

How to Overcome the Rewards Visibility Problem



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Despite running complex and generous reward programs, many enterprises don't have a unified view of their total rewards strategy. Instead, they suffer a piecemeal landscape where different tools and systems are responsible for different rewards.

The result is a lack of visibility into the largest expense in the organization. But that's not the only problem. A lack of visibility also limits the insights HR leaders can generate from their rewards program — and that can directly hamper other initiatives.

Total rewards directly impact several HR policies, says [Jill Krumholz](#), co-owner and managing partner at RealHR Solutions. That includes recruitment, performance, recognition and DEI initiatives. Without better visibility into total rewards, these initiatives can suffer. Leverage a total rewards platform that offers granular insights, however, and CHROs can carry out big-picture leadership initiatives in the following ways.



Reduce the Pay Gap and Create a More Equitable Company

A lot of factors or pay policies determine an employee's salary, like seniority, education and location. Yet the extent to which these factors affect the final salary is often opaque and subject to interpretation. This leaves the door open for bias and inconsistent application, which, in turn, creates unintended pay gaps.

Women and ethnic minorities suffer in particular. Research collated by [Lean In](#), a global community to help women advance in the workplace, shows women in the U.S. earn 20 percent less than men on average. Black women are paid 38 percent less than white men and Latinas are paid 47 percent less. That sees women lose out on more than \$400,000 throughout their careers.

Closing the gap is essential to creating a diverse and equitable workplace. But it's also good for your company's bottom line, says [Maya Raghu](#), the deputy director of policy at the Office of Federal Contract Compliance Programs at the U.S. Department of Labor. Companies lose out on talent when women feel they are treated unfairly and see no room for improvement.

Improving your total rewards visibility can help you identify and eliminate pay gaps and other forms of inequality. When you can see the total value of rewards for employees across the company, it becomes easy to find discrepancies between different genders and ethnic groups — even if salaries are largely the same.

At the same time, the platform that gives you greater visibility into total rewards can also help you communicate rewards more effectively to employees. Giving employees a clear view of how they are rewarded and, possibly, how that compares to others in the company, can reassure employees that they are valued equally.

Better visibility into rewards data also allows companies to confidently disclose gender pay gap data — something most companies aren't doing. The nonprofit [Just Capital](#) found less than one-quarter of major U.S. companies disclosed whether they conducted a pay gap analysis, with only 75 of the 954 companies in the study reporting exact pay ratios between men and women.

Identify Unmet Needs and Increase Employee Engagement

Are you offering employees all they need in their rewards package? Even if surveys come back positively, employees may not be telling your HR team the whole story. But getting a granular look at the impact and uptake of rewards in the form of analytics provides a data-backed view that allows you to optimize your reward strategy for the benefit of both employees and the company.



Optimizing rewards is particularly vital to win the war on talent. “Getting total rewards right can mean the difference between competing effectively in the global talent marketplace and being left behind,” writes [Nick Lynn](#), a senior director of employee experience and engagement at WTW. “A consumer-grade total rewards portfolio of pay, benefits, wellbeing and career programmes serves as a catalyst, driving attraction, retention and engagement of talent essential to business success. Yet, in many organisations, total rewards are not evolving quickly enough to keep pace with changes in the world of work.”

It’s also vital to get the most from your team right now. [Keith Reynolds](#), HR vice president of total rewards at PepsiCo encourages HR teams to ask: “How do we create a compensation and benefits programs that can help us to attract the right talent, retain that talent, and help to engage that talent now and in the future?”

Using insights gathered from a unified view of total rewards, your HR team can create new rewards that meet the specific needs of employees. PwC’s [Andrew Curcio and Alastair Woods](#) note that understanding an employee’s life stage and career aspirations are vital when doing so.

“Understanding these drivers for each employee should inform the new ways of rewarding people, with more focus on learning, mentoring, career development, and well-being than on financial reward,” Curcio and Woods write. “Customization is challenging, as the added complexity generally costs more. We have found the best path to improved business performance is to apply an 80/20 rule: maintain 80% of the current offering (albeit streamlined and simplified) and redesign 20%.”



Rewards Visibility Helps Optimize and Model Employee Costs

Rewards are one of the biggest expenses in the company. Given recent economic concerns and predictions of a recession, getting on top of those costs is more important than ever. One of the easiest ways to do so is to eliminate or reduce the rewards that data shows employees don't value.

But that's just the tip of the iceberg. You can also identify how reward costs impact the business as a whole.

For instance, Mercer found that a "good salary" at one company decreased the likelihood of turnover by three percent. On the other hand, a promotion increased turnover by 12%. "People who were promoted found themselves with more responsibilities but inadequate training to manage heightened expectations. Without sufficient support, movement between jobs or departments had actually become a more critical push factor than pay levels," explain Mercer's Brian Levine, Ph.D. and Lauren Mason. Spending more on employees by promoting them was actually costing the company in the long run.

Further, you can use data to model a range of potential reward-related scenarios like how new hire packages, promotions, organizational restructuring and expatriate assignments impact costs. When pursestrings are being tightened, this kind of accurate analysis can allow HR teams meet their own budget requirements while also helping to guide the company through a potentially stormy economic period.

Ultimately, your company's total rewards package plays a bigger role on HR initiatives than you might think. And getting detailed analysis of your rewards initiative is much more than just counting the cost. When you see all your rewards data in one place, you get the kind of actionable insights that let you bring about real, people-focused change in your organization — the kind of big picture leadership every CHRO strives to achieve.