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## What are the Best in Class Non-Monetary (e.g. Non-Bonus, Non-Stock, or Non-Salary) Benefits for Innovation Based Companies?

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## What are the Best in Class Non-Monetary (e.g. Non-Bonus, Non-Stock, or Non-Salary) Benefits for Innovation Based Companies?

### Abstract

[Excerpt] Different employee groups have different preferences in terms of non-monetary benefits. Employees who move from organization to organization quickly might prioritize work environment, whereas others might emphasize career development. Thus, when creating non-monetary benefits systems, it is important to recognize differences in what employees value. Nonfinancial rewards can also foster perception of fairness and can play an important role in employee engagement. The top reasons that employees leave an organization are nonfinancial reasons, such as poor work climate, lack of career development opportunities, and unclear direction of the organization. To target these key issues, we focus on three major components of non-monetary categories and case examples of nonfinancial rewards for each: work life balance, career development and learning, and company culture/employee engagement.

### Keywords

Human Resources, HR, non-monetary, benefits, rewards, innovation, innovation based company, career development, non-financial rewards, work life balance, learning, culture, employee engagement, workforce, women, gender, diversity, reduced work schedules, time off, child care, elder care, flexible work hours, coaching, mentoring, tuition support, conferences, sabbaticals, high potential employees, career maps, competency model, communication, health insurance, free housing, alumni programs, morale, pet friendly, attracting talent, talent

### Comments

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*What are the best in class non-monetary (e.g. non-bonus, non-stock, or non-salary) benefits for innovation based companies?*

## INTRODUCTION

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Different employee groups have different preferences in terms of non-monetary benefits. Employees who move from organization to organization quickly might prioritize work environment, whereas others might emphasize career development. Thus, when creating non-monetary benefits systems, it is important to recognize differences in what employees value. Nonfinancial rewards can also foster perception of fairness and can play an important role in employee engagement. The top reasons that employees leave an organization are nonfinancial reasons, such as poor work climate, lack of career development opportunities, and unclear direction of the organization.<sup>1</sup> To target these key issues, we focus on three major components of non-monetary categories and case examples of nonfinancial rewards for each: work life balance, career development and learning, and company culture/employee engagement.

## THEORY

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**Work Life Balance:** Nowadays, women consist of an increasingly large proportion of the workforce and they play a more important role in innovation based companies. Women with young children prioritize work-life balance the most, and value compensation, recognition, and development less. Work-life balance for these employees include flexibility and reduced work schedules. However, most women in this group said they don't have enough flexibility at work, which increases the possibility of leaving the company. Furthermore, less experienced employees desire work-life balance and development. Work life balance benefits include: time off, child care and elder care, flexible work hours, short term disability and long term disability benefits.<sup>2</sup>

**Career Development and Learning:** Some companies are using career development programs as non-monetary benefits, such as: coaching and mentoring, tuition support, conferences, corporate universities, international assignment opportunities, and sabbaticals. Career growth is one of the main reasons employees join a company; It is also one of the most frequent reasons employees might leave an organization.<sup>4</sup> Improving career development will attract and retain talent, and should be incorporated into total rewards. Companies should set clear career paths for high-potential employees, create career maps, align competency model with career map so employees understand how work should be done, and train managers with tools to communicate career opportunities for employees.<sup>3</sup>

**Company Culture and Employee Engagement:** Employers should provide employees with high quality work experiences to keep them engaged at work. Incorporating challenging and interesting work will also retain high-potential employees, while driving business results.<sup>3</sup>

## PRACTICE

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There are lots of non-monetary benefits that have been adopted widely such as flexible working hours, generous health insurance packages, free housing and Alumni Programs. But focusing on innovative companies, there are

some very new and creative non-monetary benefits that have been rolled out in innovative companies. All these non-monetary benefits fall into the three categories explained previously.

### **Work Life Balance**

1. *Spotify* provides six months of paid parental leave, plus one month of flexible work options for parents returning to the office. The company also covers costs for egg freezing and for fertility assistance.
2. *Zillow* allows employees who are traveling to ship their breast milk.

### **Career Development / Learning**

1. In addition to parental policy and flexible working hours, *Pinterest* provides female employees two counseling sessions to create a plan to re-enter the workplace.
2. *Asana* employees have access to executive and life-coaching services outside of the company.
3. *Twilio* offers employees a Kindle plus \$30 a month to purchase books.

### **Company Culture / Employee Engagement**

Culture and engagement can be very broad and abstract. Some examples of non-monetary benefits in this area include:

1. Reinforcing exemplary behaviors in the short-term and fostering long-term loyalty
  - The *ad agency DDB* sends bottles of premium champagne to employees who delivers extraordinary performance on an account or project.
2. Opportunity to represent the company
  - Opportunity to attend conferences and seminars abroad and represent the company to introduce findings, new technology or new products is very motivating benefit to employees, particularly employees in industries like technology, pharmaceutical and internet. Representing the organization brings about a sense of pride to employees and will definitely motivate them to be more dedicated to and engaged in their work in the future.
3. Pet-friendly workplace to make work less stressful
  - *Amazon* has created a pet-friendly workplace where employees can take their dogs (or other pets that are approved and able to stay calm not to disrupt work) to the office with them. This benefit provides a happier working environment with much less stress since pets are thought to mitigate stress and anxiety, and therefore, boost morale.

## **RECOMMENDATION**

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To plan the best non-monetary benefits, high-performing companies are using total rewards as a way to attract and retain talent. It is important to understand business goals and individual employee motivation before deciding on specific non-financial rewards. The following considerations must be taken into account by companies in creating reward systems:

- **Goal setting:** setting goals with clear objectives, measures, and competitive positioning
- **Business objective:** aligning reward system with business objective, including but not limited to company culture, training and career development, and manager effectiveness.
- **Connection between total rewards and business:** communicate with employees to meet individual needs and help employees understand the value of non-monetary benefits.
- **Definition of success:** high-performing companies balance employee value and return on investment when defining and measuring success. Measures include employee engagement and employee satisfaction.
- **Input consideration:** high-performing companies communicate with employees and business leaders before planning non-monetary rewards program. In addition to using external input such as trends and benchmarks, companies incorporate employee preferences and impact of rewards on employee engagement. <sup>2</sup>

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