The Total Rewards Concept
Getting from theory to practice

Arthur Sika
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Outline

• Theory
  Total Rewards
  Employee Value Proposition
  Why is this important?

• Practice
  SARA Survey
  Other Surveys

• Implications
Theory: Total Rewards Concept

- WorldatWork: 2000
- The reality to internal labour market
- Leverages full value of employment
- Financial & non-financial
- Transactional/relational
Theory: Total Rewards Concept

WorldatWork Total Rewards Model
Strategies to Attract, Motivate and Retain Employees

- TOTAL REWARDS STRATEGY
  - Compensation
  - Benefits
  - Work-Life
  - Performance & Recognition
  - Development & Career Opportunities

Attract
Motivate
Retain

Employee
Satisfaction & Engagement

Business
Performance & Results

Organizational Culture
Business Strategy
Human Resource Strategy

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The Professional Association for Compensation, Benefits and Total Rewards

Ernst & Young
Quality in Everything We Do
Theory: Employee value proposition

- The promise to external & internal labour market
- “WIIFM”
- Unique attributes and characteristics

*Employment value proposition*

vs.

*Employee value proposition*

vs.

*Employer value proposition*
Theory: Why is this important?

1. 88% leave for reasons other than money  
   (March 2004 Robert Half International Survey)

2. 29% strong employer brand increases engagement  
   (EBIs 2011 Employer branding Global Study)
Theory: Why is this important?

4. Commitment of new hires by up to 29% (CLC)

5. Reduce new hire pay premiums by up to 50% (CLC)

6. Pay not in the top ten drivers of retention and engagement (2009 Towers Watson)
Practice: SARA Survey – purpose

- To identify the extent to which “total rewards” has been successfully implemented in South African employer organisations.
- To identify the learning’s where it has been successfully implemented; and
- To identify any obstacles that prevent successful implementation.
Practice: SARA Survey – results (n = 76)

45%

Successfully implemented “total rewards”
How would you define such successful implementation?

- 45% B. Integrated with EVP
- 34% A. Total reward statement
- 16% C. Certain elements communicated
- 5% D. Other
Practice: SARA Survey – results

What were the key enablers to successful implementation?

- A. Available data: 24%
- B. Executive buy-in: 23%
- E. Employee understanding: 19%
- C. Maturity of HR model: 15%
- F. Business case: 10%
- D. Available IT platform: 8%
- G. Other: 1%

0% 5% 10% 15% 20% 25% 30%
Practice: SARA Survey – results

Which non-cash elements are particularly well positioned?

- A. Employee benefits: 35%
- D. Development & career opp: 32%
- C. Performance & recognition: 21%
- B. Work - life: 12%

0% 10% 20% 30% 40%
Practice: SARA Survey – results

21%

Plan to implement “total rewards”
Practice: SARA Survey – results

What are the key obstacles preventing implementation?

- Available data: 27%
- Executive buy-in: 13%
- Employee understanding: 13%
- Maturity of HR model: 10%
- Business case: 7%
- Available case: 5%
- Other: 3%
What were the key enablers to successful implementation?

- A. Available data: 24%
- B. Executive buy-in: 23%
- E. Employee understanding: 19%
- C. Maturity of HR model: 15%
- F. Business case: 10%
- D. Available IT platform: 8%
- G. Other: 1%
Practice: WorldatWork 2010 Conference

- 40% No written EVP
- 35% Informal EVP, defined not communicated
- 20% Written EVP practiced but not communicated
- 5% Formally defined, written, communicated EVP

0% 10% 20% 30% 40%
Practice: Thomson Survey 2011 – Results

• 38% have a written total reward strategy
• 76% of companies believe Total Reward Statements have been a cost effective communication tool
Practice: HR Pay Practice Survey 2010

- 32.6% have a written pay/reward strategy
- 36.4% no reward strategy at all
Implications

• Where do we spend most of our time?
• Do we have a reward strategy?
• Do we know what our employees value?
• Is money being wasted?
Implications: Where to start?

• Source data beyond pay
• Build a specimen total reward statement
• Influence the buy-in
• MAD
Challenges are what makes life interesting; Overcoming them is what makes life meaningful.

—Joshua J. Marine