

From total rewards to total wellness:

Maximising the ROI of employee wellbeing benefits



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About Humanforce

Introduction

Death and taxes may be the only two certainties in life, but it seems for the majority of workers globally, there's a third contender: financial stress. With the cost-of-living crisis putting significant strain on household budgets, the highly casualised frontline (or 'deskless') workforce has been amongst the hardest hit.

However, until recently, financial wellbeing was treated solely as a personal matter. Employers were reluctant to get involved. This has changed, and today there is both a need and a desire for employers to support the holistic health and wellbeing of their workers – and that includes their financial wellbeing.

This eBook outlines a fresh approach to wellbeing, which borrows elements from the traditional concept of 'total rewards' to form 'total wellness'. It's an approach that is powered by an exceptional employee experience and harnesses organisational culture. It incentivises and enables the right leadership behaviours to deliver value to individual employees, teams, organisations, and society as a whole.

We also drill down on financial wellbeing: what employees are asking for and how employers can help ease the pressure.

Our eBook covers:

- Why offering wellbeing benefits can help your employees as much as it helps your business – and how to position these benefits as a core component of your EVP
- How to build a business case that articulates the potential gains to be made and aligns to your business strategy and culture
- Tips for sustaining the excitement – and use of – employee wellbeing benefits over time



What's at stake?

78%



of employees who believe their employer cares about their health and wellbeing also say they are thriving¹

\$2.30



- **that's the expected ROI** when employers create a mentally healthy workplace (i.e. for every \$1 spent, there is a \$2.30 gain)²

#2



- **wellbeing benefits** are perceived by executives as the people initiative that will deliver the second greatest ROI in the next two years (after reskilling)³

1 in 3



employees would forgo a pay rise for additional health and wellbeing benefits for themselves and their families¹

Times are tough. From the global pandemic to the current economic slump, the last four years have been likened to a state of 'permacrisis'. The cost-of-living crisis is hitting frontline, deskless workers perhaps harder than anyone else. Many of these workers are in low pay, casual roles, often taking on additional shifts or working with multiple employers to make ends meet.

On top of this, many frontline workers undertake roles that already extract a heavy physical, emotional and mental toll – the most obvious example being those in aged care, healthcare and childcare.

Fortunately, employers have responded; 70% of organisations introduced new wellbeing benefits or increased existing benefits in the two years following the pandemic.⁴

It's clear that not only do employees benefit from this extra support, but it also helps employers. According to Mercer Marsh Benefits (see boxout), 78% of employees who believe their employer cares about their health and wellbeing also say they are thriving – and that means they are more engaged, more productive, are taking fewer sick days, and so on.

It's also interesting to note that one in three employees would forgo a pay rise for additional wellbeing benefits. No doubt the pandemic put wellbeing firmly on the agenda, and now it's a permanent fixture. Employees today want and expect support from their employer on all aspects of wellbeing.



Rethinking benefits

Against this permacrisis backdrop, employers are being forced to acknowledge the modern challenges that impact their workforce and take steps to support them in new and different ways.

In some ways, employers are caught between a rock and a hard place – many are focused on containing their costs, yet they realise they also need to do whatever they can to attract, engage and retain key, skilled talent.

Whilst competitive reward packages are vital to finding and retaining talent in a competitive labour market, it's time to look broader.

In a recent [Humanforce webinar](#), Andrew Curcio, Partner, Global Co-Leader Reward & Benefits at PwC, said that historically organisations have focused on getting the most out of employees and their wellness was an afterthought – if it was considered at all. Today, that approach won't cut it.

“With employee populations becoming more heterogeneous, attracting, retaining and motivating employees through standardised approaches to rewards simply isn't working,” he said.

Curcio added that while financial rewards are still important, employers need to do more to address and align non-financial rewards to employee preferences and needs.

“Employers need to uncover worker preferences at the individual level rather than offer a huge array of alternatives that may or may not hit the mark. The options available should instead demonstrate an understanding of the wellness needs of every single employee, not just broad employee groups.”

Shifting from 'total rewards' to 'total wellness'

PwC has developed a new reward value proposition called 'total wellness'. It draws from 'total rewards' but prioritises employee health and wellbeing. It doesn't just inspire total wellness at an individual level but helps enable workforce wellness at the organisational level.

These two diagrams show the shift from total rewards to total wellness.

Current state:

The total rewards approach to date has provided a blend of monetary and non-monetary rewards offered to employees using a traditional 'top-down' approach with minimal input from employees. Wellness is packaged as part of the benefits offerings.



Future state:

A personalised, bottom-up approach that uses total rewards as a vehicle to deliver total wellness. PwC defines total wellness as the framework that organisations of the future will use to honour their social contract with employees to deliver true value.



Enhanced total wellness (examples)

Provided the following six core areas of wellness are considered, there is a vast range of potential employee benefits that might be implemented to support and enable total wellness.



Physical

- Healthcare benefits
- Gym membership subsidy
- Company sponsored fitness challenges



Social

- Purpose and belonging
- Flexibility/work-life balance
- Workplace social clubs



Emotional

- Emotional intelligence training
- Culture of care and mindfulness
- Recognition and feedback



Career

- Career growth and development
- Upskilling opportunities
- Meaningful work



Mental

- Safe work environment
- Counselling services (EAP)
- Flexibility/work-life balance



Financial

- Competitive & equitable pay
- Pay for performance and incentive design
- Financial education and tools/benefits to save, budget and plan

The top-down approach to total rewards often left employee choice out of the equation. The total wellness approach is focused on the employee experience and the needs of individuals, with leadership and culture tailored to deliver on meeting those needs.

"It's not about giving employees free reign," Curcio said. "It's providing sufficient choice in the constraints of your environment – that is, regulatory and legal constraints – to allow individuals to choose what they need at their stage of life and career. Give the right person extra

study leave or extra insurance for their family, or extra contributions to their super. But it's no good offering that to someone who doesn't need it."

To make it work, it's important to note the 'employee experience' and 'culture and leadership' aspects of the total wellness framework. "You need a culture that looks after people," Curcio said. "You need an environment that is committed to reducing barriers and silos, with more engaged managers who have the right capabilities so they can manage within a framework."



The cultural element – creating that feeling of psychological safety – is crucial. “You want people to be comfortable saying ‘actually, I’m not ok. I’m under enormous financial pressure and I’m struggling to pay my bills’. Does that person feel comfortable talking to someone? That’s so important but it helps when this framework has individuals at its core,” Curcio said.

He adds that sometimes it’s not just about the benefits being offered. It’s also about empowering individuals to have a choice about what works best for them. Giving people that sense of empowerment and choice can in itself feel like a benefit.

The framework is flexible and scalable. Employers can offer one or two benefits choices in a narrow field, or it could be a broad suite of benefits. “It’s got to matter and make sense to your business,” Curcio said.

Importantly, this still needs to be grounded in outcomes – the financial return, the business outcome. “This model helps us look at wellbeing through the lens of workforce productivity,” Curcio says. “We’re all being asked to do more with less. How do you do that? What we’re saying is that by considering total wellness as part of the working environment, you create more engaged people, you create that sense of belonging. And we know there’s a direct link from engagement to financial return.”

A total wellness approach (covering physical, emotional, mental, social, career and financial wellness) ensures that organisations not only get a return on reward investment but also deliver value for their people. For example, employers are...

- 3.2 X more likely** to engage and retain workers
- 2 X more likely** to be recognised as a great place to work
- 10.8 X more likely** to have lower rates of absenteeism
- 2.2 X more likely** to exceed financial targets
- 2.7 X more likely** to delight customers
- 2.8 X more likely** to adapt well to change

There are also some likely broader societal outcomes. For example, by providing competitive and equitable pay, organisations can help meet the 'S' in their environmental, social and governance (ESG) commitments. They can also meet compliance obligations – for example, by providing a safe work environment.

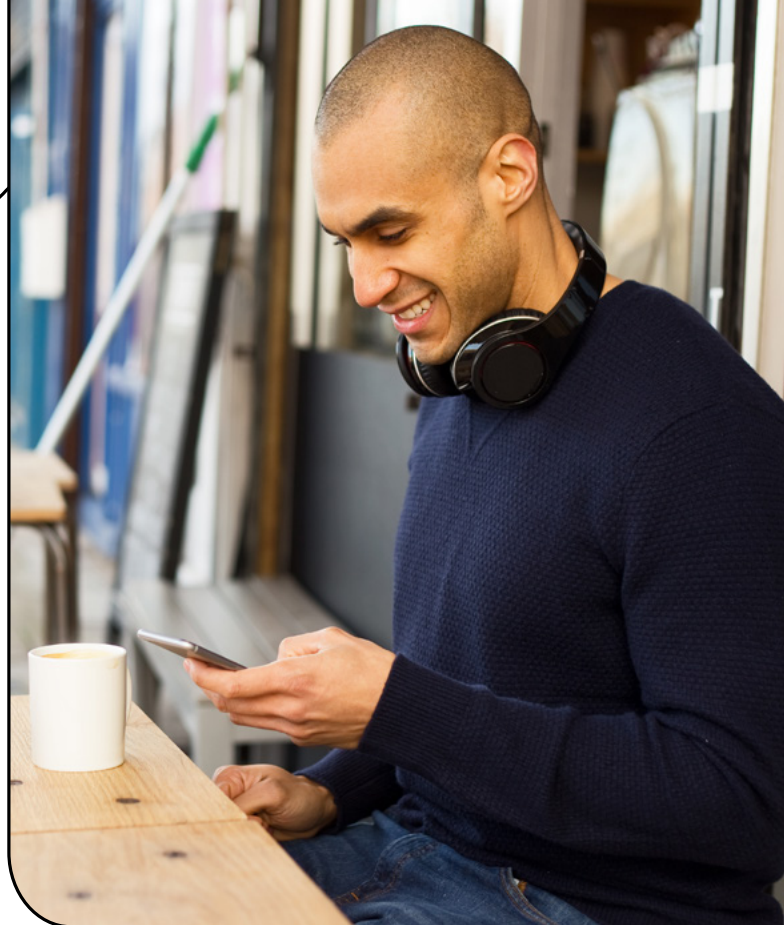
"If we can create more engaged, healthier workforce, with low absenteeism and high productivity, if these workers have the ability to earn more in the future, and they can change

jobs if needs be, we are having a positive impact on society," Curcio said.

Just as critically, employers adopting this framework can enhance their employer brand and reputation. At a time when talent shortages are still rife in many industries, anything that can tap into and address the genuine needs of employees can be built into the employee value proposition (EVP) and channeled through the employer brand.



A focus on financial wellbeing benefits



According to AMP's 2022 Financial Wellness Report, financial stress has doubled over the past two years. PwC's Employee Financial Wellbeing Study revealed that 76% of employees who reported being stressed about their finances said they would be attracted to another company that cares about their financial wellbeing.

All six total wellbeing pillars are important and interlinked. When one suffers, so do all the others. However, when times are tough, it makes sense to focus on financial wellbeing.



\$66.8 billion

– that's how much financial stress costs organisations in Australia each year in lost productivity through absenteeism, presenteeism and distraction in the workplace.⁵



4.9 days

days are lost per employee per year due to financial stress in the UK.⁶



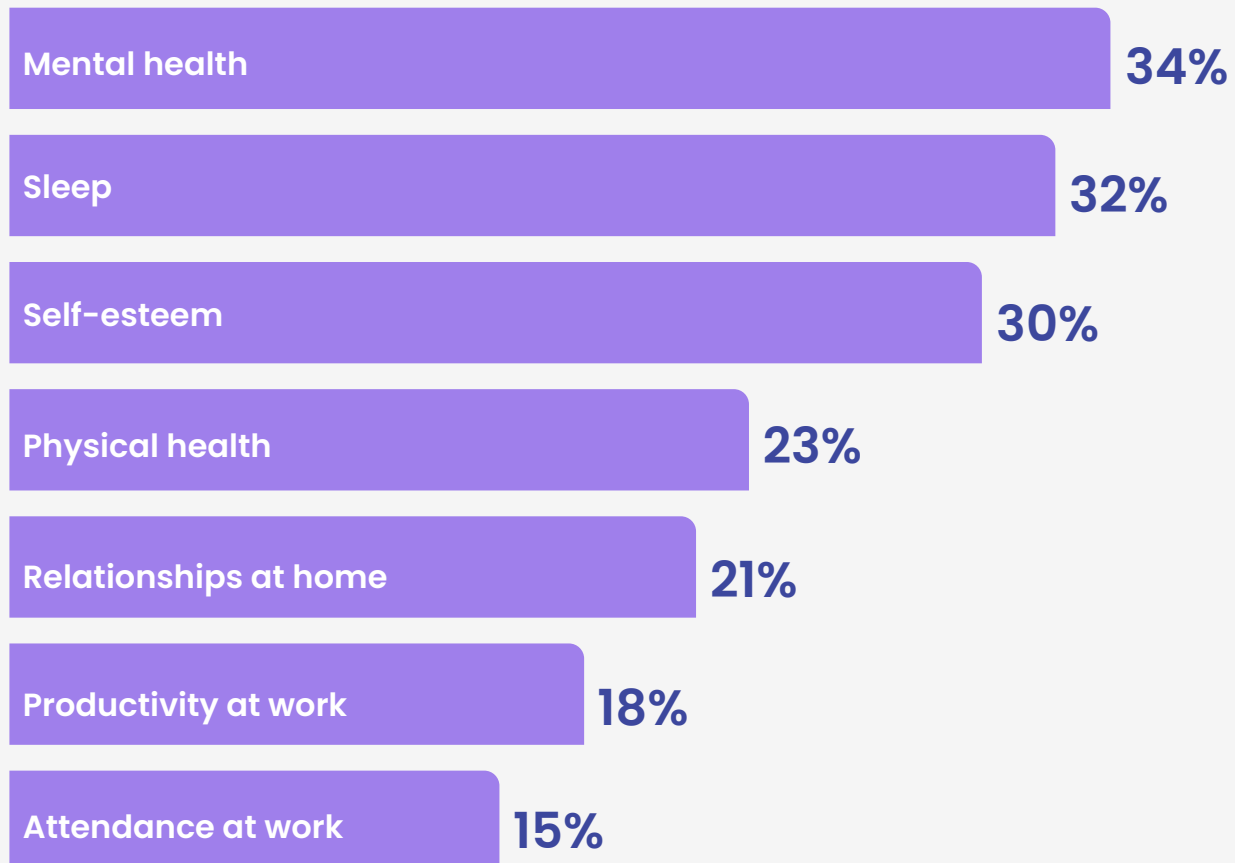
13 hours

of productive time is lost per month to people stressed about their financial situation, equating to approximately four weeks per employee per year in New Zealand.⁷

To demonstrate how interlinked all pillars of wellbeing are, research from BeyondBlue shows that those dealing with financial challenges are twice as likely to face mental health issues than others. Indeed, there's a cyclical relationship between financial wellbeing and mental wellbeing, where poor mental health can lead to reduced ability to work and cause financial stress. Going the other way, poor financial wellbeing may also lead to mental wellbeing issues.



According to the PwC study, employees say that financial stress/money worries in the past year have had a severe or major impact on their...

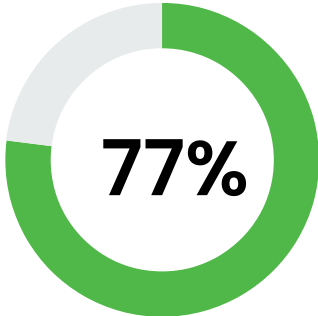


What support do frontline workers need?

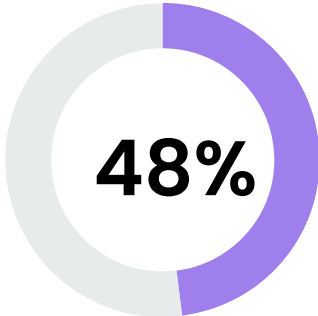
A one-size-fits-all approach to financial wellbeing is less effective than empowering deskless workers to pick and choose from a range of benefits that suit their personal circumstances.

What do employees want?

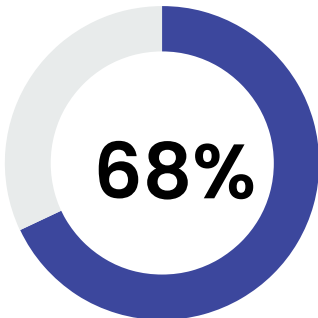
A survey of 500 HR professionals and more than 1000 employees conducted by Humanforce found⁸:



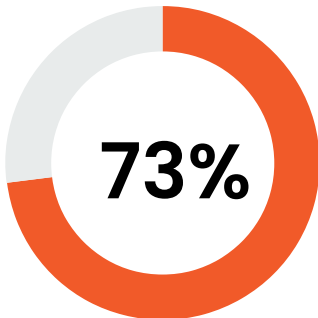
77%
of employees said that their employer enabling them to separate money for bills was appealing



48%
would think favourably of their employer if they offered ways to help manage and control their debts – this was particularly appealing for those aged 18-24



68%
are interested in learning about easier ways to build their savings



73%
said they would think more favourably of their employer if they offered engaging financial education

With those stats in mind, employers of deskless workers might consider offering the following benefits:

- ✓ **Providing access** to a professional financial or tax advisor, or partnering with a local specialist to offer these services at a discounted rate to employees
- ✓ **Helping employees** to save on tax with salary sacrifice schemes. This is where they pay for a benefit through their gross salary, which reduces their tax liability
- ✓ **Subsidising travel costs** to and from the workplace – this is a valuable perk for deskless

workers who cannot work from home due to the nature of their jobs and may be working night shifts

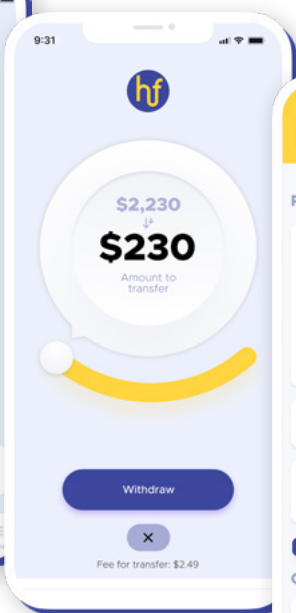
- ✓ **Using benefits to stretch salaries.** An employee discount scheme is one way to do this, helping people save money on a range of items, from the weekly supermarket shop to health and travel insurance

Critically, any benefits for deskless workers need to be accessible via mobile devices. **Humanforce Thrive** (only available to Australian customers) is an app that provides workers with access to financial education, tools and benefits.

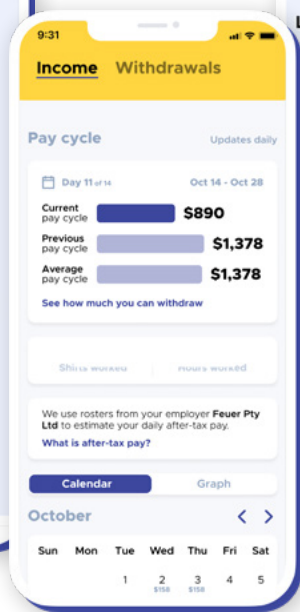
Employees can choose the Thrive features that best suit their needs, including:



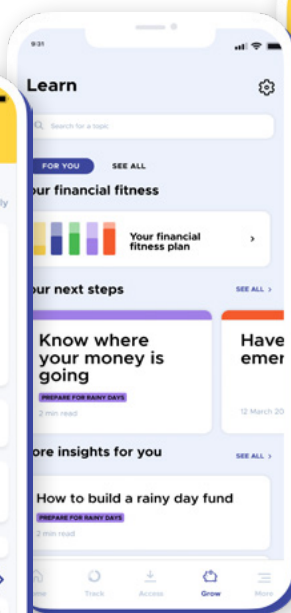
Thrive Grow
Empower employees to reach their goals faster and make money-saving second nature with pre-pay automated transfers



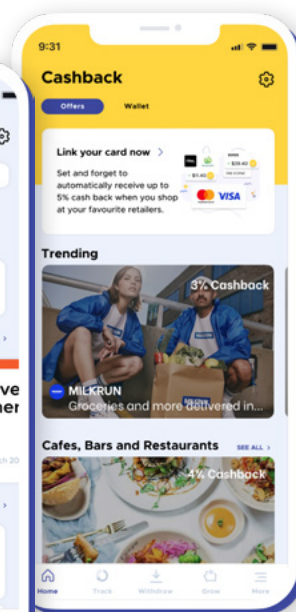
Thrive Access
Give employees the ability to access up to 50% of their earned wages so they can budget more effectively and cover emergency costs without stress



Thrive Track
Provide your employees with the tools to create budgets with confidence, pick up extra shifts as needed, and see their earnings in real-time

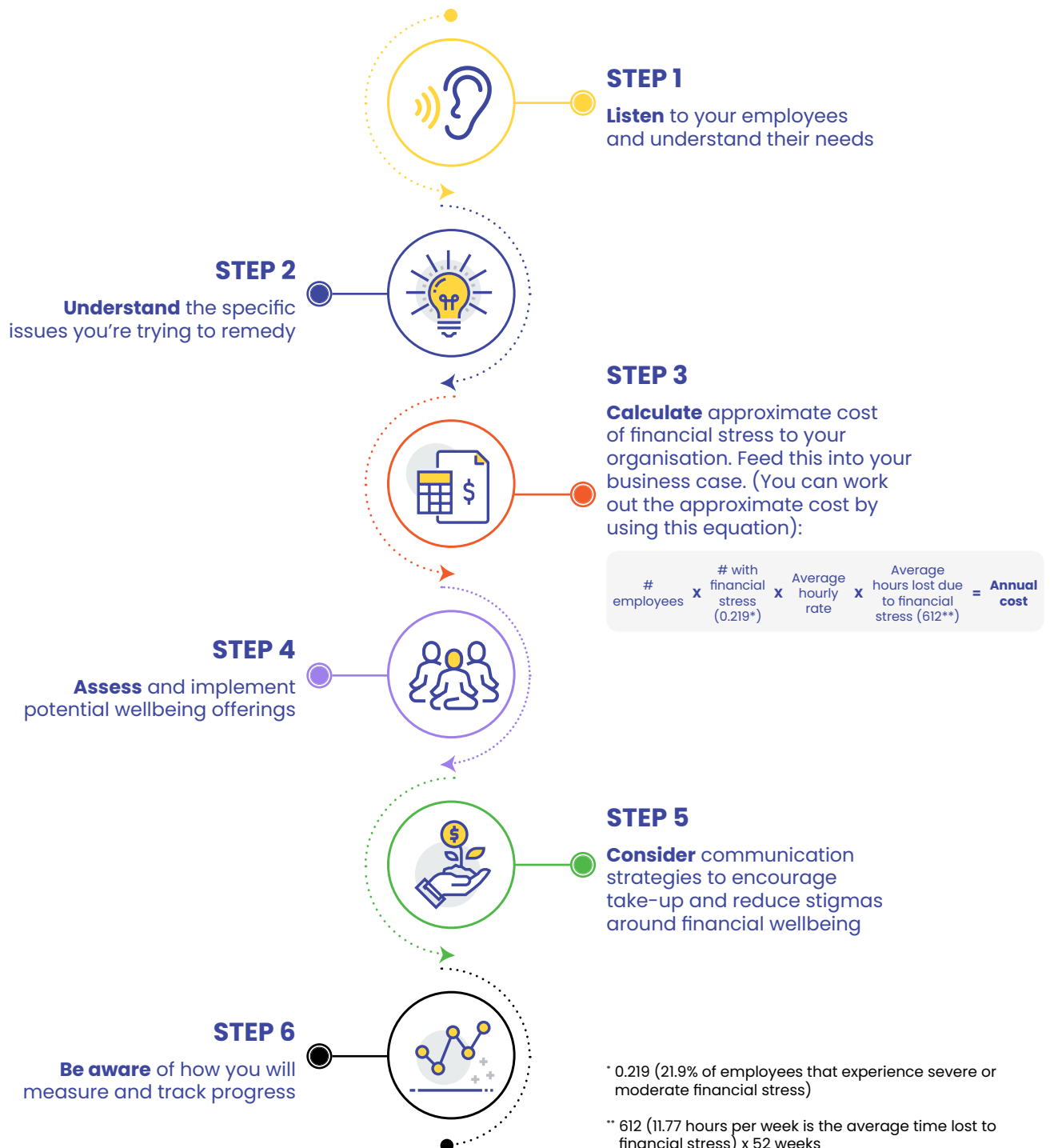


Thrive Learn
Improve financial literacy by giving your employees access to best practice financial education, individually tailored based on their reported financial wellbeing scores



Thrive Perks
Enable employees to utilise 'Thrive Wallet' to stretch their pay further and save more through cashback in their everyday spending and special purchases

What next? A 6-step guide to prioritising wellbeing in your EVP





Step 1

Speak with employees to understand their needs

First, make it clear why you are asking for their input. Explain that you're looking to either implement or expand your financial wellbeing benefits program. It's worth flagging what you will do with the data and what actions employees can expect to see by certain dates.

Ensure a variety of feedback channels are used – e.g. satisfaction or engagement surveys, a dedicated financial wellbeing questionnaire,

suggestion boxes, focus groups, data obtained from an Employee Assistance Program (EAP), etc. A financial wellbeing questionnaire can help identify where people sit on the wellbeing spectrum. It doesn't need to be time-consuming or cumbersome; it can be as simple as five or 10 questions that span areas like budgeting, preparing for the unexpected and planning for the future.



Step 2

Understand the specific issues you're trying to remedy

Issues might include:

- To improve financial literacy
- To improve employee satisfaction and engagement
- To shorten the time it takes to hire (i.e. presenting financial wellbeing as a key component of your employee value proposition)
- To improve employee retention
- To improve productivity

Building a business case

Andrew Curcio, Partner, Global Co-Leader Reward & Benefits at PwC, suggested two tips when building out a business case:

- **Don't just ask what your employees want;** instead, ask what they find important and how much they value it. The level of importance will vary widely by person, so understanding that nuance will help when it comes to prioritising and building a business case.

- **Engage the executive team early.** Ask them what they find important – after all, they too are human beings as well as employees. Curcio said this simple step can ensure that launching wellbeing benefits is not about catering to a specific cohort or that it's something being 'done' to employees; rather, the feedback from everyone is valued and will guide decisions.



Step 3

Calculate approximate cost of financial stress to your business

As always, winning over senior stakeholders is critical and the best way to do that is to calculate how much financial stress is costing your

business. You can determine the approximate cost to your organisation by using the equation in the flow diagram on page 14.



Step 4

Assess and implement financial wellbeing offerings

Once you know what employees want and the organisation is looking to achieve, assess what offering will best suit you. Beyond cost and expected ROI, questions to ask include: Will it be easy for employees to access the benefits? Can they be accessed anonymously? When will

services be available (e.g. 24/7)? Consider the demographics of your workforce (age groups, gender make up, income levels). Finding the right benefits will help to personalise offerings and potentially increase take up.



Step 5

Create communication strategies to reduce the stigma surrounding money

Relatable, inclusive, trustworthy, digestible, personalised and transparent communications are the key to engagement with any initiative.

Managing money is a sensitive topic and one that has typically been avoided in the workplace. This means that there needs to be extra effort put into building open communication lines and making people feel comfortable to seek help if required.

Start with senior leadership. If they are comfortable and it is appropriate, can your exec team share personal stories to demonstrate that financial stress can affect anyone? Another option is manager training. People leaders will play a role in creating culture change. They will need to understand the importance of this shift and speak to their teams about why financial wellbeing is important. Creating specific training resources to help managers have conversations can facilitate a smoother rollout.



Step 6

Measure and track progress

Just like any HR initiative, it's important to measure and track progress. This can help establish the ROI of any initiative put in place. Base-level metrics to track might include absenteeism, engagement, and turnover.

EY suggests:

"Maximising ROI starts with knowing your employee base – age, career stage, and income ranges. But fostering engagement depends on more than demographics. It requires deeper understanding of workforce psychographics – how employees think and feel about money."⁹

EY suggests asking:

- What are their money habits?
- How satisfied are they with their current personal financial situation?
- Do financial concerns affect their family relationships?
- How much time do they spend worrying about their personal financial situation?

EY states:

"A financial wellness assessment can help uncover these more subjective benefits and enable you to craft targeted communications to inspire action."

Some of your objectives might take time to show impact and will be reliant on how the program is communicated. For example, you won't see a significant change in the time it takes to hire unless you list the elements of the financial wellbeing program on your job ads. Consider creating an evaluation framework when implementing financial wellbeing support to ensure it meets employee and organisational needs.

What to track

Awareness

- Communications (e.g. email open rates and click-throughs)
- Events (e.g. attendance and engagement)
- Adoption (number of people using the services or participating in the program)

Employee impact

- Financial wellbeing scores
- Feedback surveys on the financial wellbeing support

Organisational impact

- Level of distraction at work
- Number of sick days taken
- Attrition rate
- Employee satisfaction or engagement

A win-win scenario

Ultimately, a commitment to maintaining health and wellbeing is up to each individual. However, if the period since COVID-19 has taught us anything, it's that employees are now more open to support from their employer.

Indeed, such assistance can form a critical part of your organisation's EVP.

Targeted education, access to personalised learning and providing meaningful benefits can ultimately improve the employee experience and yield a higher ROI for your organisation. Alleviating financial stress can result in happier, more engaged workers – and that's something every organisation is aiming for.



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How Humanforce can help

Humanforce is the best-in-one platform for frontline and flexible workforces, offering a truly employee centred, intelligent and compliant human capital management (HCM) suite – without compromise. Founded in 2002, Humanforce has a 2300+ customer base and over half a million users worldwide. Today, we have offices across Australia, New Zealand, and the UK.

Our vision is to make work easier and life better by focusing on the needs and fulfilment of frontline workers, and the efficiency and optimisation of businesses.

Learn more about how Humanforce can automate and simplify all aspects of people management in your organisation.

Schedule a demo

Contact us