

# Driving Employee Engagement and Retention through Total Value Communication

By Jamie Anderson

## Economic Pressures

The global economic slowdown has begun to take its hold on businesses of all shapes and sizes. Dun & Bradstreet's Business Expectations Survey suggests that sales and profits expectations continue to dive with 53% of the 1,200 business owners and senior executives surveyed anticipating declining sales and 60% forecasting declining profits.

With budgets under pressure across the business, Human Resources can often take the brunt of 'discretionary' spending cuts, quite often without a detailed examination of the potential long term impact of cost saving decisions. A downturn in HR spending will be in stark contrast to a 2007 HR Magazine study which determined that 63 percent of top ASX-listed companies were looking to increase their investment in the HR function – by an average of 30 percent! In turn, strategies developed during the boom times of recent years will need to be revisited – and any programs and initiatives not already implemented will likely need to be supported by a fresh business case if they are to survive cross-functional cost cutting exercises. Furthermore, many organisations are having to consider a freeze on salary growth for the first time in a number of years and this comes against a backdrop of smaller, if any short term incentive payments and long term incentive grants that look unlikely to vest.

This paper examines how a new approach to employee communication could offer HR professionals and their businesses a cost effective opportunity to drive employee engagement and retention in these difficult times, presenting a return on investment business case that outweighs many of the more traditional reward levers.

## Total Value Communication

Just as most remuneration specialists will be familiar with the concept of Total Rewards, HR strategists are becoming more comfortable with the notion of the Employment Value Proposition (EVP). In communicating remuneration and benefits components as part of the overall EVP, current practice tends to focus on the generic components of the reward offering, rather than applying an employee specific values. Personalising these communications however may hold the key to successfully driving the employee engagement and retention which underpins these philosophies.

Research and developments in the marketing field demonstrate that personalised and very targeted communication, leveraging technology to ensure the process is efficient, ultimately delivers a greater return on investment than the more traditional blanket promotional approaches. Maximising relevance and ensuring absolute clarity about what is on offer invariably leads to a greater absorption of the

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message by the target audience – which in turn lead to significantly better outcomes where the communication is asking the audience to take action.

From an HR perspective, the concept of adding personal information to the messages already developed as part of an organisation's EVP is something Mastertek refer to as Total Value Communication (TVC); its value in driving employee understanding may well be the point of differentiation that organisations are striving for as they bid to maintain employee engagement during a period when cash based rewards are likely to be under particular scrutiny from Boards seeking to ensure the short term performance of their organisations.

## **Personalise for Maximum Impact**

The TVC approach can take a number of forms; from the more straight forward 'statement' type approach coinciding with the annual remuneration review to the more complete 'benefits report' containing personalised superannuation projections, long term incentive valuations and other employee specific details that demonstrate a projected future value as well as current state.

In addition to personal remuneration and benefits information, considering the look and feel of communication material can be just as important. Of course it's important to reflect the organisation's brand and corporate image - but beyond that, simply tailoring the style to suit discrete populations within your organisation can again lead to improved acceptance, and ultimately understanding, of the messages you're trying to get across.

## **Return on Investment Proposition**

Towards the end of 2007, Towers Perrin released the results of it's Global Workforce Study, a study covering from 90,000 workers across 18 countries. Amongst other things, the survey highlighted that many employees still do not believe their organisations are doing enough to motivate them. According to Julie Gebauer, Towers Perrin Managing Director, "Our study shows barely 1 in 5 employees is fully engaged".

Whilst there may be many reasons for these outcomes, there is no doubt that the position can be improved simply by reminding employees of the true value of their employment package, particularly those benefits that easily slip from view such as insurances and health benefits which may be wholly paid for by the employer. In addition the inclusion of non cash benefits available to employees, such as flexible hours or health, learning and development opportunities or health and wellbeing programs also round out the offering and remind your people of the true investment being made in them.

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Investing in value-add communications during these difficult and uncertain economic times can also will also medium to long term advantages. Ensuring employees remain engaged and committed to the organisation while markets are depressed will help to insulate against unwanted staff turnover when things turnaround – thereby leaving the business in a string position to achieve aspirations of shareholders, Boards and customers into the future.

## Find Out More

To find out more, talk to a Mastertek consultant about how personalised reward communication strategies can help to drive the sustained discretionary effort your organisation needs from its employees to succeed in today's challenging economic environment.



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