

YOUR LETTERS

Have your say — your views are important

LETTER OF THE MONTH

We will be giving away a bottle of champagne to the star letter each and every month.



Sustaining motivation through rewards and benefits

Joan Pettingill's article on remuneration and reward in a recession in the August issue provided some great ideas on how to sustain employee motivation through rewards and benefits programmes in ways that will not infringe the bottom line too much.

Promoting a feel-good factor among staff in a cost-neutral fashion can certainly be seen as a challenge for employers but, as the article demonstrates, it is not an insurmountable one. I would like to endorse, in particular, one solution

that Joan highlights; increasing holiday entitlement - as a popular option. I have had particularly positive feedback on this as a benefit.

In such schemes, the employee pays for additional holiday over a 12-month period via deductions from their monthly gross salary. There are many who would like more time off work with their families and this provides an effective solution.

Spreading the cost of the additional holiday throughout the year works well for the employee, empowering them to take additional

leave at times that suit them, such as over the school holidays. For the employer, this scheme is an effective method of reducing the salary bill in an employee-friendly manner. It is a win-win situation and is particularly popular with organisations with large workforces.

The key message, as you write, is to offer benefits that promote a positive work-life balance for staff.

Richard Davies
Head of Employee Benefits
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The usefulness of "non-cash" compensation in a recession

Jo Victoria Russell's article in last month's issue is an excellent and timely reminder of the usefulness of "non-cash" compensation in times of a recession when we need to get as much business value as possible from every "compensation dollar" spent.

Non-cash compensation can create more business value because, if appropriately tailored and delivered, it can have more impact on employee behaviour than the equivalent payment in cash. This outcome can arise because non-cash compensation can have a higher

actual value, and/or higher perceived value for the employee. The article points out that there are a number of tools which can be used to deliver benefits which help to realise this additional value.

However, I feel the article has underemphasised one important consideration. The usefulness of non-cash compensation will always be limited by the company's ability to design and manage its non-cash compensation programmes to not just deliver employee value but to also secure the desired business value, rather than simply burden

the company with additional cost. No doubt *Pay & Benefits'* readers have a variety of ideas on how to achieve these objectives, but technology is undoubtedly a critical element. With recent advances, some technologies are achieving ever better capabilities. Perhaps we need to remind ourselves not just of "The Power of Flex" but also of "The Power of Technology in Managing Benefits"?

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Please email your comments or details of payroll and benefits-related news to *Pay & Benefits'* Editor, Kavitha Sivasubramaniam: kavitha.siva@lexisnexis.co.uk

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