THE VALUE OF BENEFITS

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2015 *Work Environment Survey* (WES) Cycle

Background

Research in both the Work Environment (WES) and Exit surveys have repeatedly demonstrated the important influence that the Pay & Benefits driver has on employee engagement and retention. Despite its importance, this driver has received the lowest scores in every WES cycle since 2008. Adding to the complexity is the general mindset that improvements are hard to achieve since compensation is tied to fiscal constraints and provisions outlined in public sector collective agreements. With such a mindset, work units tend to bypass any results related to this driver when developing their local improvement strategies. Is that the best approach? A recent study from PayScale suggests otherwise. They found that one of the top predictors of employee engagement was not compensation per se, but the organization's ability to communicate clearly about compensation.[1] This analysis focuses on the benefits side of compensation and takes a few preliminary steps into this unchartered territory by exploring the link between employees' impressions about their benefits and their eligibilities within compensatory systems and policies.

Research Questions

This analysis focusses exclusively on one item from the Pay & Benefits driver. The item asked respondents the extent to which they agreed with the following statement:

> My benefits meet my and my family's needs well.

Administrative records were paired with respondents' scores on this item to explore the following research questions.

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[1] https://hbr.org/2015/10/most-people-have-no-idea-whether-theyre-paid-fairly

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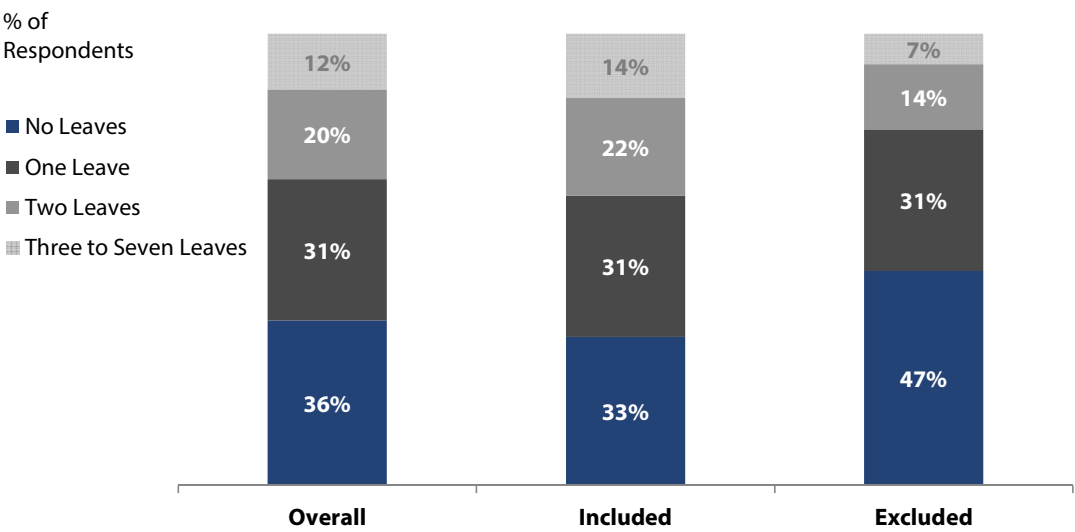BRITISH COLUMBIA BC Public Service | Where ideas work

1. What can we learn from respondents who exercised different leaves in the year leading up to WES?
2. Are there any differences across groups of excluded respondents based on the options they selected within the Flexible Benefits Program?

The key findings from both of these research questions will be discussed in turn.

Key Findings

1. What can we learn from respondents who used different kinds of leaves in the year leading up to WES?
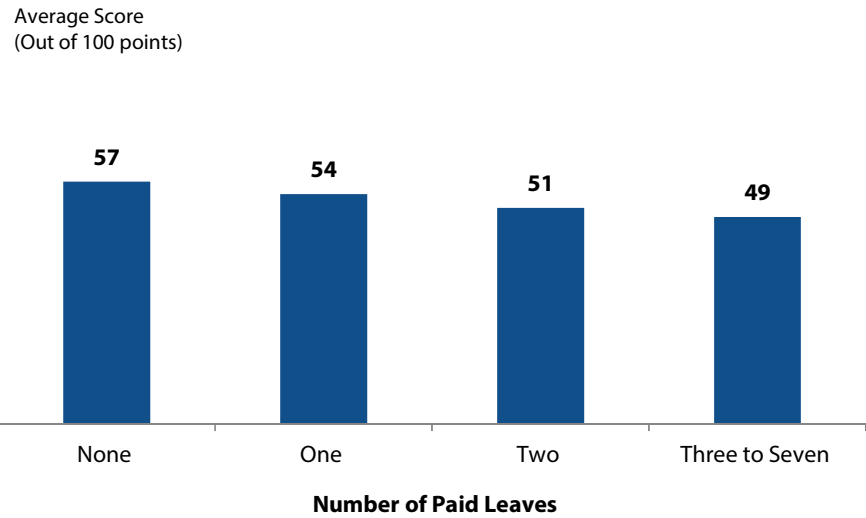
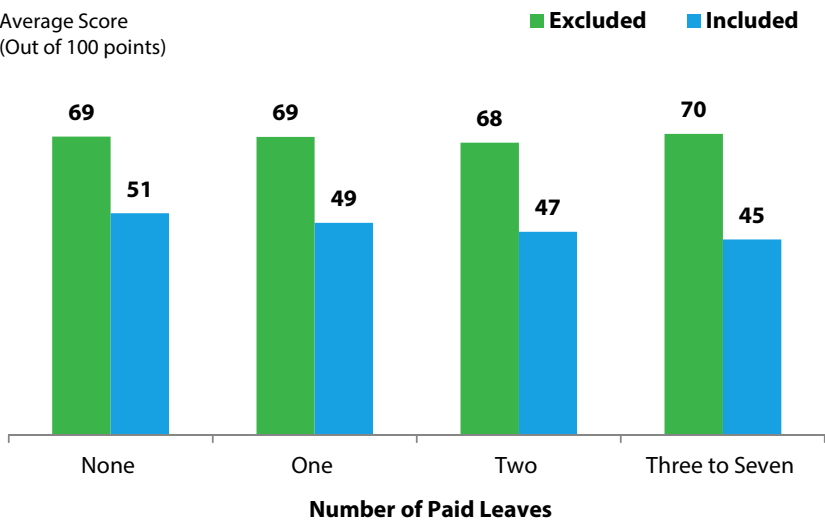*Just over half of WES respondents took one or two types of leaves.*

% of
Respondents

- No Leaves
- One Leave
- Two Leaves
- Three to Seven Leaves

	Overall	Included	Excluded
Three to Seven Leaves	12%	14%	7%
Two Leaves	20%	22%	14%
One Leave	31%	31%	31%
No Leaves	36%	33%	47%

During the period of September 16, 2015 to September 15, 2016, 36% of WES respondents did not take any types of leaves.[2] Just over half of respondents used one to two different types, while 12% took between three to seven different types of the 43 leaves that were possible. This pattern was different when excluded respondents were compared with included respondents. Excluded respondents were more likely to not take any leaves at all, while included respondents were more likely to take multiple kinds of leaves.

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[2] Results are based on 18,857 WES respondents who were eligible to access up to 43 specific types of leave during this period (e.g., regular and auxiliary respondents with more than 1,827 hours). Results do not include short-term or long-term sick leaves or vacation leaves. Leaves could have been paid or unpaid.

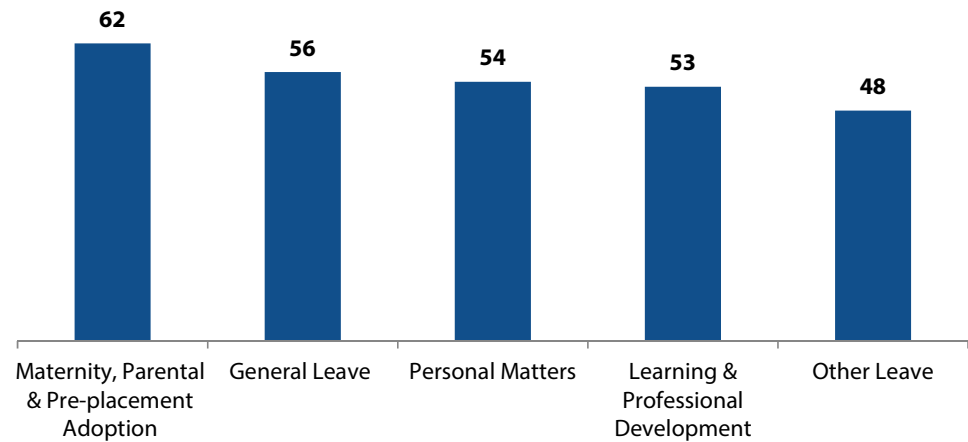*Respondents with more types of leaves reported less favourable views.*

Average Score
(Out of 100 points)

Number of Paid Leaves

When impressions of benefits were compared across these groups, the more types of leaves they had taken, the less likely they believed that their benefits meet their and their families' needs well. Respondents who had not actually taken any leave reported the most positive scores. Those who had taken one type of leave reported scores that were three points lower. Scores fell another three points among respondents who had taken two types of leaves, while those who had taken three to seven different types of leaves reported the lowest scores.

This trend is not the same when comparing included and excluded respondents.

Average Score
(Out of 100 points)

Number of Paid Leaves

Over the years, included and included respondents reported distinct views about their benefits, with scores separating these groups by as much as 20 points. This difference becomes more pronounced when the number of leaves is taken into account.[3] The more leaves that included respondents had taken, the less positive their scores. Results for excluded respondents fluctuated by only two points regardless of the number of leaves they had taken. The gap is the largest between those who had taken the most leaves.

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[3] Most differences for included respondents were statistically significant [one-way Analysis of Variance (ANOVA), Dunnett T3's post hoc tests ($p<0.05$)]. The one exception involved the difference between the two groups who have the highest number of leaves. There were no statistically significant differences in scores among excluded respondents.

Respondents who used maternity, parental and/or pre-placement adoption leaves reported the most positive scores.

Average Score
(Out of 100 points)

Maternity, Parental & Pre-placement Adoption: 62
General Leave: 56
Personal Matters: 54
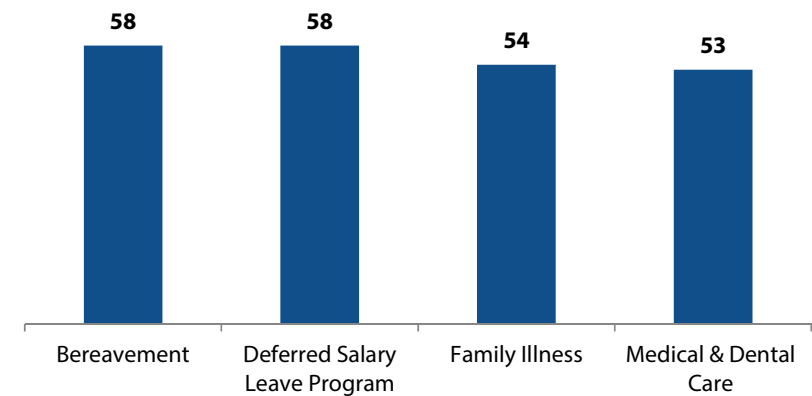Learning & Professional Development: 53
Other Leave: 48

The different types of leaves were grouped into five main areas. This was done to explore respondents' views based on the kind of leave they had used over this period.[4] Across these areas, views varied by as much as 18 points. For example, respondents who had taken maternity, parental and/or pre-placement adoption were the most likely to believe their benefits meet their and their family's needs well.

Respondents who had taken general leaves of absence reported the next highest score, followed by those who had taken leaves either for personal matters or learning and professional development.[5] The remaining respondents who had taken other leaves reported the lowest scores.

Scores for special types of leaves of interest varied no more than five points.

Average Score
(Out of 100 points)

Bereavement: 58
Deferred Salary Leave Program: 58
Family Illness: 54
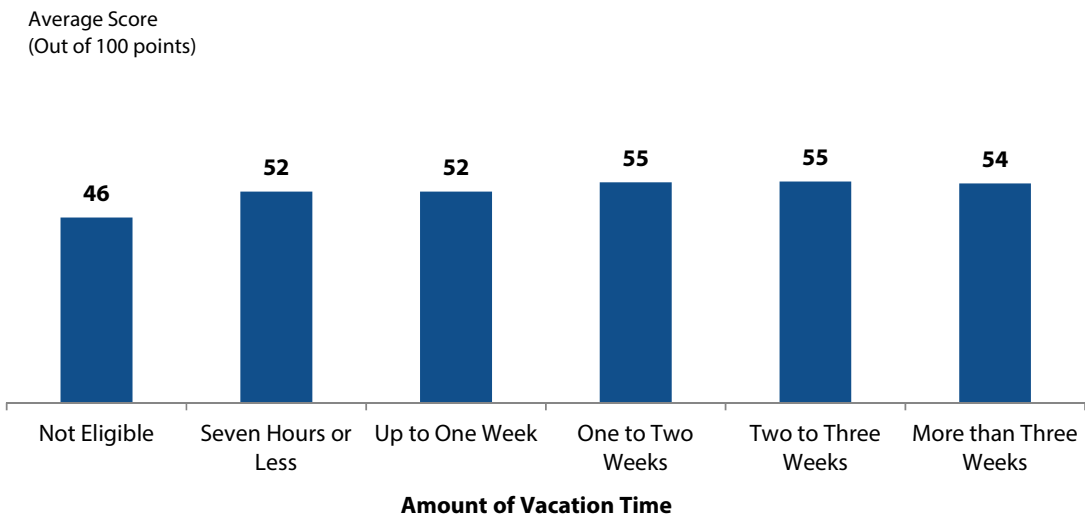Medical & Dental Care: 53

Analysis next turned to four special types of leaves that were classified under either personal matters or other leaves. Respondents who had taken bereavement leave or participated in the deferred salary leave program reported significantly higher scores than leaves for family illness or medical and dental care. The differences across these four types of leaves ranged from 53 to 58 points.

[4] For comparisons across specific areas, BC Stats focussed only on respondents who had taken one type of leave. Respondents who took multiple leaves were excluded from the analysis. Excluded and included respondents were analysed together.

[5] General leave is defined as leaves of absences with or without pay. Personal Matters included 21 different types of leaves such as bereavement, medical and dental, family illness, moving household effects, household/domestic emergency, illness of elderly parent and funeral pall-bearer/mourner leave, etc. Learning and professional development primarily involved leaves for job interviews as well as leaves for professional and career development activities. Other leaves covered a wide range of types. These leaves primarily included union/association business retiring allowances, suspensions for just cause and the deferred salary leave program.

The amount of vacation time taken prior to the launch of WES makes little difference for eligible respondents.

Average Score
(Out of 100 points)

Amount of Vacation Time

Respondents were grouped according to the amount of paid vacation time they had taken in the three months leading up to the launch of WES in 2015. Nearly 19,000 eligible WES respondents had taken an average of 61 vacation hours, while over 400 respondents were not eligible for vacation (e.g., they were auxiliary staff with less than 1,827 hours). Analysis found those who were not eligible reported the lowest scores. Among eligible respondents, there was a modest difference in scores. Respondents who had taken one week or more reported more positive scores than those who had taken less vacation time. Only the most extreme score differences between these groups of eligible respondents were statistically significant.[6]

2. Are there any differences across groups of excluded respondents based on the options they had selected within the Flexible Benefits Program?

The Flexible Benefits Program allows excluded respondents to tailor their benefits in a way that meets their needs. All plans offer multiple levels of coverage varying from the most basic to comprehensive, and can be updated annually. During the period leading up to the 2015 WES cycle, 4,551 eligible excluded respondents were enrolled in the program. Their impressions of how well their benefits meet their and their family's needs were explored according to the different coverage options they had selected for their extended health and dental and insurance plans as well as health spending accounts.

Analysis found respondents to be fairly positive regardless of the kind of coverage they had selected. Their impressions tended to be more similar than different in the majority of cases, with most scores averaging between 68 to 70 points. Respondents who enrolled only themselves (i.e., no dependents) reported similar scores as their colleagues who had extended their coverage to include their dependent(s). Selecting the more comprehensive coverage options also did not seem to make a difference on their overall impressions of their benefits.

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[6] Most score differences are statistically significant based on a one-way ANOVA, Dunnett T3's post hoc tests ($p < 0.05$).

There were several groups who reported significantly more positive scores however. Respondents who had waived their coverage on the core plans reported higher scores than others who did not. The one exception to this trend was the group who had chosen to allocate funds to a Health Savings Account (HSA). Those who had elected to have a HSA reported more positive scores than those who had waived their HSA.

There were more similarities than differences among excluded groups of respondents selecting different options.

Plan	Groups[7]	Average Score	Score Difference (Group – Excluded Overall)	Total Count
Dental Plan				
	Waived	77*	+8	82
	Option 1-3 (*Basic*)	70	+1	511
	Option 4 (*Default*)	69	0	3,029
	Option 5-6 (*Comprehensive*)	69	0	916
	Employee Only	68	-1	882
	Employee + 1 Dependent	68	-1	2,502
	Employee +2 or More Dependents	70	+1	1,504
Extended Health Plan				
	Waived	74*	+5	54
	Option 1-2 (*Basic*)	71	+2	267
	Option 3 (*Default*)	68	-1	2,931
	Option 4-5 (*Comprehensive*)	71	+2	1,286
	Employee Only	68	-1	893
	Employee + 1 Dependent	70	+1	1,505
	Employee +2 or More Dependents	68	-1	2,068
Medical Services Plan				
	Waived	73*	+4	668
	Option 1 (*Default*)	68	-1	3,871
	Employee Only	69	0	980
	Employee + 1 Dependent	69	0	1,224
	Employee +2 or More Dependents	68	-1	1,645
Health Spending Account (HSA)				
	Waived (*Default*)	69	0	4,063
	Option 1	72*	+3	475
Employee Basic Life Insurance				
	Option 1 (*Basic*)	71	+2	516
	Option 2 (*Default*)	70	+1	1,261
	Option 3 (*Comprehensive*)	68	-1	2,753

* Score is significantly different from other groups within the specific plan based on one-way ANOVAs and Scheffe post hoc tests, $p < 0.05$.

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[7] Respondents were counted twice in Dental, Medical Services and Extended Health Plans—once for the option they had selected and once for the number of they enrolled under their plan.

Conclusions

In the survey there is no concrete definition supplied when respondents evaluated how well their benefits meet their and their family's needs. Therefore, respondents could be considering many other factors that this present analysis does not account for (e.g., personal, work environment). Because these trends are the first glimpses into an unchartered territory, findings should be treated as preliminary. More in-depth analysis is needed before more definitive conclusions can be drawn.

Based on this preliminary examination of specific administrative records of employee activities and eligibilities in the year leading up to the 2015 WES cycle, there appears to be some circumstances that may be associated with respondents' more favourable impressions of their benefits. In some cases, scores varied by over 30 points for some of the more obvious circumstances. For example, scores were as high as 77 points for excluded respondents who waived all options in their dental plan, while scores were as low as 46 points for auxiliary respondents who were not eligible to receive benefits like vacation. Overall differences were not as meaningful and large when special types of leaves were examined, with most scores falling within the 50 to 60 point range. Impressions were more extreme among included respondents who had taken multiple types of leaves, and respondents in general who had taken other leaves. It is too soon to say why these groups reported lower scores. Their less favourable results may have been an artifact of special circumstances they found themselves in (e.g., suspension with just cause) or they may have been a reflection of the complexity of challenges and needs triggering multiple types of leaves (e.g., medical and dental care, family illness and bereavement). Another explanation is that this may be due to leaves being perceived as inadequate or not meeting expectations once they had experienced it firsthand. In other words, when included respondents used specific types of leaves, they may have found the leaves were not enough to meet their needs. This may help explain the more positive trend seen among included respondents who did not take any leaves at all. Future analysis should dig deeper into this trend while controlling for other factors beyond the scope of this analysis (e.g., length, paid versus unpaid and frequency of leaves, etc.).

On average, included and excluded respondents' benefits add the same amount of value to one's overall compensation, yet their impressions of their benefits could not have been any more different. The differences between these groups exceeded any other type of leave taken. Moreover, multiple leaves did not play out the same way for both groups. Excluded respondents may have been more positive than included respondents because of perceived or real differences in their benefits programs. Perhaps having choices also matters. Being able to tailor their benefits may be more important than specific options per se given the similarity of scores from the most basic to the most comprehensive, regardless of plan. Alternatively, excluded respondents may have been more positive because the program enabled them to play a more active and informed role in regularly deciding their benefit's coverage, thus enhancing their understanding of how their benefits add to their overall compensation. Thus, results lend support to PayScale's argument that it is not compensation per se, but how it is approached and communication in the organization that may matter.