

Geico total rewards program case study essay sample

[Business](#), [Employment](#)



There are several advantages to using a total rewards approach to compensating the workforce. The top five are described in the text (pp. 15–17). The following paragraphs discuss the facets of the Geico total rewards program that align with these advantages: The first facet is “ Health and Well-Being”. Geico offers a variety of medical plans to their employees such as PPO’s, HMO’s, dental, and vision. Geico offers three free sessions from their employee assistance program and basic long-term disability insurance which is paid for after three years of employment. Premium long-term disability insurance is available at an additional cost. Many Geico facilities offer on-site fitness centers, athletic programs, and local gym membership discounts.

This facet is aligned with increased flexibility advantage of a total rewards approach. The second facet is “ Education and Training” which is aligned with the “ Improved Recruitment and Retention” total rewards approach. The dynamic of this approach focuses on organizations obtaining and retaining employees by implementing a total rewards strategy that would address these issues. Geico’s “ Education and Training” total reward facade offers paid training in sales, customer service, claims, and auto damage.

Employees participate in Geico’s Insurance Studies Program Sales to prep for state licensing and underwriting exams. Geico offers tuition reimbursement for full-time employees towards their undergraduate education. Geico University promotes continuous growth and development for their employees by offering e-learning and instructor led courses in various

subjects. Geico's internal job board and promote from within corporate culture increases the value of the " Education and Training" facet.

The third facet is " Finance and Retirement" which is aligned with the " Reduced Labor Costs/Cost of Turnover" total rewards approach. The dynamics of this total reward focuses on organizations reducing turnover by offering competitive total rewards packages versus the competition. Geico's " Finance and Retirement" offers competitive salaries, promotions, and company awards. Roth and 401(k) Plans are offered and a competitive Profit Sharing Plan.

The fourth facet is " Time Off and Leave" which is aligned with " Heightened Visibility in a Tight Labor Market" total rewards approach. The dynamic of this approach is the lack of talent in the global workforce to immediately replace critical positions. It is essential for organizations to not overwork their employees and provide a work/life balance culture. Geico's " Time Off and Leave" facet maintains a work life balance by offering annual vacation days to full-time employees which increases following fifteen and twenty years of services. Part-time associates accrue leave based on the number of hours worked which is a very rare benefit. Full-time and part-time employees receive six paid holidays and four floating holidays which can be used as additional days off. Personal leave, military leave, bereavement leave, and jury duty leave is offered as well.

The fifth facet is " Family and Life" which is aligned with " Enhanced Profitability" total rewards approach. Geico summarizes their total rewards

package and highlights their big perks. The aspect of “ Enhanced Profitability” focuses on organizations maximizing their total rewards program and not placing much emphasis on costs. Geico’s “ Family and Life” total rewards facet focuses on additional benefits the company offers that would be beneficial to employees. These benefits consist of FSA’s, Adoption Assistance, casual dress days, auto insurance discounts, low-cost parking, commuter programs, travel discounts, retail discounts, and corporate philanthropy through the Corporate Community Citizens Program. Adopting a total rewards strategy may allow an employer to moderate its labor costs by trading off various components of the employment package (Kaplan, 2005). Organizations may emphasize relational rewards such as flexible work schedules which tend to cost less than transactional rewards.

Total Rewards Strategy

Geico needs a strategy that addresses all of these advantages. (These are the top five advantages on pp. (15—17.) The company should follow the following strategy toward this end: “ Increased Flexibility” consists of various benefits that meet the needs of a diverse organization. Flexible benefits are an important part of total rewards because they help improve the employee experience by providing them with more choices when it comes to perks (Wilkinson, 2007). Geico can capitalize on “ Increased Flexibility” by communicating to existing employees and prospective candidates how each flexible reward is beneficial to them. Most employees may not appreciate total rewards an organization offers because they do not understand them. Geico can take advantage of “ Improved Recruitment and Retention” by

tailoring their total rewards package towards the demographics of the workplace.

Demographics play a significant role in the type of total rewards an organization offers. A younger workforce's should differ from the needs of an older workforce. Today's employees value relational rewards such as career development and learning (Kaplan, 2005). Gender influences the type of total rewards package as well. A predominantly female population may value relational benefits such as flexibility versus a male dominated workforce (Kaplan, 2005). Geico can take advantage of " Finance and Retirement" by separating themselves from the competition. A one dimensional total rewards program does not work in today's workforce due to the increased diversity and various needs that will be beneficial to their career, work, and personal life. According to Kaplan (2005), total reward packages need to be a mixture of transactional and relational rewards.

Transactional rewards consist of monetary benefits such as compensation. Relational rewards consist of benefits associated with the emotional aspects of an employment relationship (Kaplan, 2005). Relational rewards reduce retention and increases individual commitment. Competitors copy these types of rewards which make it difficult for organizations to differentiate themselves by their compensation and benefits programs alone (Kaplan, 2005). Organizations that customize their total rewards package differentiate themselves from their competitor, attract talented candidates, and improve retention rates (Kaplan, 2005). Geico can take advantage of " Heightened

Visibility in a Tight Labor Market” by maximizing their total rewards package in a competitive market.

As previously stated, the dynamic of this approach is the lack of talent in the global workforce to immediately replace critical positions. Certain jobs within an organization have a more direct impact versus others. Geico should focus on the critical workforce segments which have more influence on the design of the total rewards program. The critical workforce does not necessarily have to receive more rewards than non-critical positions. Many of the total rewards valued by critical workforce segments should include intangibles such as mentoring, career planning, and flexibility that can be offered to the entire workforce without necessarily creating an additional expense (Phoenix, 2006).

Geico can take advantage of “ Enhanced Profitability” by making sure employees are maximizing the total rewards available to them. Companies are transitioning from base pay salary compensation as the main benefit to attract and retain talent (Thurston, 2006). Geico’s total rewards program needs to be aligned with the financial strategy of the organization. An organization’s total reward package does not necessarily have to involve more cost. The strategy should consist of the organization offering highly valuable benefits that do not come at a substantial cost.

The Communications Plan

In examining the effectiveness of the communication of Geico’s total rewards program based upon the Websites’ descriptions of the benefits, the following

two changes for improvement are recommended: The first change is to improve visualization of the total reward program such as adding online tools that allows employees and prospective candidates to view the benefits of each total reward. For example, a retirement model would allow employees to better appreciate the company's retirement benefits. The second change is to update total reward information frequently. Total rewards communications should be updated frequently and made available to employees at all times (Sammer, 2007). Frequently updated information gives employees a reason to review that information (Sammer, 2007).

Total Rewards Improvements

Hypothetically, many of the Geico employees are unhappy with the current total rewards plan. The following changes that should improve the total rewards program are recommended: The first change is to understand what type of products the employees want. Geico can research employees buying habits to determine which transactional rewards are popular and unpopular. Geico can also review the use of relational rewards such as enrollment rates for learning and development courses.

The second change is to discuss the current total rewards package with employees. Connecting employer perceptions of employee of the total rewards packages requires a much more comprehensive approach than the traditional annual satisfaction survey (Phoenix, 2006). Geico should encourage communication between management and employees regarding total rewards. Continuous feedback allows an employer reach out to its

employees on a frequent basis (Phoenix, 2006). Management would utilize this feedback to solicit views about the total rewards package.

References

Kaplan, S. L. (2007). Business Strategy, People Strategy and Total Rewards. *Benefits & Compensation Digest*, 44(9), 1-19. Phoenix, T. (2006). Rewards Transformation: Understanding the Internal Total Rewards Marketplace. *Benefits & Compensation Digest*, 43(9), 1-14. Sammer, J. (2007). Tell Them About It. *HR Magazine*, 52(11), 73-76. Thurston, L. D. (2006). Focus on total employee rewards and effective communications key to corporate success. *Caribbean Business*, 34(50), 31. Wilkinson, A. (2007). Defining a Now Era of Benefits. *Employee Benefits*, 3-4. WorldatWork. (2007). *The WorldatWork handbook of compensation, benefits, & total rewards*. Hoboken, NJ: John Wiley & Sons.