

# Five strategies to help unlock your talent advantage

How employee benefits can give HR teams the edge in attracting and retaining talent



Maxxia

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# The talent equation has changed for Australian organisations

In May the government's Labour Market Information Portal (LMIP) reported a 12-year peak in job vacancies. Although numbers have fallen since, they remain high (28.4%) compared with pre-pandemic levels<sup>1</sup>.



The COVID pandemic has impacted organisations and their employees in so many ways. This transformation at speed has certainly been a test but the new challenges for HR leaders aren't slowing down. Now they're facing another workforce crisis as we see a number of key impacts on talent and skills emerge during the pandemic. The broader picture suggests more and more employers are on the hunt for new hires in a competitive job market as well as exploring ways to meet skills gaps from the talent within their ranks.

To entice candidates into vacant roles and keep employees engaged, there are several key drivers for HR teams to be aware of. In this guide you'll **discover how employee benefits can help enhance your talent acquisition and retention initiatives**, including:

1. Meeting the changing priorities of your employees with employee benefits.
2. The importance of engaging employees at every stage of the employee lifecycle.
3. Five strategies to promote employee benefits and increase participation.
4. Supporting employee financial wellbeing through employee benefits.

We'll explore the advantages of continuing to engage employees with benefits over time as an important step towards supporting and enhancing talent acquisition and retention as well as workplace culture and wellbeing.

1. Labour Market Information Portal, Vacancy Report August 2021

# Key drivers of the new talent paradigm

Evidence from a range of sources suggests recruitment and turnover could be significantly elevated in Australia throughout 2021. In their FY21/22 Salary Guide, Hays Recruitment report almost half of employers (47%) plan to increase their permanent headcount this year and almost two thirds (64%) expect talent shortages to impact operations<sup>2</sup>.

While organisations are crying out for talent, employees are getting restless too. The majority (69%) already have one foot out the door<sup>3</sup> according to the Achievers Workforce Institute 2021 Engagement and Retention Report.

## EVP is back in the spotlight and employee benefits are key

With a spike in demand for skilled workers and more employees looking to change jobs, retention as well as successful recruitment and onboarding, becomes an even greater priority for HR teams. In order to achieve their goals in these critical areas, there is a renewed focus on making sure their employee value proposition (EVP) is as competitive as possible.

Recent research from Gartner confirms that employee benefits continue to be a valued part of the employee experience in a rapidly changing environment. Their research conducted in late 2020 found S&P 500 companies in the US placed particular emphasis on two areas of talent investment: employee benefits and employee wellbeing.

Employee benefits were the most mentioned of talent investments in conversations with their workforce about rewards — and mentioned almost five times more than before the pandemic<sup>4</sup>.



2. Hays FY21/22 Salary Guide Australia

3. Achievers Workforce Institute 2021 Engagement and Retention Report

4. Gartner A Key Pandemic Lesson Learned: Invest in Your Talent, 6 July 2021

# The power of employee benefits to engage a changed workforce

Our lives and priorities have changed as a result of the pandemic and the workplace is no different. Employee benefits that may have taken a back seat for some employees may now be a priority for your workforce. Some key workplace trends are driving demand for salary packaging and novated leasing.



## Working from home and the 'decentralisation' of the workforce

The sharp rise in employees working from home since the pandemic began has been a trigger for many to look outside of city hubs for a place to call home. Regional areas have never been more popular with Australians. In fact, there was net movement of 43,000 Australians from capital cities to regional areas during 2020, the largest change since data was first reported in 2001<sup>5</sup>. Regional and remote area benefits available to employees will vary depending on their location, role and the sector they work in. But generally speaking, eligible employees can salary package expenses such as relocation costs, rent payments, interest on their mortgage and fly-in, fly-out (FIFO) expenses.



## The impact of the pandemic on transport trends

Even with Australians travelling to work less often, the motor industry is experiencing a car buying boom. In one **2020 survey**, more than half (58.8%<sup>6</sup>) of non-car owners were more likely to consider buying a car instead of using public transport or rideshare services. The migration of city dwellers to live in regional Australia is another trend that could trigger demand for vehicles. A novated lease enables employees to salary package a car providing benefits for both employees and their employers.

5. ABC News, Regional areas have enjoyed a pandemic influx, but many jobs are still waiting to be filled, 26 May 2021

6. Carsales, Car ownership to rise post-COVID-19, 6 May 2020



## A focus on upskilling and education

Priorities for HR teams and their organisations have seen a fundamental shift at a global level – building critical skills and competencies is taking priority<sup>7</sup>. In Australia a stall on immigration means that some roles can no longer be filled by workers migrating to Australia from overseas. ABS data shows that around 27% of businesses reported having difficulty finding suitable staff to fill jobs and a lack of required skills or qualifications was the second most common reason given for shortages<sup>8</sup>.

Motivating and encouraging your workforce to upskill or re-skill can be more attractive when employees are able to pay for self-education and professional development expenses using pre-tax dollars through salary packaging. Research shows that 30% of working Australians spent their own money on education and training directly associated with their line of work, averaging a cost of \$1,936<sup>9</sup>.

## ABS survey results: factors impacting ability to find suitable staff

Source: <https://www.abs.gov.au/media-centre/media-releases/quarter-businesses-unable-find-suitable-staff>



## Recognising and rewarding employees contributes to workplace wellbeing

With employees working from home at least some of the time, organisations are dealing with the challenges of workplace isolation, a lack of visibility for both employers and employees and limited opportunities for face-to-face communication.

Higher engagement with benefits such as salary packaging and rewards/discounts can improve employees' financial and lifestyle outcomes, which, in turn, adds to the overall value they realise from their work. And with 70% of employees saying they spend time worrying about their finances at work<sup>10</sup>, these savings can be an important part of **a successful HR strategy to support financial wellbeing** for their workforce.

7. Gartner, Top 5 HR Trends and Priorities for 2021

8. <https://www.businessinsider.com.au/australia-skills-shortage-wage-growth-2021-6>

9. <https://mccrindle.com.au/insights/blogarchive/the-cost-of-work-what-we-pay-to-work/>

10. Gallagher, Employee Financial Confidence Report, 2020



# Giving your organisation the edge in attracting and retaining employees

Even if HR had deeper pockets to reach into for recruitment, Gartner research shows that talent-sourcing strategies built on remuneration aren't enough. Though compensation is still a top driver for attraction and attrition globally, organisations should also communicate the other key components of their EVP. An employer's brand needs to convey that its culture, benefits and growth opportunities are superior to those of competitors in the race for talent.

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2020 research from Gallup reveals that 88% of organisations currently don't onboard well.<sup>11</sup>”

”

During the employee lifecycle, it's natural for benefits to be front and centre in the early stages of attraction, recruitment and onboarding. And while HR teams are certain to have many tactics for staying on top of engagement during the development and retention phases, it can be easy to overlook benefits as a value-add for employees. Benefits may even be left out of performance and rewards conversations with incumbents.

## Employee engagement across the lifecycle is key to successful talent initiatives



### ONBOARDING

A strong onboarding process improves new hire retention by 82% and productivity by 70%<sup>12</sup>.



### DEVELOPMENT

Research shows that organisations that effectively deliver on their EVP can increase new-hire commitment by nearly 30%<sup>13</sup>.



### RETENTION

69% of employees say having a wider array of benefits would increase loyalty to their employer<sup>14</sup>.

11. Forbes, 4 Ways To Turn Your Onboarding Experience Into A Strategic Advantage, 4 May 2021  
12. <https://www.designandbuild.com.au/blog/2020/10/the-importance-of-the-employee-lifecycle>  
13. Gartner Battling for Talent? Show That Your Jobs Offer More Than Pay, 19 September 2019  
14. MetLife Employee Benefits Trends study 2020

# Exploring the full range of benefits available to your employees

Employees cannot value benefits they don't know about. Maxxia has a deep understanding of the rules governing employee benefits and how they translate for different sectors and organisation types. We can help you maximise the benefits you can offer to your employees.

## What can my employees salary package?

Corporate, Government and Education	Healthcare and Charities
Additional superannuation	Additional superannuation
Airport lounge membership	Airport lounge membership
Disability/income protection insurance	Disability/income protection insurance
Financial advice	Financial advice
Living away from home allowance (LAFHA)	Living away from home allowance (LAFHA)
Novated lease	Novated lease
Professional memberships and subscriptions	Professional memberships and subscriptions
Relocation expenses	Relocation expenses
Remote housing	Remote housing
Self-education expenses	Self-education expenses
Work related expenses	Work related expenses
	Holiday accommodation and venue hire
	Meal entertainment
	Fixed expenses – mortgage, rent and personal loans

Making benefits part of a strategic, comprehensive approach to employee engagement at each stage of the cycle has the potential to help organisations keep talent from leaving. This is always an important HR goal, but even more so as demand peaks in the Australian job market.



# Five strategies to promote employee benefits and increase participation



Research shows 42% of employees say company culture has diminished since the onset of the pandemic, with employees blaming a lack of communication or lack of effort to make remote employees feel connected<sup>15</sup>. The simple fact is, employee benefits are a good news story. By taking a strategic approach to program promotion you can increase participation and leverage the positive impact of tangible value for your workforce.





## Demonstrate you understand the needs of your employees

Taking a personalised approach to engaging with employees based on their difference in experience can help organisations to better connect with their workforce and start more meaningful conversations. Sharing regular offers for rewards and novated leasing via an app, portal or social media channels is the ideal way to re-engage employees with the full range of benefits. When these offers are tailored for employees life stages this introduces another personal element to their employee benefits experience.

Keeping on top of benefits promotion across different cohorts of employees according to their life stage, tenure and more can be a big undertaking for HR teams. At Maxxia, we take a comprehensive best-practice approach to promoting salary packaged benefits to employees. Providing tailored marketing assets for different sectors and using benefits participation data for individual organisations to support campaign planning are just some of the ways we help employees get the most from benefits programs.

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**4 in 10 employees say their employer is not currently offering benefits or programs that help.**

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*MetLife Employee Benefits Trends study 2020*



<p><b>Starting a career</b></p>	<p>For many employees starting out in their career, balancing their budget will be top of mind. Some employees in certain sectors have the opportunity to salary package HECS/HELP debts potentially giving employees the ability to pay off their debt sooner. By salary packaging HECS/HELP payments, employees can also potentially reduce their taxable income and increase their disposable income.</p> <p>Salary packaging work related expenses including home office items and travel costs to electronic devices and other 'tools of trade' can also help new employees increase their disposable income and balance their budget.</p>
<p><b>Changing location</b></p>	<p>Buying a home or moving location is a huge milestone in most people's lives. Employees moving to a remote or regional area may be able to salary package interest on their mortgage, purchase costs of their house or rent payments. For those relocating for work purposes, they too may be able to salary package certain expenses associated with moving.</p> <p>And if an employee needs to move away from home for their job, they may be able to salary package their accommodation and food costs for the first 12 months.</p>
<p><b>Getting a promotion or pay rise</b></p>	<p>There's nothing like that new car feeling to give your employees a lift and a boost in pay may give them the budget to upgrade.</p> <p>A novated lease enables an employee to salary package the lease repayments and running costs of a new car. As an added bonus, a car lease through Maxxia gives employees access to some of the best deals and manufacturers across the country. Your employee could also potentially save GST on the purchase price.</p> <p>A new job title may also be a prompt for employees to explore professional or airport lounge membership. They may be able to salary package work-related fees and subscriptions.</p> <p>Employees who work for a public or private not-for-profit hospital or a charity could also salary package the cost of any club or association membership within their yearly salary packaging cap limit - even if it's not for work purposes.</p>
<p><b>Starting a family</b></p>	<p>After childcare and tax costs, transport is the next greatest expense when it comes to work<sup>16</sup>. Offering employees the option to salary package the cost of leasing a car and the ongoing running costs through a novated lease can potentially provide tangible savings for new families.</p> <p>All lease repayments and nearly all purchase and running costs for a vehicle – from servicing and insurance to fuel and car washes – are budgeted and bundled into a single regular payment deducted from an employee's pre-tax salary. As well as improving their disposable income, there's no need to budget for one-off costs like annual registration. Employees can also benefit from the buying power of novated leasing experts like Maxxia to get a better deal on their preferred new or used car, and from their trade-in.</p> <p>Starting a family is also a time when people turn their minds to protecting their family with insurance. Disability/income protection insurance helps replace earnings if an employee can't work due to sickness or injury so they can concentrate on their health. With salary packaging employees can pay disability and income protection insurance premiums with pre-tax dollars.</p>
<p><b>Upskilling or new career path</b></p>	<p>Most employees can salary package self-education expenses. This benefit applies to many forms of education – as long as it is related to your job, for example obtaining a license to operate certain machinery. Self-education initiatives may include courses or seminars, journal subscriptions and new reference books.</p>
<p><b>Thinking about retirement</b></p>	<p>As employees approach retirement or have paid off their mortgage, they may be looking to boost their retirement nest egg. With salary packaging, employees can use funds from their pre-tax salary to make additional contributions to superannuation. This may not only reduce taxable income now but increase the amount of money they have to fund their retirement.</p> <p>This is also a time when an employee may benefit from financial advice to assist with their retirement plans. If an employee talks to a registered financial adviser about their finances or investment matters, they may be eligible to salary package the fees.</p>

16. <https://mccrindle.com.au/insights/blogarchive/the-cost-of-work-what-we-pay-to-work/>



### **Accessibility and automation for better benefits uptake**

Making it easy to take up salary packaging, rewards and other benefits during induction and beyond can maximise both participation and employee engagement.

Signing up for suitable salary packaged benefits can be simplified for each new hire with a technology solution that, for example, is integrated and automatically populates their details in online forms, ready for acceptance and immediate start.



### **Ongoing communication and education**

A coordinated approach using explainer videos and calculators, dedicated education pages and app as well as social media channels can connect employees more effectively with benefits and rewards on offer. Having a benefits portal and app can certainly extend the life of benefits education beyond onboarding. Delivering interactive content such as webinars or short explainer videos can support employees as they explore more complex benefits such as salary packaging and discover the potential savings they could make.

Maxxia can provide content across the categories of salary packaged benefits to suit different sectors and roles. This enables organisations to mix and match modules to suit their workforce needs. We can also provide live webinars and follow up Q&A sessions to offer employees individual guidance on their salary packaging questions and needs.





## A personal approach

At Maxxia, live support from our expert team isn't just available with our webinars or via LiveChat. We can also work with organisations to provide dedicated employee support to help them explore the full suite of salary packaged benefits. They can get expert advice to help them optimise dollar savings and lifestyle advantages from both salary packaging and rewards programs offered by Maxxia. Maxxia offers a multi-channel approach to reach your employees where and when it suits them.



## Making the most of marketing and promotion

Successful internal communications and campaigns to drive benefits engagement and participation relies on effective marketing support. Even with a marketing/communications team that are fully on board with executing a benefits promotion plan, additional content and offers designed for specific employee segments can enhance the impact of their activities.

As a provider specialising in salary packaged benefits program management and promotion Maxxia can:

- Collaborate with both HR and marketing/communications teams to tailor content and campaigns for salary packaged benefits to suit the sector, organisation and different roles.
- Act as an outsourced marketing partner, co-ordinating and rolling out print and digital promotions.
- Connect with your data and target content and activities across different segments to reach more employees and deliver personalised and relevant benefits that match their needs.



# Employee benefits are the ideal add-on to wellbeing initiatives

A focus on wellbeing as a critical part of employee experience certainly isn't new. But with the shift to remote working, it's more challenging than ever for HR teams to connect their workforce with tools and activities to support wellbeing, whether mental, physical or financial. Programs and activities to help employees improve their financial wellbeing have moved into the spotlight following COVID-19.

Since the arrival of a global pandemic in 2020, many research studies have raised the continued impacts on mental health, and the lasting effects of financial anxiety in particular. Elevated levels of money stress among employees can create significant problems, both for their productivity and financial wellbeing.

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**58% of employees say more support from their employer would be helpful in developing their financial confidence.**

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*Gallagher Employee Financial Confidence Report, Australia issue, 2020*



## Making a real impact on financial wellbeing

A key challenge for HR teams is to identify exactly how to support financial wellbeing for their workforce. The truth is workplace financial wellbeing is still a relatively new area for many organisations. There isn't a standard blueprint or toolkit for your organisation to adopt. The potential elements can vary quite widely but will often include some type of financial education on budgeting, debt management and saving.

Services like these are a great investment in the financial capability of employees, but there are other benefits that can deliver more immediate value. A comprehensive salary packaging benefits program can help deliver unrealised financial value for employees at no cost to the employer. Regardless of how much an employee earns, if they pay income tax they have an opportunity to boost their disposable income through salary packaging.



# About us



## Maxxia

At Maxxia we're on a mission to enhance the impact of employee benefits for Australian organisations.

Using proven methods to find the performance gaps in your program, Maxxia helps your organisation deliver more value to your people, through competitive and measurable employee benefits programs. Our goal is to ensure that you are measuring up to the best-in-class programs available.

When you partner with Maxxia, our team of specialists are with you every step of the way, to help maximise engagement with your employees, and provide guidance on complex issues. Our fully resourced programs may also save your organisation time and money, and free your team up to focus on what they do best.

Find out more at:

[www.maxxia.com.au/employers/resources-hub](http://www.maxxia.com.au/employers/resources-hub)

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## McMillan Shakespeare Group

Maxxia are part of the McMillan Shakespeare Group, a top 200 ASX-listed company and one of Australia's leading single source solution provider of salary packaging, novated leasing, consumer and fleet financing and management services.

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