



Total Rewards Myths:

ROI, Engagement, and
Ping Pong Tables





In today's environment of economic turmoil, high resignation rates, budgetary cuts, and overall stress and burnout, the employee experience is more important than ever.

Creating a business culture where employees feel empowered, supported, and happy is the only way for businesses to thrive through hard times.

There's one key to improving the employee experience and ensuring they give their best each day, and that's employee engagement.

However, engagement levels are at historic lows and are trending downward (from 36% in 2020 to 32% in 2022).

Considering engaged employees are more productive, more satisfied, more happy, and more loyal, why aren't companies working to improve engagement levels?

The answer for many is that engagement is too abstract, vague, or insignificant to worry about, especially in troubling times—it can be difficult to get the buy-in needed to make engagement a priority.

Just like ancient myths of gods and monsters, these engagement myths have become commonly accepted by many.

But the truth is, engagement is the single most impactful aspect for the employee experience, and yes, organizations can influence it.



**Here's the good news:
you're most likely already
offering the foundation of high
engagement.**

To debunk common engagement and total reward myths, we'll discuss total rewards, employee engagement, and how they influence the overarching employee experience.

We'll show you the ROI of improving engagement, how to get buy-in for investing in engagement and total rewards, and how you can do so to future-proof your business in 2023 and beyond.

**That
foundation is
total rewards.**





What Are Total Rewards and How Do They Affect Engagement?

You already know what total rewards are, but just for context, when we reference total rewards we mean:

1. Compensation and benefits
2. Work environment
3. Recognition and rewards
4. Learning & development
5. Work-life balance
6. Well-being

Basically, total rewards means everything an organization provides to make their employees' experience better, and in that context, virtually everything you do as an employer is part of total rewards. And all of these offerings are foundational for employee engagement.

If you're not convinced of that, consider this:

60% of engaged employees say their company's total rewards are above what other employers offer. Only 24% of disengaged employees say the same.

Employee engagement is dependent on what employers offer through total rewards. Shaping the employee experience with enhanced total rewards is the key to increasing engagement.



Engagement and Total Rewards Myths:

Assumptions That Hold Us Back

If employee engagement really is so important and total rewards really are the key to improving engagement, why don't all businesses focus on improving them? Many leaders, in both C-suite and HR, believe one or more of the following myths, which limit buy-in and budget.

These myths are:

1. The ROI of engagement is hard to prove, so we can't invest in it.
2. It's impossible to measure engagement, so it's not a priority.
3. We can't afford to offer better compensation or benefits.
4. Free treats, ping pong tables, and holiday parties are enough to create an engaging culture.
5. We already offer competitive paychecks and benefits—that should be enough.

When a leader or decision maker believes any of these engagement or total reward myths, it's impossible to devote the attention needed to improving the employee experience. Luckily, these myths are all factually inaccurate—and we're going to look at why.

Myth #1:

Employee Engagement Doesn't Have ROI

If anyone still believes this myth, it's time to set the record straight. Employee engagement is tied to better customer ratings, higher profitability, increased productivity, and lower turnover.

Companies with high levels of engagement are 17% more productive and 21% more profitable, and they have 41% less absenteeism and 70% fewer safety incidents.

Not only that, having engaged employees reduces turnover by 31% and increases sales by 20%.

The ROI of engagement is essential to business success—it's time to start investing in it. Employee engagement is directly tied to total rewards strategies involving work environment, professional development, recognition and rewards, and work-life balance.

Sharing the stats above will make it easier to talk about and get the total rewards buy-in you need.



Myth #2:

We Can't Measure Engagement

Most HR professionals have either thought this or heard it from well-meaning executives before.

Yes, employee engagement can seem somewhat vague, but there are ways you can measure and control it. But first, you must understand the signs of engagement (or the lack thereof) at your company:

Do employees intend to stay at the company?

Do employees refer their friends for open positions?

Do employees seek learning & development opportunities?

Do employees collaborate and work well together?

Do employees go the extra mile?

Do employees have a positive attitude while at work?

Are employees reliable in their responsibilities?

These are by no means the only signs of an engaged workforce, but they're a good place to start.

So how do you measure all of this? Here are some strategies:

Surveys. Send out pulse surveys, annual surveys, and other surveys in between. Create a culture of open communication and trust so that employees are okay sharing their honest opinions with you. To really get participation, incentivize these with worthwhile rewards.

Awardco allows you to incentivize participation in surveys, training, wellbeing initiatives, and more, all while offering the best reward: employee choice.

One-on-ones. Nothing is better than actually talking to employees. Have managers meet with their people regularly to see how they feel about the workplace, their work, and anything else.

Exit and stay interviews. Interview employees who are quitting and those who are staying to learn the cause of both. These interviews can help you learn both what is working and what can be improved.

Look at retention and absenteeism. If your turnover is high or employees are frequently not showing up, engagement levels are definitely low.

Engaged employees work hard, stay happy, openly communicate, and reliably exceed expectations. If you don't have many of those types of employees, chances are engagement is low, and the first place to look is your total rewards strategy. Does it measure up?.

Awardco's new Team Engagement score feature allows you to see how engaged and invested your employees are through the Awardco platform, giving you greater visibility into overall engagement.



Myth #3:

We Can't Afford to Improve Compensation or Benefits

Let's set the scene: In a leadership meeting, the CFO paints a gloomy picture—all hiring is paused, RIFs are possible, and budgets are slashed. So-called “perks” like well-being, recognition, and learning and development have to take a back-seat. In these tough times, this myth is especially pernicious. But it's also completely wrong.

Budgetary concerns are real, but you don't have to spend much to improve your total reward offerings. You simply have to change your mindset: it's not about offering more compensation and benefits—instead, focus on offering better.

Take a look at these examples of improving total rewards without offering more compensation:

Research shows that employees are more engaged when compensation feels fair. That means instead of giving raises to everyone, find out who feels underappreciated and offer small raises on a case by case basis.

Lifestyle Spending Accounts are a great way to increase compensation without drastically expanding your budget. These accounts give employees extra cash, separate from their salary, to spend on their wants and needs.

And much like HSAs, LSA funds are only used when they're redeemed, so actual expenses are lower and spread over time.

Learn more about Lifestyle Spending Accounts and how you can create LSAs through the Awardco platform to easily reward your employees.



Flexibility, work-life balance, and wellbeing initiatives are all part of your total rewards package. Offering remote work, hybrid work, flexible PTO, and wellbeing support (like mental and emotional health initiatives and a healthy work/life balance) won't be expensive, but employees will love the freedom and trust you offer.

Nearly 50% of employees expect their employers to support career growth, but 80% of employees aren't satisfied with their company's offerings. Training, learning, & development are integral to your benefit offerings, and they can be as affordable as job shadowing or lectures.

Improving compensation and benefits doesn't only mean spending an arm and a leg on raises or bonuses (bonuses actually hurt engagement, anyway).

It might mean restructuring of your current budget usage or analyzing what is generating waste instead of ROI. And it certainly means focusing on improving what you already have, such as existing budget for LSAs, new learning & development opportunities, and more flexibility.

**Employees
will respond
with greater
engagement.**



Myth #4:

Free Treats and Ping Pong Tables Are Sufficient

Perks such as ping pong tables, holiday parties, and free snacks are good ways to make work more comfortable...but they definitely, definitely, aren't enough. Research shows that how employees feel at work is much more important to engagement than what perks are offered.

So when it comes to creating a culture of engagement, companies need to help employees feel cared for and valued. A much better way of bolstering your total rewards offering would be investing in employee recognition.

Think of it this way:

A ping pong table says, "We got this table for the few people who care—and if you don't like ping pong, too bad."

Personalized recognition says, "We care about the contributions of each of our employees and appreciate them individually."

Why not both offer both?

When employees are regularly recognized at work, every measure of their morale, productivity, performance, and retention shoots upward. And 80% of employees agree that being recognized improves their experience, relationships, engagement, and happiness at work.

SHRM recommends investing just 1% of your payroll toward recognition, and even that can bring amazing benefits—the ROI of recognition is much more powerful than buying snacks for the break room every week.



Myth #5:

Employees Should Be Happy With Competitive Salaries and Benefits

With economic uncertainty looming, yes, competitive salaries are crucial for retention. However, after the pandemic of 2020, employees need more to be engaged. In fact, in 2022, 32% of employees who switched jobs took a pay cut in order to enjoy greater work-life balance.

While employees definitely should be grateful for a job and a salary, money and benefits aren't enough when employees either don't enjoy their work or don't have the time to take care of themselves or their families outside of work.

This is where adding work-life balance benefits is crucial for your total rewards strategy.





Some ideas include:

Flexible work policies.

Flexibility is a low-cost benefit that every employee will appreciate. Flexible schedules and hybrid work options are a great place to start, and they will help employees reduce stress and burnout (which improves engagement).

No micromanaging.

Build trust at work through open communication, creating work relationships, and focusing on results. When employees feel trusted, they have 74% less stress, 106% more energy at work, and 50% higher productivity.

Value-driven work.

Monotonous work that doesn't feel important leads directly to disengagement and burnout. However, when employees believe in their work and the organization, it fosters collaboration, motivation, and engagement. And when they know how their work contributes to the mission of the company, they'll be much more engaged.

Money and adequate benefits are great...

But in today's world, they aren't enough to keep employees engaged. Expand your total rewards offerings by focusing on flexibility, trust, and value-driven work—and do all you can to help leadership see the value such an environment brings.

A Holistic Approach to Employee Engagement Through Total Rewards

Employee engagement is the key to making it through these turbulent times with success, and total rewards are the key to increasing employee engagement. By ridding yourself of any assumptions or myths concerning engagement and total rewards, you can start to adjust your culture to be more supportive, value-driven, and rewarding for employees.

When that happens, employees will love working for you.

See how you can improve engagement and total reward at awardco.com.