5 Ways to Link Reward with Strategy

Here at Oracle we believe that reward is where payroll becomes strategic. But what does that really mean in the context of your business?

Mercer's Global Talent Trends Survey uses the term 'Permanent Flexibility' to describe how the modern digital workforce will reshape following the unprecedented changes we have witnessed of late. "Digital transformation is dividing companies in their ability to weather the current storm", say Mercer. Generational differences are a good example, ensuring that all demographic groups (baby boomers, generations X, Y and Z) are equally engaged. Gen Z are the most tech-savvy generation ever, so up-to-date, self-service, personalised cloud services are crucial to give them a soft landing – but equally important are bringing such benefits to the wider workforce.

So, here are my top five ways that a successful benefits and reward offering can link to your business strategy:

1. Recruitment and Retention

Employees and job movers are attracted to the companies that provide positive employee experiences and good benefits. Mercer's Global Talent Trends Survey 2020 describes delivering on the employee experience as "HR's top priority" for 2020. Yet just 33% of companies actually say that a more diverse rewards and compensation offer is on their agenda for 2020, so there's much room for improvement. Companies need to do whatever they can to lure top talent, going beyond typical benefits. And talent is clear about what they want: half of all employees (50%) want to work for an organisation that offers responsible rewards, and 49% prefer an organisation that protects employees' health and financial well-being.

2. Consumer-Grade Applications

To be able to deliver such a portfolio of flexible benefits, you need equally flexible and tailored digital applications. Anxiety over a consumer-grade digital experience is ranked #2 on executives' list of workforce concerns.[1] This means intuitive consumer-style applications that guide employees step-by-step through their personalised benefits entitlements.

[1] Mercer's Global Talent Trends Survey 2020

Find out how Oracle can help you

Benefit and reward programmes through Oracle HCM Cloud can now offer flexibility, ease, and accuracy by leveraging mobile, social, analytics and big data. To pay accurately and on time is the most basic, expected transaction between employer and employee; but to truly reward the individual at every step and stage of their career journey, goes beyond expectations – it is work made human.

3. Lifestyle and wellbeing

The challenges of delivering choice have long been recognised: how to get the choice architecture right so it doesn't create "choice overload" and how to engage employees in benefit decision making. Today's tailored rewards and benefits should be influenced by both lifestyle and financial situations to offer a 'menu' of truly relevant reward options. Many companies are for example expanding into new areas such as financial wellness,[2] which seeks to help employees achieve financial security through budgeting tools, automatic savings programs, and other money management efforts. Student loan assistance can help employees pay off school debt: in some cases, employers have replaced employee's existing college loans with a newer loan at a lower interest rate. There are even pet benefits,[3] which include providing veterinary care, pet-friendly offices, and discounts on pet supplies.

4. Flexible performance management

According to Willis Towers Watson's 2019/2020 Benefit Trends Survey, most companies are focused on managing and maintaining core benefits, but some are also looking to deepen their commitment to a broader and more flexible benefit deal. The top reason for doing this is performance management. Oracle HCM Cloud empowers administrators and managers to build reward allocation models that are based on the employee's performance ratings, with further performance-based recommendations generated for making budget and compensation decisions. Managers view performance ratings and can link them to full appraisal details as they enter and approve compensation changes. Eligibility for rewards may be based on any number of criteria including performance rating, business unit, job, location or length of service. As part of the suite of HCM applications, Compensation Workbench also allows for compensation to be allocated across a group of employees, regardless of different locations, from merit and promotion increases, lump sum adjustments, bonuses and stock awards – all can be viewed and altered at any one time.

[2] Why You Need Financial Wellness, John F. Wasik, Forbes
[3] Pet debt pitfalls, how employers can help ease the burden, Amanda Schiavo, EBN

5. Improving the User Experience (UX)

User experience and transparency are key driver for any modern reward programme. Over half of North American Employers (60%) now offer tools that support benefit choices and help make informed decisions, compared to just 32% in EMEA.[4] With Oracle HCM Cloud, employees can receive alerts for each reward in their compensation plan, while their managers can tailor the application themselves, set filters and tailor what is displayed to them. Employees can also view their Total Compensation Statements through Employee Self-Service. This can communicate rewards year-round to employees, with statements to display employer and employee costs as well as contributions to different types of reward programs including earnings, equity awards, benefits, savings and retirement plans, and even non-financial rewards.
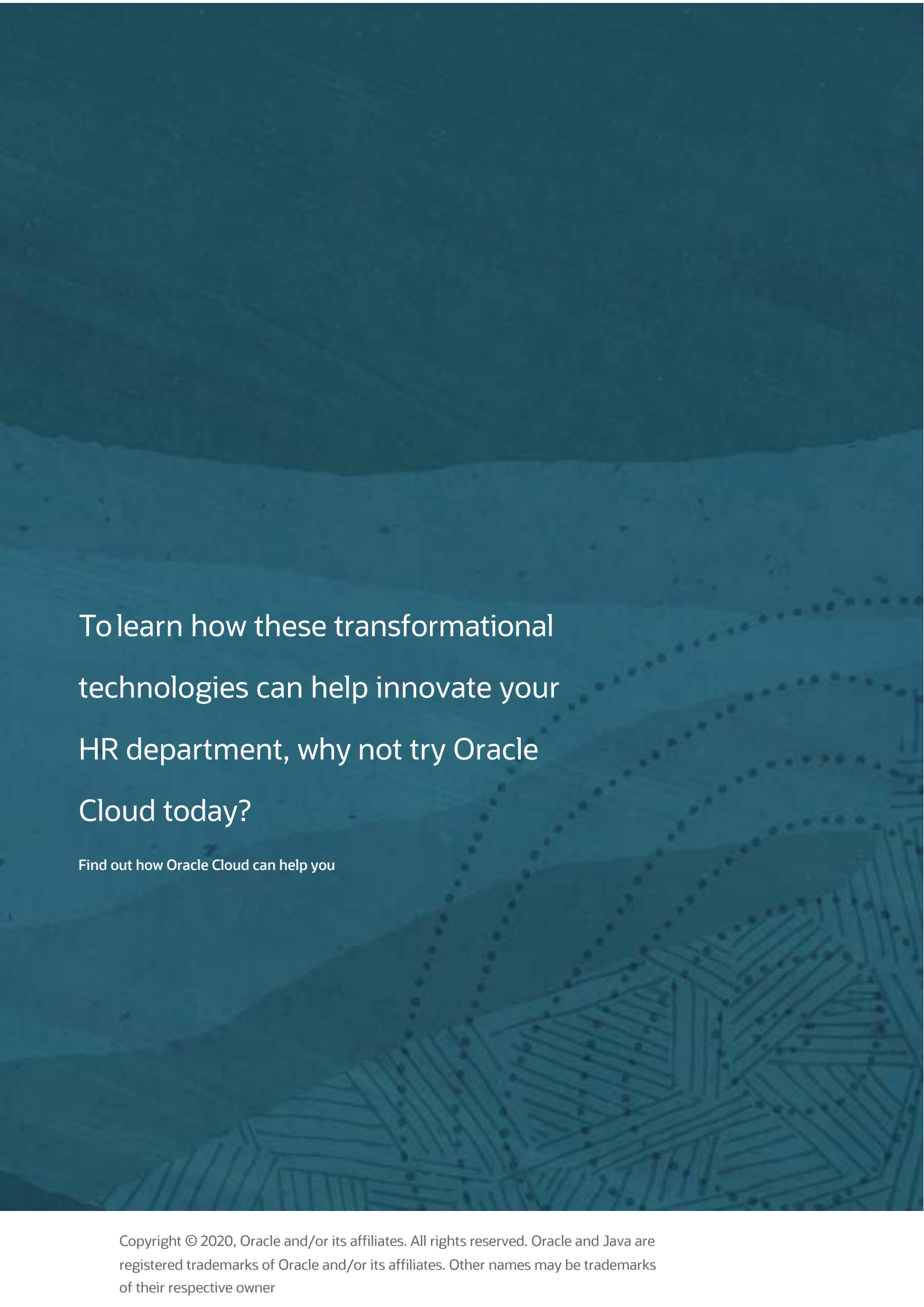
Combined, the top 5 can be a vital component of an integrated attraction and retention strategy. Employee information, security structures and hierarchies from Oracle HCM Cloud provide a secure means of distributing benefits and allocating rewards to diverse and dispersed groups of employees. The familiar consumer-style self-enrolment experience makes signing up for benefits easy and allows employers to build their own benefits programs and set eligibility criteria.

Pay and reward used to be a laborious admin task. Now, it is the strategic key to employee engagement, recruitment and retention.

If you would like to discover how to make your compensation and benefits more human, reach out to your **Oracle account manager** for more information.

[4] Willis Towers Watson's 2019/2020 Benefit Trends Survey

To learn how these transformational technologies can help innovate your HR department, why not try Oracle Cloud today?

Find out how Oracle Cloud can help you