to articulate and defend its chosen areas of focus, especially those involving the most significant financial outlays such as health care.** Because health care benefits represent such a large cost center, and are of such great importance to employees, it is likely that they will continue to be a top area of focus for benefits specialists and other HR professionals. Strategies organizations have used to bring costs down include negotiating better benefits contracts with vendors, self-funding their health plan, shifting health care benefits costs to employees, establishing tiered health insurance plans, attaching a surcharge to spousal coverage, auditing family-member eligibility and other aspects of the plan, changing prescription drug benefits, promoting health care consumerism, and adopting consumer-directed health plan designs; these options can meet with employee discontent. Other approaches such as developing a robust employee wellness program, offering health risk assessments and creating health management program incentives may be more welcomed.
- **As the war for talent heats up even more, emphasis is likely to be put on efforts to ensure that employees understand the value of their benefits package and that this greater understanding leads to better overall employee retention.** Benefits represent a large proportion of overall compensation costs. Organizations that can communicate the value of their benefits offerings will therefore help demonstrate their competitiveness as an employer of choice. Unfortunately, only a limited group of employees are very knowledgeable about the employer-sponsored benefits available to them, leaving plenty of room for improvement for HR to seek out new ways to build its employer brand through showcasing the value of benefits. New approaches may involve leveraging communications technology and personalizing benefits messaging.

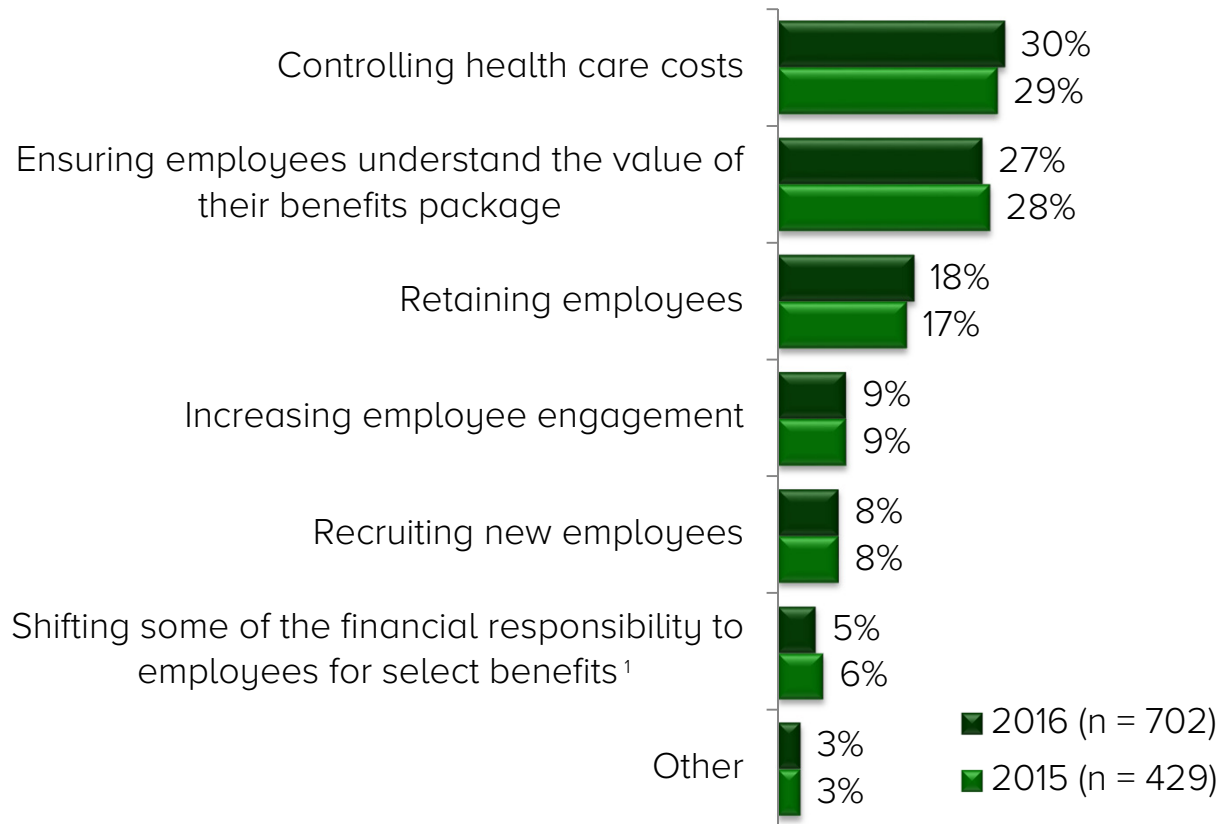
- **Organizations that try to reduce costs by reducing health care coverage or shifting costs onto employees run the risk of damaging their recruiting and retention efforts.** Because employees value health care benefits so highly—almost all HR professionals indicated health care benefits are one of the three most important benefits employees expect to continue—any reduction in these benefits poses a risk to employee job satisfaction. Therefore, in spite of the ongoing cost challenges, HR will have to find ways to maintain health care coverage.
- **As the workforce ages, retirement savings and planning benefits may become more important to a larger cohort of employees.** Retirement savings and planning benefits are already among the most important benefits to employees, but as a greater proportion of the workforce is made up of those in the 55+ age category, more employees may be looking for employers with solid retirement benefits.
- **Demographic changes could also be leading more HR professionals to anticipate greater demand for flexible working benefits.** As the population ages, more employees could find themselves part of the “sandwich generation,” caring for children and adult relatives at the same time, and many employees are likely to have increased eldercare responsibilities. This possibility could lead to greater demand for flexibility in working hours and location or in child and adult care benefits.

- **Some industries such as high-tech may act as bellwethers that point to future trends in benefits.** News stories about new types of benefits have frequently featured high-tech companies. The reason may be because high-tech firms are more focused on recruiting and retaining a small group of highly sought-after talent. With less of an emphasis on controlling health care costs and more on recruiting, their benefits strategies may be more competitive than other industries but could end up influencing benefits elsewhere over time.
- **HR is likely to consider new ways of communicating the value of benefits in the future.** While the survey found that the primary method used to determine how much employees know about employer-sponsored benefits is via employee meetings, far fewer said their organizations used web-based benefits tools and employee surveys. Meanwhile, some organizations do not use any methods to determine employee knowledge. As the need to communicate the value of benefits becomes more critical, organizations will need to re-examine these strategies to improve employees' level of knowledge. Especially as new generations enter the workforce, organizations will need to investigate the value placed on specific benefits to keep up with changing employee preferences.
- **To remain competitive, HR may need to reconsider the methods it uses to determine the types of benefits it should offer employees.** While comparisons with competitors is the top method currently in use, this may result in a “more of the same” set of offerings. Instead, more customized approaches, such as surveys and employee requests, may help tailor benefits to the unique needs and wants of a specific workforce.



- **Lower-than-optimal levels of satisfaction with the effectiveness of its current approaches to employee benefits communications may lead HR to adopt new strategies.** The percentage of HR professionals who indicated their organizations' employee benefits communications efforts were "very effective" in informing employees about their benefits dropped from 2015, which may lead some HR professionals to look for new approaches to communicating with employees about the value of their benefits packages. Moving forward, marketing the value of benefits to employees is likely to blend both new and traditional approaches.

## Organization's Main Strategic Focus for Employee Benefits Package



Differences between high-tech companies and all other organizations

Controlling health care costs

High-Tech Companies	All Other Organizations
24%*	33%

n = 235

n = 474

*\*Only statistically significant differences are shown. "All other organizations" does not include high-tech companies.*

Recruiting new employees

High-tech companies	All other organizations
11%*	5%

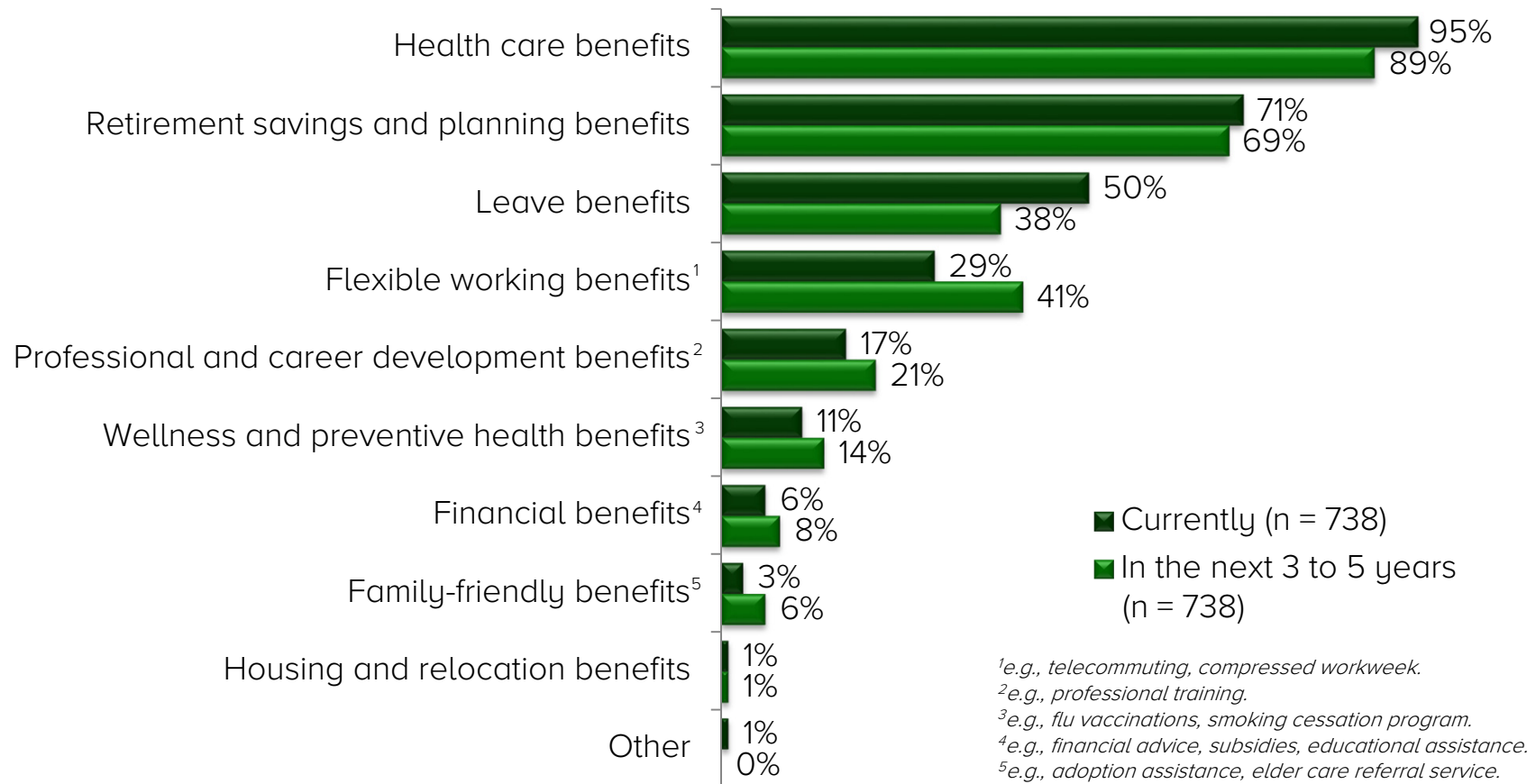
n = 235

n = 474

*\*Only statistically significant differences are shown. "All other organizations" does not include high-tech companies.*

*Note: Respondents who answered "none of the above" or "not sure" were excluded from this analysis. <sup>1</sup>e.g., health care*

## Three Most Important Benefits to the Majority of Employees



Note: Respondents who answered "not sure" were excluded from this analysis. Percentages do not total 100% due to multiple response options.

## Three Most Important Benefits to the Majority of Employees by High-Tech Companies Compared with All Other Organizations

Currently:  
Differences between high-tech companies and all other organizations

	High-Tech Companies	All Other Organizations
Retirement savings and planning benefits	66%*	73%
Flexible working benefits <sup>1</sup>	47%*	21%
Leave benefits	42%*	53%
Professional and career development benefits <sup>2</sup>	22%*	15%
Wellness and preventive health benefits <sup>3</sup>	7%*	12%
Financial benefits <sup>4</sup>	3%*	8%

In the next 3 to 5 years:  
Differences between high-tech companies and all other organizations

	High-Tech Companies	All Other Organizations
Health care benefits	86%*	91%
Flexible working benefits <sup>1</sup>	52%*	35%
Leave benefits	32%*	41%
Professional and career development benefits <sup>2</sup>	29%*	17%
Family-friendly benefits <sup>5</sup>	9%*	5%
Wellness and preventive health benefits <sup>3</sup>	8%*	18%

<sup>1</sup>e.g., telecommuting, compressed workweek

<sup>2</sup>e.g., professional training

<sup>3</sup>e.g., flu vaccinations, smoking cessation program

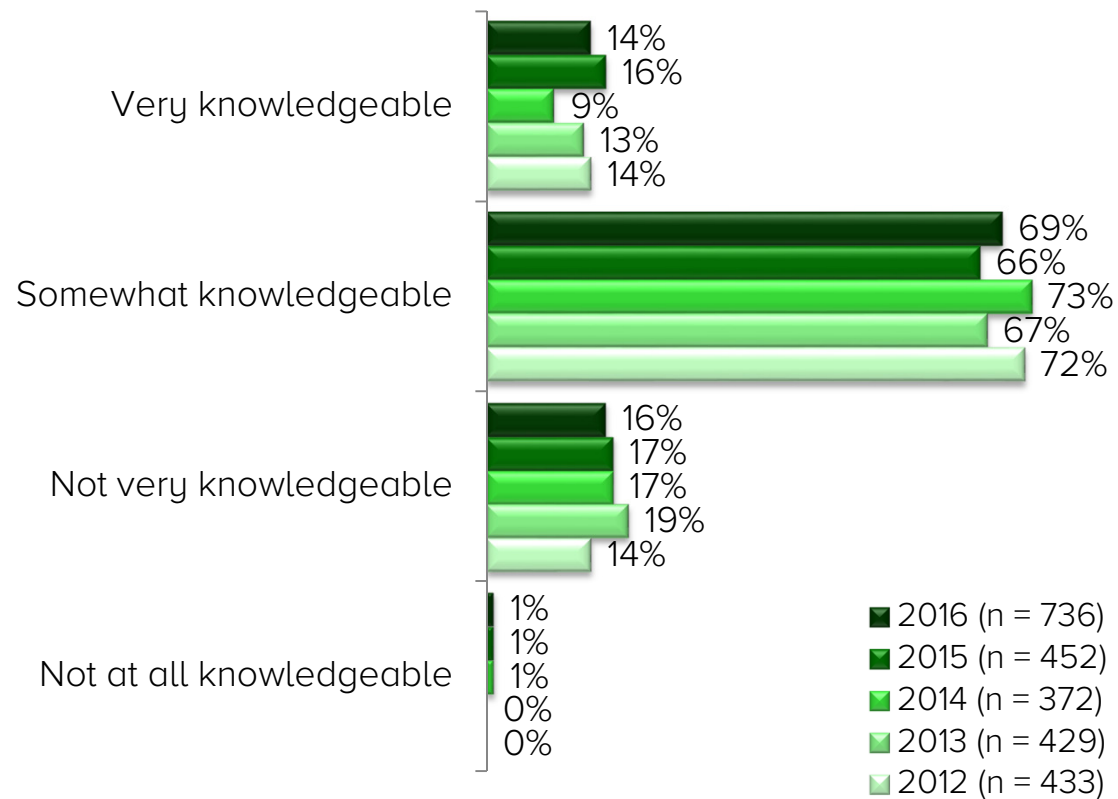
<sup>4</sup>e.g., financial advice, subsidies, educational assistance, etc.

<sup>5</sup>e.g., adoption assistance, elder care referral service

Note: High-tech companies n = 243; all other organizations n = 495.

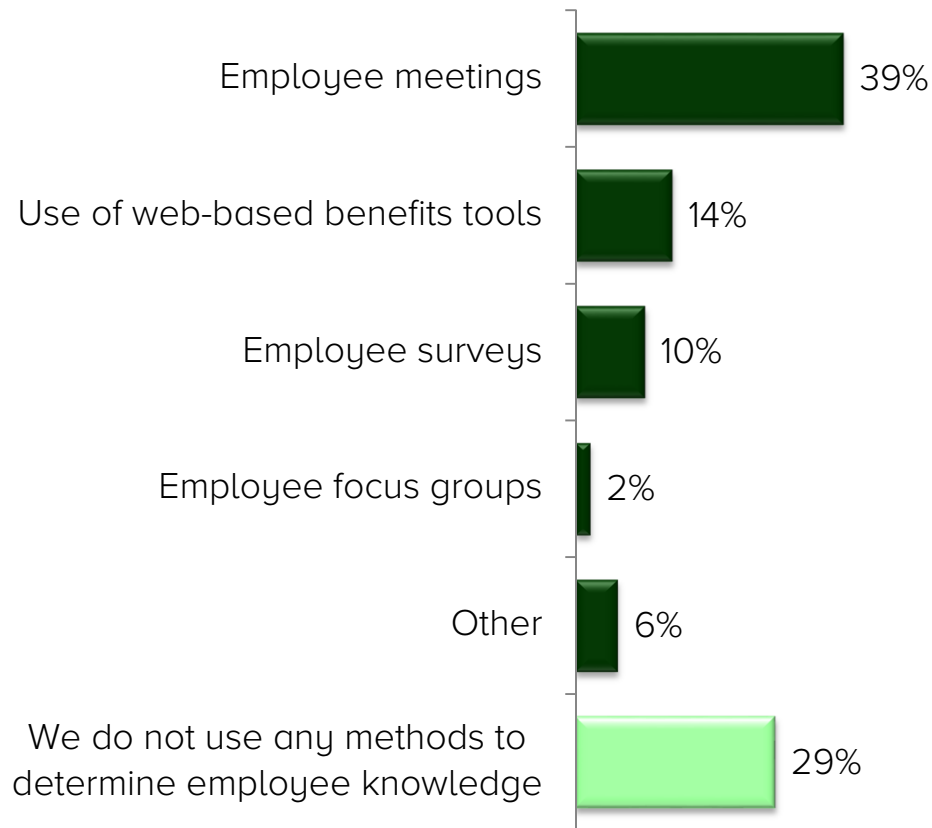
\*Only statistically significant differences are shown. "All other organizations" does not include high-tech companies.

## Employee Knowledge of Employer-Sponsored Benefits Available to Them



*Note: Respondents who answered "not sure" were excluded from this analysis. Percentages may not total 100% due to rounding.*

## Primary Method Used to Determine the Knowledge Level of Employees on the Employer-Sponsored Benefits Available to Them



Differences between high-tech companies and all other organizations

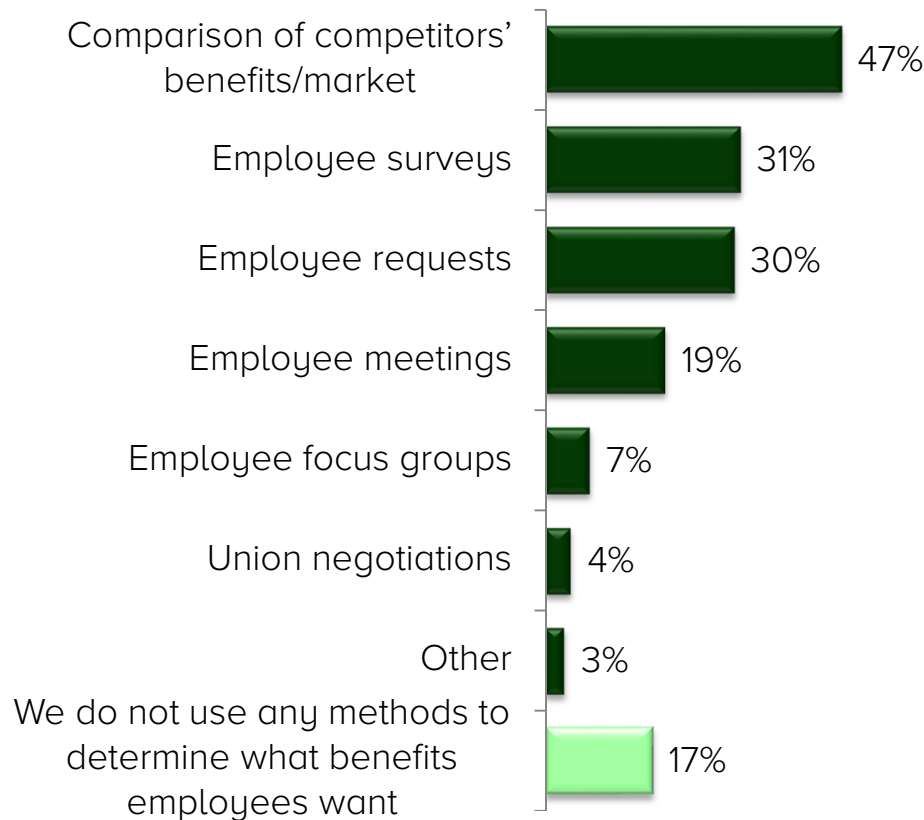
	High-Tech Companies	All Other Organizations
Employee meetings	28%*	44%
Use of web-based benefits tools	19%*	11%

*Note: High-tech companies n = 243; all other organizations n = 495.*

*\*Only statistically significant differences are shown. "All other organizations" does not include high-tech companies.*

*Note: n = 738. This question was modified in 2016. Thus, trend data are not available.*

## Methods Used to Determine the Types of Benefits Employees Want



Differences between high-tech companies and all other organizations

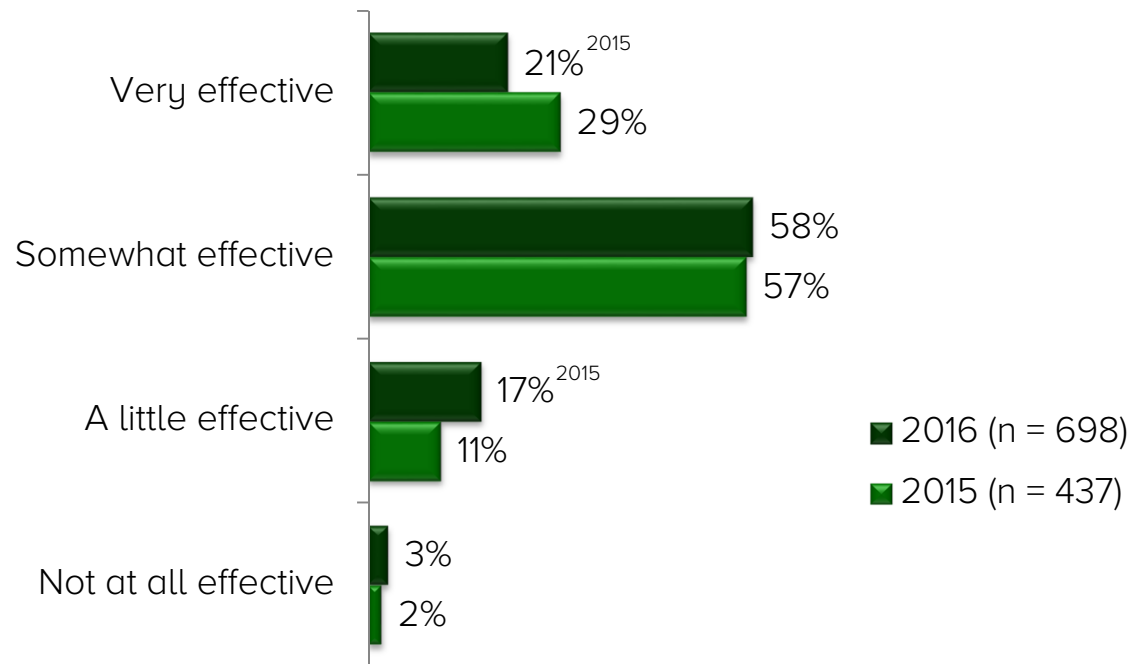
	High-Tech Companies	All Other Organizations
Comparison of competitors' benefits/ market	59%*	41%
Employee surveys	42%*	26%
Employee requests	37%*	26%
Union negotiations	1%*	6%
We do not use any methods to determine what benefits employees want	9%*	20%

Note: High tech companies n = 243; all other organizations n = 495.

\*Only statistically significant differences are shown. "All other organizations" does not include high-tech companies.

Note: n = 738. Percentages do not total 100% due to multiple response options. "Comparison of competitors' benefits/market," "employee meetings" and "union negotiations" were added as response options in 2016. Thus, trend data are not available.

## Effectiveness of Employee Benefits Communications in Informing Employees About Their Benefits



*Note: Respondents who answered "not sure" were excluded from this analysis. Percentages may not total 100% due to rounding.  
<sup>2015</sup>Statistically significant difference from 2015.*



	2016 (n = 692)	2015 (n = 452)	2014 (n = 368)	2013 (n = 431)	2012 (n = 447)
Enrollment materials (online or paper)	84% <sup>2015</sup>	76%	83%	82%	84%
E-mails <sup>†</sup>	79%	—	—	—	—
Group employee benefits communications with an organizational representative	63%	63%	70%	62%	65%
One-on-one employee benefits counseling with an organizational representative	50%	50%	52%	55%	51%
Intranet	45%	44%	46%	46%	48%
Direct mail to home/residence	35%	33%	38%	33%	41%
Newsletters (online or paper)	29% <sup>2012, 2014</sup>	34%	41%	34%	39%
Benefit fairs	22%	21%	25%	24%	26%

*Note: Respondents who answered “not sure” were excluded from this analysis. Percentages do not total 100% due to multiple response options. A cross-hatchet (†) indicates that the response option was added in 2016. Thus, trend data are not available. A dash (—) indicates that the item was not on the respective year’s survey.*

*<sup>2015</sup>Statistically significant difference from 2015. <sup>2014</sup>Statistically significant difference from 2014. <sup>2012</sup>Statistically significant difference from 2012.*

## Employee Benefits Communications Methods Used by Organizations (continued)

	2016 (n = 692)	2015 (n = 452)	2014 (n = 368)	2013 (n = 431)	2012 (n = 447)
Virtual education	21% <sup>2012</sup>	16%	15%	14%	13%
HR bulletin boards pushed to employee screensavers <sup>†</sup>	15%	—	—	—	—
Social media	3%	3%	4%	3%	4%
Text messages <sup>†</sup>	1%	—	—	—	—
Other	5%	4%	9%	9%	2%

*Note: Respondents who answered “not sure” were excluded from this analysis. Percentages do not total 100% due to multiple response options. A cross-hatchet (†) indicates that the response option was added in 2016. Thus, trend data are not available. A dash (—) indicates that the item was not on the respective year’s survey. <sup>2012</sup>Statistically significant difference from 2012.*

### Differences between high-tech companies and all other organizations

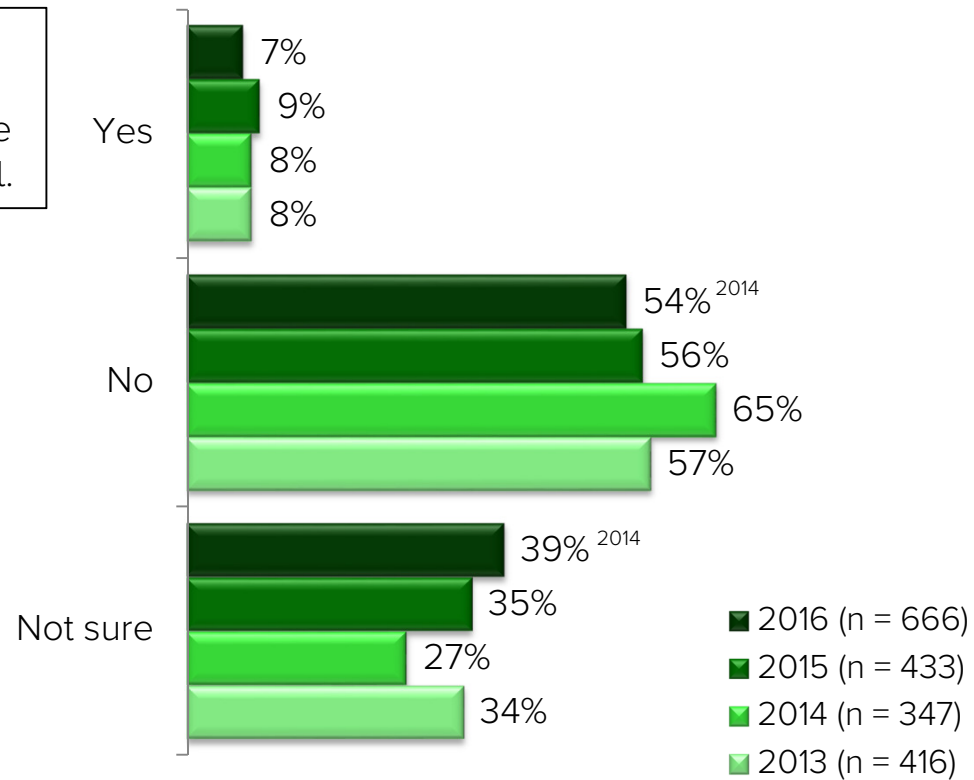
2016	High-Tech Companies	All Other Organizations
Intranet	56%*	39%
Virtual education	26%*	18%

*Note: High tech companies n = 225; all other organizations n = 467.*

*\*Only statistically significant differences are shown. “All other organizations” does not include high-tech companies.*

## Plans to Use Social Media as an Employee Benefits Communications Tool Within the Next 12 Months

Very few (3%) indicated their organization currently uses social media as an employee benefits communications tool.



*Note: Only organizations that currently do not use social media as an employee benefits communications method were asked this question. Percentages may not total 100% due to rounding.*

*<sup>2014</sup>Statistically significant difference from 2014.*



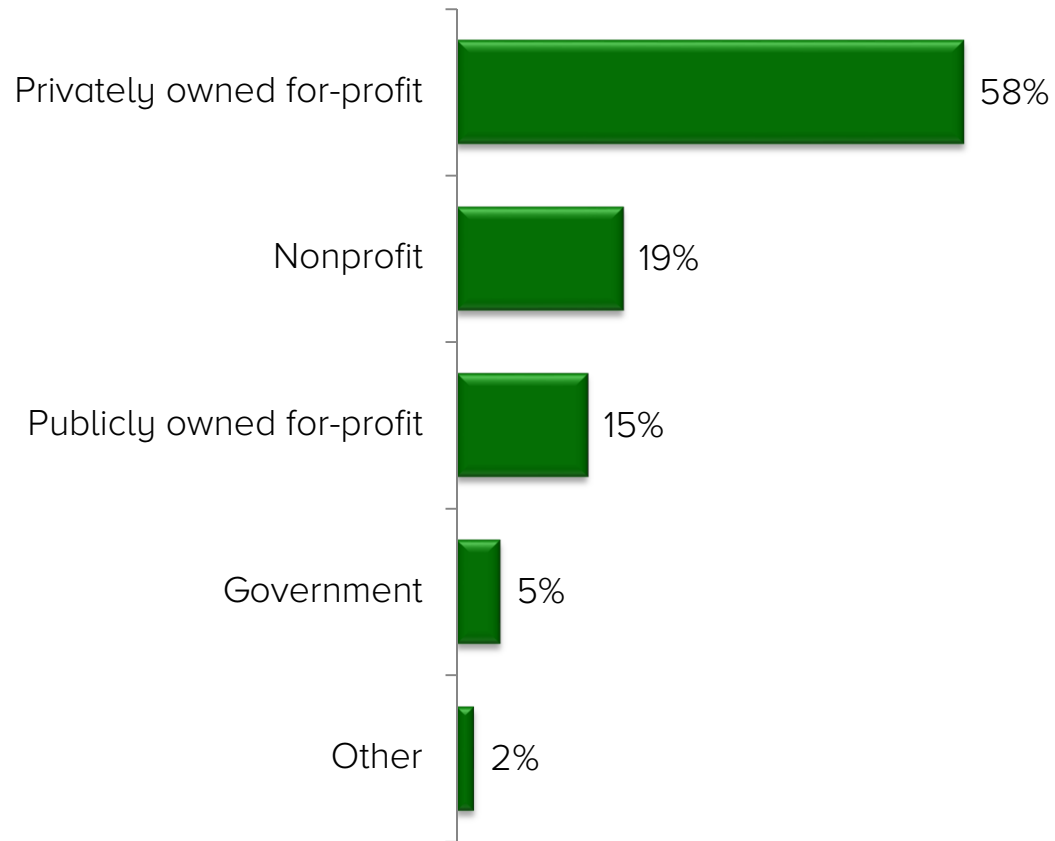
# Demographics

	Percentage
Professional, scientific and technical services	32%
Manufacturing	17%
Health care and social assistance	11%
Finance and insurance	8%
Educational services	7%
Information	6%
Government agencies	5%
Transportation and warehousing	4%
Wholesale trade	4%
Administrative and support, and waste management and remediation services	4%
Retail trade	4%

*Note: n = 570. Percentages do not total 100% due to multiple response options.*

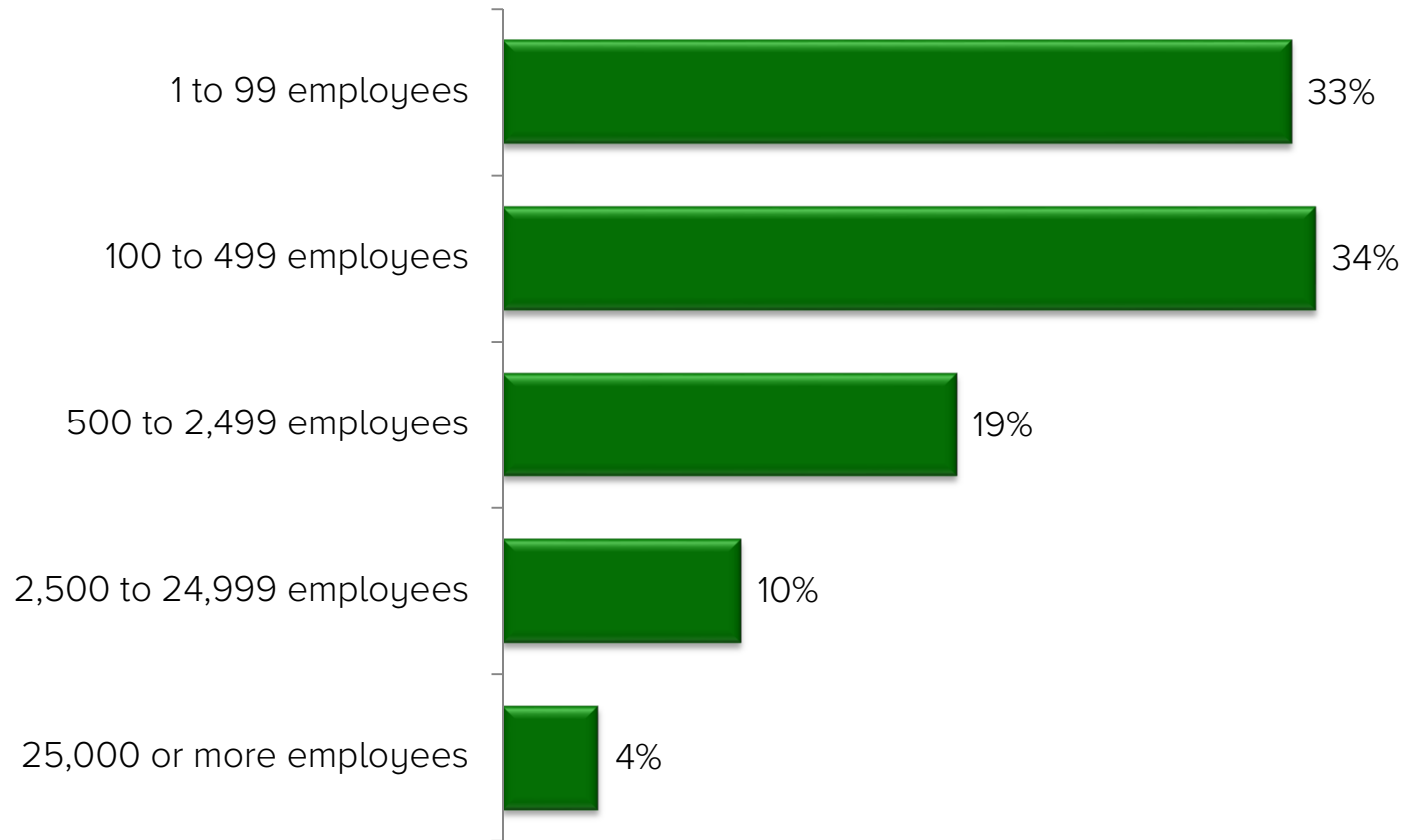
	Percentage
Accommodation and food services	4%
Religious, grant-making, civic, professional and similar organizations	4%
Construction	3%
Arts, entertainment and recreation	3%
Real estate and rental and leasing	2%
Utilities	2%
Repair and maintenance	2%
Agriculture, forestry, fishing and hunting	2%
Mining, quarrying, and oil and gas extraction	1%
Personal and laundry services	1%
Other industry	12%

*Note: n = 570. Percentages do not total 100% due to multiple response options.*



*Note: n = 565. Percentages may not total 100% due to rounding.*

## Demographics: Organization Staff Size



*n = 550*



**Does your organization have U.S.-based operations (business units) only, or does it operate multinationally?**

U.S.-based operations only	71%
Multinational operations	29%

*n = 567*

**What is the HR department/function for which you responded throughout this survey?**

Corporate (companywide)	79%
Business unit/division	14%
Facility/location	7%

*n = 378*

**Is your organization a single-unit organization or a multi-unit organization?**

Single-unit organization: An organization in which the location and the organization are one and the same.	38%
Multi-unit organization: An organization that has more than one location.	62%

*n = 571*

**For multi-unit organizations, are HR policies and practices determined by the multi-unit headquarters, by each work location or by both?**

Multi-unit headquarters determines HR policies and practices.	55%
Each work location determines HR policies and practices.	4%
A combination of both the work location and the multi-unit headquarters determines HR policies and practices.	40%

*Note: n = 376. Percentages may not total 100% due to rounding.*

### Survey Methodology:

- Response rate = 10%
- 738 HR professionals from a randomly selected sample of SHRM’s membership participated in this survey
  - » 243 of the 738 HR professionals were from organizations in the high-tech industry
- Margin of error +/- 4%
- Survey fielded April-May 2016

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## Additional SHRM Resources

For more survey/poll findings, visit [www.shrm.org/surveys](http://www.shrm.org/surveys)

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