A Guide to Benefits Equity: Strategies, Actions and the Power of Curiosity

by **Patricia M. Jesperson** | *EmployeeEXP*

One of my favorite sayings is, "What is old is new again." For those engaged in diversity, equity and inclusion (DEI) and total rewards work for many years, much of what we know today has been there all along. The primary difference between the past and now is that until this point, many organizations have been able to thrive while at the same time suspending belief in impending demographic shifts—despite growing evidence to the contrary.

Understanding the Landscape

As if out of nowhere, human resource (HR) teams from coast to coast were shocked by the rate of retirements. In 2011, the first round of Baby Boomers—those born between 1946 and 1964—turned 65. From now until 2030, 10,000 Baby Boomers each day will hit retirement age in the United States.[1] Using simple math, the aging out of Baby Boomers from the workplace has been self-evident since the 1960s.

At the same time that the U.S. has been aging, it has also been browning. According to Pew Research Center, "Americans are more racially and ethnically diverse than in the past. The U.S. is projected to be more diverse in the coming decades. By 2055, the U.S. will not have a single racial or ethnic majority."[2] While these changes may be more subtle, they have been nonetheless obvious.

Much of the browning of the U.S. is fueled by immigration. However, even with that fact, there is a perfect storm brewing in a decline of replacement numbers. The Population Reference Bureau states that in 2008, U.S. Census Bureau projections showed the number and share of children exceeding that of the older population every year through 2050, but 2017 projections showed the number and share of the older population surpassing that of children by 2034.[3]

At the dawn of diversity initiatives (the terms *equity* and *inclusion* did not exist in the vernacular at the time), expanding talent pools was seen as a "right" thing to do. Flash for-

AT A GLANCE

- While the United States has been aging, it has also been browning; by 2055, the U.S. will not have a single racial or ethnic majority.
- Organizational diversity, equity and inclusion (DEI) is correlated with both increased innovation and profitability.
- Successful, competitive and innovative organizations should consider creating a partnership between total rewards and organizational DEI efforts. Such a partnership must focus on several challenges, including achieving benefits equity.

ward to new realities. With COVID-19 and the instantaneous illumination of racial inequities brought about by the killing of George Floyd, chief executive officers (CEOs) across the country received the equivalent of societal shock treatment—an event causing the need to take sudden and drastic measures to solve an intractable problem.

On the one hand, there has been progress. The *Missing Pieces Report: The Board Diversity Census of Women and Minorities on Fortune 500 Boards* observes that, among Fortune 500 companies, more progress in diverse board representation was made between 2016 and 2020 than between 2010 and 2016. Nevertheless, the report concludes that while "there have been a few gains in board representation for some demographic groups, advancement is still very incremental, with goals of achieving proportional representation to the presence of women and minorities in the U.S. population sometimes multiple decades away at current rates of change."[4]

On the other hand, there are pending requirements designed to force board diversity such as those found on NASDAQ. Interestingly, these efforts are not unlike the reality that diversity was really ushered in on the heels of large consent decrees for unfair labor practices. The *Missing Pieces Report* states "It remains to be seen whether the social unrest roiling the U.S. body politic—which has brought systemic racial inequity and injustice, exacerbated by the pandemic, into sharp focus—together with actions to mandate or encourage board diversity, such as California's AB 979 or, if approved, the NASDAQ board diversity proposal, will accelerate the rate of change evidenced in the Report."[4]

I admit to seeing some DEI efforts through a critical eye. My perspective is driven by the decades in which I've seen evidence of change and, too often, greater evidence of the same old, same old, dressed up in spiffier clothing. Meaning, in the early days of DEI work, we did not have the ability to show leadership teams the metrics that supported why DEI should be mission-critical versus a social service program. Today, new metrics arise every day. Despite the numbers, there are still organizations that struggle with infusing the power of inclusion.

A 2020 McKinsey report illustrates the value that DEI brings to organizations: "The most diverse companies are now more likely than ever to outperform non-diverse companies on profitability. Our 2019 analysis finds that companies in the top quartile of gender diversity on executive teams were 25 percent more likely to experience above-average profitability than peer companies in the fourth quartile. This is up from 21 percent in 2017 and 15 percent in 2014."[5]

Noting that the "argument has always made intuitive sense," the 2017 BCG *Diversity and Innovation Survey* was able to quantify "convincing correlations to add to the case . . . Companies that reported above-average diversity on their management teams also reported innovation revenue that was 19 percentage points higher than that of companies with below-average leadership diversity—45% of total revenue versus just 26%. For company leaders, this is a clear path to creating a more innovative organization. People with different backgrounds and experiences often see the same problem in different ways and come up with different solutions, increasing the odds that one of those solutions will be a hit. In a fast-changing business environment, such responsiveness leaves companies better positioned to adapt."[6]

Aligning Total Rewards and DEI

The numbers now bear out that diversity at the top leads to more successful, competitive and innovative organizations. Knowing that, it would seem an easy fix. However, today, once employers find the best and brightest diverse talent, the questions are how to (1) entice them to join the organization and (2) get them plugged into a career development plan that will keep them.

This is where the importance of the partnership between total rewards and organizational DEI efforts intersect. HR and payroll software provider Paycor reported that while labor costs can account for as much as 70% of total business costs and include employee wages, benefits, payroll or other related taxes, HR professionals only spend 15% of their time managing labor costs. "Attracting top talent, engaging new employees and developing them over the course of their career are always top of mind for HR professionals, but herein lies a critical opportunity for HR to step out of its comfort zone and contribute much-needed value to an area typically owned by Finance."[7]

The Impact of Inequity in Health Care

Arline Geronimus at the University of Michigan School of Public Health first coined the term *weathering* in 1992. In a 2019 article for *Self* magazine, she shares, "We've learned a lot about what stress does to your body and your organs and how it accelerates the aging of your cells. This has helped me understand how lived experiences become biology." As explained in the same article, "The term 'weathering' describes how the constant stress of racism may lead to premature biological aging and poor health outcomes for black people, like disproportionately high death rates from chronic conditions such as heart disease, stroke, diabetes, and most cancers."[8]

Most notable about weathering is that it does not correlate only with socioeconomics. In a *60 Minutes* interview, Harvard researcher David R. Williams, Ph.D., pointed out a few interesting facts: "Black women with college degrees are more likely than white women who did not finish high school, to have their babies die prematurely. In the 1970 graduating class at Yale, Black graduates were three times more likely to die prematurely and, finally, even when treated in the same health care settings, Black patients receive poorer care." He suggested we think of weathering as the constant dripping of water on a sidewalk—the cement slowly erodes over time.[9]

Metaphorically applying this knowledge to the role of benefits administrators and their consulting partners, benefits administrators are the weather people of the talent pipeline. They are positioned to prepare the organization and its people for the days ahead, whether they be rainy, dry, or mild and sunny. Their specific actions can (1) provide attractive benefits to a more diverse population of candidates; (2) enable all employees, regardless of color, socioeconomic background, gender, family status, individual identification and more to navigate the inequities in the health system; and (3) ensure access to the professional development necessary for anyone who wants to be part of an organization's succession planning.

Organizational Alignment

Setting the Stage

Adorning my wall for nearly three decades is an illustration of the following conversation between Alice and the Cheshire Cat in *Alice in Wonderland*.

> Alice: "Would you tell me, please, which way I ought to go from here?"
>
> The Cheshire Cat: "That depends a good deal on where you want to get to."
>
> Alice: "I don't much care where."
>
> The Cheshire Cat: "Then it doesn't much matter which way you go."

Aligning this with the weather-person metaphor, one cannot plan for the days ahead without data, knowledge and a strategy to address what's coming. Lowering health care costs, increasing deductibles and adding a line of coverage may result in cost-containment, but organizations that want to attract, retain and engage the workforce of tomorrow should consider integrating their total rewards strategy needs to integrate with the organization's mission, vision and values. An organization's total rewards program speaks volumes about its employer brand.

Consider the pressures COVID has put on the workforce. Millions of women have left, employees are balancing remote work and home life, kids are going back to school to face vehement disagreement between their parents over masks, and workers are unsure about returning to in-person work. (And the list goes on.) When you combine these realities with a tight talent market and a more pluralistic workforce, studies continue to confirm that employees want to work for employers that are engaged in DEI. Total rewards will affirm an organization's engagement, or lack thereof, in DEI.

Leadership in the Face of Change

Whether it is social unrest or a global pandemic, one can understand a rise in CEO activism. Examples include the Delta Air Lines CEO speaking against voter legislation in Georgia, the National Collegiate Athletic Association (NCAA) boycotting North Carolina on the bathroom bill (restricted use by transgender individuals), Uber and Lyft offering to pay fines for transporting women to abortion clinics in Texas and the Business Roundtable making a statement that supports vaccine mandates. Regardless of what side of any of these discussions you stand on, the total rewards programs you choose to offer will inform prospective employees. It will communicate alignment between your organization and its values.

This matters when considering best practices in total rewards because health outcome disparities negatively impact the employee as well as the organization's bottom line and employer brand. Whether a $250,000 claim is filed by an employee working on the manufacturing floor or by someone in the C-suite, it will hit the plan for $250,000. A claim is a claim, regardless of an employee's role within the organization. Unfortunately, as the weathering data suggests, all is not equal when it comes to treatment outcomes.

If the benefits administration team does not have a defined guidepost—such as a total rewards mission statement that clearly defines total rewards as an organizational strategy—the team is positioned to wander a similar path as our friend Alice.

The following mission statement is an example: "To deliver a total rewards program that facilitates healthy outcomes, supports individual difference, and ensures access to career development at every level of our employee population."

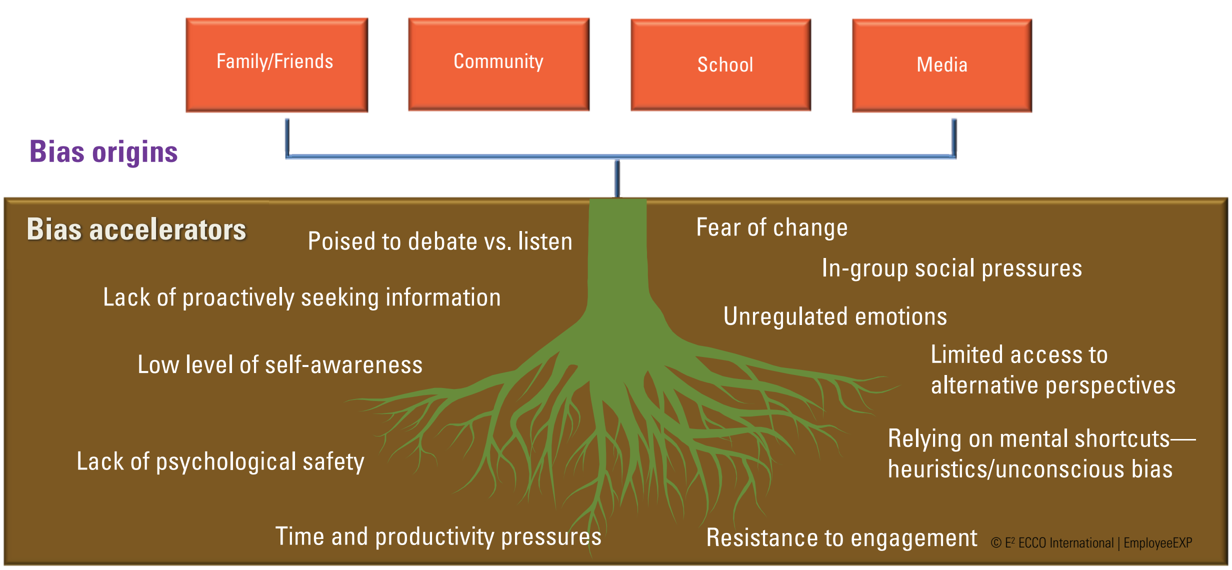
Alignment Starts With Individuals

Looking at role responsibility is a two-pronged conversation. First is to recognize the role of oneself in developing and implementing a total rewards strategy. Learned biases carry forward from a person's past to become part of the many decisions they make in their respective roles; some are conscious, but they are more often unconscious. The figure below illustrates the roles of bias origins and accelerators in the individual change process.

When exploring bias and its relationship to diversity in the workforce, *diversity* can be defined as all the ways people are different from each other, which include the often underconsidered socioeconomic differences that exist within organizations. Role difference can have some of the greatest impact on both productivity and the bottom line. A very basic example of not recognizing role barriers within the organization is the issue of access to formal and informal professional development. What is afforded to those in corporate or other office settings may not be accessible to workers on the manufacturing floor.

FIGURE

Individual Change Process



To better understand people's differences, employers must first understand bias. The origins of bias are the biases everyone is exposed to from nearly their first breath—People have little control over exposure to the individuals and organizations that helped them form these biases. In contrast, they have more control over the accelerators of bias. Many of the accelerators stem from apathy in seeking information or in taking personal action to challenge lifelong assumptions. As illustrated in the figure, examples include failure to proactively seek information, relying on mental shortcuts (such as heuristics and biases), perceived and real-time productivity pressures, being poised to debate versus listen, in-group social pressures and more.

Time- and production-pressured line managers hold the power to support or deny professional growth activities. Unfortunately, these activities can be perceived as conflicting with a manager's ability to achieve department or division goals. Examples of well-intended efforts include affinity groups, internal universities, wellness activities, etc. These competing realities create an opportunity for total rewards and DEI professionals to explore solutions that benefit all.

The Eisenhower Matrix[10]—also known as the Urgent vs. Important Grid—explains these realities. Benefits administrators are susceptible, as are most people, to operating from the "urgent" box—checking off a to-do item, responding to a boss or colleague's request, or tackling an immediate personnel issue. While these actions help with role relevance, they most often accomplish someone else's goals. The "important" box, however, drives creativity, meaningful contribution, innovation and overall success. There are no time constraints or outside pressures in this box; it is the box where people take time to reflect, plan, vision, design, challenge their biases and grow personally. In this box, people take care of their goals. The Society for Human Resource Management (SHRM) article "Become Aware of Personal Bias, and You'll Improve Ethical Practice"[11] illustrates specific opportunities to be found in this box:

- Pause and reflect. Study yourself and your reactions. How do you react to change? What do you feel when something doesn't go the way you expected it to? Take notes.
- Expand your horizons. Proactively look for new experiences to discover more about yourself and your reactions to unfamiliar situations.
- Learn to know yourself. This may be the most challenging, but find time for solitude and to relax. It's amazing what you learn about yourself when you sit with your thoughts. Meditate. (Start with a simple breathing exercise. Close your eyes and inhale through your nose for four counts and exhale through your nose for four counts. Repeat for ten rounds.)

Benefits Equity

This is the most difficult piece of integrating total rewards and DEI. These efforts have been in place for some time now and, over this time, it seems that folks seek a magical or previously unseen solution to this deceptively difficult challenge.

Voltaire's frequently shared phrase, "common sense is not so common," explains the conundrum of achieving benefits equity. Most people think of "common sense" as a core of knowledge and wisdom that they have and think others should have as well. And while there is some agreement on a portion of what constitutes common sense, there are many variations on the theme. One of the problems with common sense is the lack of commonality of experience. What constitutes common sense can also vary from region to region or in different social groups.[12] With this perspective in hand, here are two "common sense" solutions to creating benefits equity.

Personal Reflection

- Empathy—Reflect on when you were in a situation that you were able to resolve or, conversely, not resolve, due to the benefits afforded to you. How did you feel about it? If you don't have a situation to use for reference, create potential scenarios for a vast array of your employees. Try to imagine the stress, pain, financial hardship or loss an employee might feel as they balance their role within the organization and their family.
- Sympathy—Feel for past claimants on an individual basis. In looking at a claim, contemplate the employee and their situation. Consider the feelings they may have felt going through the event or the impact that

the event may have had on them or their families at the time and possibly in the future. Use this heightened awareness to explore how the total rewards program can serve the past—and more importantly, future—claimants. How might benefits changes yield improved outcomes as well as minimize organizational costs?

Actions You Can Take

Consider taking the following steps when striving to achieve benefits equity.

- Get curious. Locate and use resources available to you from your vendor partners and the growing body of content in publications. For example, see www.cigna.com/health-care-providers/resources/topic-cultural-competency-health-equity.
- Establish a personal board of directors who will help you to inform the decisions you make associated with your total rewards program. These should be individuals who are different from you and who tell you what you need versus want to hear.
- Explore the reallocation of funds. If you're not spending on real estate, what about professional development, community engagement or creative recruiting efforts?
- Take an outcomes-based approach. Start with the goal you want to achieve and then work backward to determine whether it is the "best" goal to work toward and, if so, explore how to address disparities or inequities that might exist in successfully achieving the goal.
- Expand your definition of *wellness* to something similar to "the state of being comfortable, healthy or happy."
- Randomly select a group of diverse employees throughout the organization. Ask yourself questions as though you were one of them:
  —Does the tenure in their role align with organizational norms?
  —Would you be happy if you had the same access to professional growth opportunities?
  —Is there language in their performance reviews that would cause you alarm if you were on the receiving end?
  —Do you see yourself participating in DEI activities? For example, is there broad representation of role and level representation or a consistently core or more exclusive group?

Questions You Can Ask

Asking the following questions can help further guide efforts to implement or improve benefits equity.

- What "problem" are we trying to solve?
- Why are we implementing this new benefit?
- How does the new offering align with our mission, vision and values?
- How does the new offering support sustainable change versus creating exposure for the organization by reacting to the latest headline?
- How will it impact our employees? Who specifically is the intended audience?
- How does it improve the everyday experience of the intended audience?
- How might it be a burden or negatively impact the overall employee experience?
- How does it integrate with existing benefits offered?
- How does the new offering increase engagement/productivity by making things easier for the members of the intended audience?

AUTHOR

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- How does the benefit contribute to establishing a sense of belonging?
- What access issues might exist associated with the new offering (for example, available to all employees)?

"*Equity: Just and fair inclusion. An equitable society is one in which all can participate and prosper. The goal of equity must be to create conditions that allow all to reach their full potential. In short, equity creates a path from hope to change.*" —Angela Glover Blackwell, founder in residence, PolicyLink.

Endnotes

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