



Creating compelling rewards packages for frontline workers

Insights from Deloitte

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A great deal of time and effort is spent creating rewards packages for salaried employees – but compensation and benefits for frontline workers have not received the same attention from organizations historically. That is changing as companies struggle to attract and retain the key frontline talent they need to drive operations. To set your organization apart in the eyes of job seekers and existing employees, you need to offer total reward packages that are not just financially competitive but innovative, flexible, and customizable.

There are 4+ different generations in the frontline workforce with widely differentiated job preferences and values. To accommodate different employees' needs, taking a holistic view on reward offerings is needed. Initial base pay (i.e., hourly rate), and bonus may attract workers but pay equity, benefits, and workplace experience are key factors for them to stay. Many retailers have both part-time early-career workers, full-time mid-career, and late-career workers at the same store: early-career workers may prefer

education benefits or a path to a full-time role, mid-career workers may desire better healthcare benefits or a pathway to leadership, and late-career workers may be working toward post-employment financial independence.

Given the unique needs of today's workforce, it's crucial to gather real-time data on what frontline workers need and value when structuring offerings. It's also important to take into consideration the external environment, including policy changes for a federal minimum wage,

1. Bureau of Labor Statistics: Job Openings and Labor Turnover Survey

2. Managing for Employee Retention, SHRM

economic conditions for a living wage, and what competitors are offering for similar roles. Frontline workers have more options than ever; businesses whose reward packages are developed in response to workers' needs, concerns, and aspirations inspire loyalty from their best employees. Some options to consider:

Multi-faceted cash compensation programs

Monetary compensation is among the top rewards retail frontline workers are seeking from employers. With retail frontline workers pursuing other career options outside of the industry, competitive compensation remains key. There are different compensation structures for you to consider: fixed hourly wage, single rate or tiered sales commissions, or a combination of both. Offering high base pay rewards your employees based on the skill, tasks, and complexity required to perform the job provides assurance and certainty to those living on tight budgets. Variable pay including commissions and bonuses can incentivize workers to have better work outcomes and stay motivated. As base pay and/or variable pay build the foundation of the compensation structure, you can mix in a variety of opportunities for earning additional rewards:

- Sign-on bonuses tied to length of service requirement.
- Employee referral awards for both the referring and the new employee. For example, a referral award could be paid out in three 30-day installments during the first 90 days of employment.
- Spot awards of cash or gift cards, providing immediate positive reinforcement for a job well done.
- Frequent team incentives for meeting weekly or monthly targets, building team comradery and keeping people around.
- Accelerated access to pay (e.g., daily¹) can be a no-cost way to given frontline workers added flexibility in receiving compensation

The power of recognition

Many frontline workers perform difficult jobs with limited possibilities or mechanisms for recognition. Finding opportunities to recognize employees (both monetarily and non-monetarily) for a job well done can go a long way toward helping them feel seen and respected while reinforcing desired behaviors and creating a positive work environment

- **Frequent informal recognition.** Recognition programs that are rigid, hard to use, and require several layers of approval are the least likely to be used. In contrast, frequent, flexible recognition options are easier to implement—anything from team celebrations as thanks for meeting a difficult challenge to informal, in-the-moment shoutouts for a job well done. For example, peer-to-peer social recognition lets everyone feel seen, heard, and appreciated for who they are and the work they do.
- **Broad communication.** Publicly announcing awards and achievements to the broader organization can raise awareness, help build a positive corporate culture, and encourage celebration, all while reinforcing workers' pride in a job well done. You can even use more modern approaches like celebrity-recorded Cameo videos to give a shout-out.
- **Going beyond "above and beyond."** In addition to recognizing exceptional performance, companies are finding ways to recognize consistent performance in areas including punctuality, attendance, initiative, and desire to help coworkers. For example, hosting an annual or semi-annual employee recognition dinner with organizational leadership provides employees an unforgettable memory of celebration for their performance. Embedding these types of rewards in the flow of work has a powerful, continuous impact on employee engagement.
- **Team-based recognition.** More employers are recognizing both individual and team performance, acknowledging the importance of teamwork to a business's success. Team-based recognition and even gamification can inspire friendly departmental competition and allow for recognition of functions such as marketing and payroll as crucial support for high-functioning teams.

- Special occasion bonuses, for example, cash for worker birthdays, Thanksgiving, or annual work anniversary.
- Free food, movie tickets, company logo items, or anything that your employees value and will help them feel recognized and appreciated.

With many options to choose from, you need a rationale to develop an effective compensation structure. What results do you hope to achieve? How would the structure be a motivator for employees to perform and to stay? How are competitors compensating similar roles? Do employees understand how they are paid, particularly for complex incentive pay structures? As you incorporate both fairness and simplicity, you need a clear strategy to reward your employees.

Dynamic, personalized benefits

Dissatisfaction with compensation remains one of the primary reasons

frontline workers quit their jobs, but a host of non-pay related issues, such as predictable schedules, are important, too. Workers who are parents or caregivers, for example, may prioritize flexible scheduling, additional paid time off and fringe benefits that support their families, while recent college graduates might opt for matching contributions on student loan payments. Wellbeing allowances are an increasingly popular way to provide employees with options to use company provided money on gym memberships, exercise equipment, or a myriad of health offerings that meet their personal and family needs. Offering frontline workers choices sends a clear message that your company is invested in their quality of life and continued success. For example, Walmart provides associates and their family members a 10% discount on fresh fruits, vegetables, and general merchandise at any Walmart store, and offers virtual doctor visits with no co-pay and no-cost counseling session².

1. CBS News: A New Recruitment Tool for Employers – Paying Workers Every Day

2. Supporting Our Associates – 10 of the Best Benefits Walmart Offers

Support for learning and development

In addition to multi-faceted cash compensation and flexible scheduling, continuous learning and development opportunities are important to many, and it can happen within and outside of the organization. For example, coaching and manager feedback provide much needed guidance to employees in their career journey. Role playing and simulations can enhance workers' ability to handle more complex situations and acquire new skills. By contrast, outsourcing learning opportunities through reimbursed education costs for career and skills training, GEDs, and bachelor's degrees can also be a valuable benefit to employees. It helps both parties, expanding workers' skill sets and knowledge while making them more valuable to and versatile within the organization. For example, starting in January 2022, Amazon pays 100% of college costs, including books and fees, for its 750,000 hourly US associates³.

Addressing the current landscape for frontline workers

Employees who felt their rewards were met are seven times more likely to be engaged with their work⁴. It's clear that to keep today's frontline workers satisfied and productive, companies must take a fresh approach to compensation, benefits, and workplace experience. That means constantly listening to your employees, striving to understand what workers want and need, defining rewards holistically, offering programs with an emphasis on flexibility and choice, and communicating the package in clear and consistent fashion to help employees take advantage of the options available to them.

Ready to reimagine your frontline rewards?
Give us a call to continue the conversation.



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3. Amazon Pays College Tuition for Frontline Employees

4. Glassdoor: 7 Ways to Support Employee Growth and Professional Development