Behaviour, Culture & Results
A SARS case study
Background
Organisations internationally face similar challenges

Global competition for the best talent

Talent acquisition, engagement and retention are key focus

Optimise Human Capital (III – Intellect, Ideas and Implementation Excellence) and make sure people work smarter

Human performance optimisation to enhance ROI. In other words, do more with less people

People resources most important, yet high fixed cost
Organisational Background

- Integrated, administratively autonomous agency of state
- Our Mandate is to collect all revenues due, ensure compliance with tax and customs legislation, protect SA’s borders and facilitate trade
- National footprint ... offices countrywide
- Our operational excellence strategy is informed by a modernisation programme
- Large employer ... 14603 employees (as at 31/09/09) and striving to be a preferred employer
- Knowledge industry player - compete for skills in the open market (both public and private sector)
- Our stakeholder relationships, business processes and conduct are based on the following values:
  - Mutual respect and trust;
  - Equity and fairness;
  - Integrity and honesty; and
  - Transparency and openness
  - Courtesy and commitment
Tax base grew faster than resource capability

- Processing delays – manual
- Limited systems capacity
- Employees expected to handle range of needs without adequate enablement (skills, systems and tools)
  - From simple to complex tax returns/cases
- Often capacity in wrong place
- Ineffective sourcing strategies
- Performance culture not well established
  - Poor alignment of individual goals to organisational goals
- Poor service focus ..... Orientation
- **Disengaged workforce**
Ascertainment our employees’ engagement levels

**Business Success**

**Workforce segmentation:**
For focused strategy development

**Business Enhancing Behaviours:**
Above & Beyond Call of Duty; Recommend; etc.

**Ultimately, to influence…**

**Employee Engagement**

**Employer Value Proposition:**
Mega drivers: Perception of Employer as branded place to work; Employee focus; Reputation

**Touch-points (work factors and experiences):**
Care & Concern; Fairness at Work; Satisfaction with Day to Day Activities; Recognition; Trust; Appreciation of Ideas; Manager; Communication; etc.

- Matrix classifications are based on a proprietary statistical algorithm developed by Walker Global Network.

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Ascertaining our employees’ engagement levels

**Accessible**
Employees who have developed critical one-to-one relationships with our customers, but may not be fully committed to staying with our organisation.

**High Risk**
People who have checked out emotionally, sub-optimal performance and possible negative word of mouth.

**Truly Engaged**
Employees who are truly motivated and will go above and beyond the call of duty to delight your customers. They are the best ambassadors to the tax payers / customers.

**Trapped**
May include lesser performers (less employable elsewhere) and are less willing to achieve the objectives of our organisation.

- Matrix classifications are based on a proprietary statistical algorithm developed by Walker Global Network.
2007 Engagement Results – Our baseline

Our Engagement Challenges were worse than we thought!

- **Behaviour** +
  - **Accessible** 11%
  - **Truly Engaged** 30%
  - **High Risk** 39%
  - **Trapped** 20%

**ATTITUDINALLY NEGATIVE**

- **Intervene and re-direct**
  - 14%
- **If profitable, save**
  - 16%
- **Maintain and grow relationship**
  - 53%
- **Address concerns to retain or enhance**
  - 16%

South Africa (General across various companies)

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Key Result TouchPoints and Improvement Matrix

High

Immediate Priorities
- Care and concern
- Fairness at work

Leverageable Strength
- Well-defined job
- Day-to-day activities

Secondary Priorities
- Trust
- Appreciation of ideas
- Feelings of accomplishment
- Physical work environment
- Work/job resources
- Team leader/Manager
- Training and development

Maintenance
- Communication

Low

Performance cut-off: 50%

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Engagement Programme of Action: Initiatives Implemented

Immediate Activities i.e. Tea and coffee, year-end functions, etc.

Grading & Salary Disparities

Working Environment

Formal Recognition

SARS Policies

Career Development and Growth

Performance Management

Leadership Development Initiatives

Work/Life balance Programmes

LIVING THE VALUES

Mutual Respect & Trust

Integrity & Honesty

Transparency & Openness

Equity & Fairness

Courtesy & Commitment

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Designing the Program
How did we make it happen

- Analysis and research – where are we?

- Identifying behaviours – the path to results

- Developing the mechanism – the engine to drive change
  - Human Performance System

- Implementation – execution is everything
“...acknowledging individual or team’s desired behaviour, effort, or business result that supports the organisation’s goals & values”

A management-owned initiative that recognises and rewards defined behaviours which achieve objectives and drive organisation values

R.E.A.P the benefits of Recognition
Leadership

**Behaviours we embrace/allow/accept/tolerate**

**Behaviours we don't embrace/allow/accept/tolerate**

Culture

Driving behaviour change

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Organisational Alignment Model

(Source: Adapted from Don Tosti, ISPI, 2006)
The Approach
**Module 1**

- Establish Program objectives
- Who needs to take action
- Measurement and reward formulae
  - Only 2 ways to reward
  - Categories of behaviour linked to desired competencies

**All staff** – Outstanding and phenomenal value-aligned behaviour

**Managers** – Recognise and reinforce

<table>
<thead>
<tr>
<th>INITIATIVE &amp; INNOVATION</th>
<th>SERVICE EXCELLENCE</th>
<th>LEADERSHIP</th>
</tr>
</thead>
</table>
| Behaviours that have delivered fresh, new ideas to a process; or have resulted in the introduction of new technologies and problem-solving techniques to the work environment. | Behaviours and performance that results in the optimal use of resources to deliver exceptional service to our customers, adhering to an outstanding code of conduct which consistently results in satisfied internal and external customers. | The nominee is an exceptional example of living one or more of the SARS’ Leadership Competencies (whether at a strategic or operational level):  
• Higher purpose and integrity  
• Empowering delivery  
• Transformation  
• Insight |

**TEAM PLAYER**

- Behaviours that exemplify being a team player.
- An individual who has consistently gone out of his/her way to support others in pursuit of common organisational goals, and who puts team objectives ahead of individual objectives.
- He/she clearly understands organisational goals and makes decisions on what's best for the organisation and the customer, rather than the individual.
- He/she pitches in when extra support is needed to meet delivery goals, and freely shares expertise and knowledge for the benefit of the organisation and its customers.

**CHAMPIONING THE MANDATE**

This is defined as "the ability to remain true to the mandate and values of SARS, taking initiative to do more than asked to promote and enhance the mission and mandate of SARS", and includes behaviours and results that impact not just SARS, but the broader community, in the context of South Africa as a developing country.

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Module 1

On the spot: Nomination worthy Behaviour / Result Process

Is it

Outstanding  Phenomenal

Does it show

Nomination Categories

Initiative and Innovation  Service Excellence  Leadership  Team Player  Championing The Mandate

Which value is demonstrated

Mutual Respect and Trust  Equity and Fairness  Integrity and Honesty

Transparency and Openness  Courtesy and Commitment
Module 1

Annual Recognition

SUMMARY OF AMAKHEZI ANNUAL RECOGNITION AWARDS CATEGORIES (excluding Commissioner’s Awards)

1. Which AWARD TYPE should the nomination be entered into? [Select One]
   - INDIVIDUAL AWARDS
     - EXCELLENCE IN LEADERSHIP & STRATEGY
     - OPERATIONAL EXCELLENCE
   - TEAM AWARD FOR EXCEPTIONAL TEAM PERFORMANCE

2. Which NOMINATION CATEGORY does the nomination fall into? [Select ONE]
   - INITIATIVE & INNOVATION
   - SERVICE EXCELLENCE
   - LEADERSHIP
   - TEAMPLAYER
   - CHAMPIONING THE MANDATE

3. Which STRATEGIC PERFORMANCE OBJECTIVE has the nomination impacted? [Select ONE]
   - BUSINESS AS USUAL (BAU)
   - IMPACTFUL IMPROVEMENTS (II)
   - MODERNISATION AGENDA (MA)

4. Which of SARS’ VALUES have been illustrated by the nomination? [Select AT LEAST ONE]
   - MUTUAL RESPECT & TRUST
   - EQUITY & FAIRNESS
   - INTEGRITY & HONESTY
   - TRANSPARENCY & OPENNESS
   - COURTESY & COMMITMENT
The SARS performance rewards strategies

Mission / Vision

Management, Power and Infrastructure
(Structure, systems, processes and policies)

Results
Business as Usual (BAU), Impactful Improvements (II), Modernisation Agenda (MA)
Common Items

Increased individual and team productivity and quality will contribute to overall organisational results achieved

Don Tosti (International Society for Performance Improvement, 2006)

Mainly behaviour based
If we continuously exhibit and reinforce outstanding or phenomenal examples of:
- Initiative and Innovation
- Service Excellence
- Leadership
- Teamwork
That are aligned to our Values:
- Mutual respect and trust
- Equity and fairness
- Integrity and honesty
- Transparency and openness
- Courtesy and commitment

Amakhwazi Annual Recognition
Should consider those who have consistently displayed the desired practices/behaviours aligned to organisational values and achieved individual performance results, that have had an impact on any one of the strategic performance objectives (BAU, II or MA) - i.e., true organisational role models.

Results-based performance drivers:
- Divisional scorecards
- Individual scorecards

Individual Performance Reward Mechanism

Bonus Pools Based Scheme

SMRS Principles
Potential earnings up to 37% of Annual Remuneration

Grades 1-7
PMDS Principles
Potential earnings up to 25% of Annual Remuneration

Performance Excellence

These behaviours should lead individuals and teams to achieving their defined performance goals

Behaviours and Interim Results / Accomplishments:
Amakhwazi "On-the-Spot" Recognition

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Module 2 & 3

- EXCO
  - Sponsorship and commitment
- Managers
  - Role and buy-in
- Participants
  - Engagement and involvement

- Understand culture
- Participant discovery
- Theme and program brand
- Media, message and frequency selection

Antecedants, Behaviours and Consequences

What is the objective?
What do you want me to do?
How do you want me to do it?
What's in it for me?

Communicated Strategy → Work Teams → Behaviour → Outcomes And Results → Consequences

Feedback

How am I doing?

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• Program specific orientation achieved through communications

• Recognition as a management tool
Module 5

- Critical backbone
- Nomination system
- Data management and reporting
- Project management and program administration
“Employees of the moment not employees of the month”

- Positive, immediate and certain
- Meaningful and motivational
- Non cash as opposed to cash (trophy value)
Module 7

WEEKLY/MONTHLY

Financial Management
- Program Budget
- Actual vs. Budget
- Budget variances, scope changes
- Tax Report

Nomination Activity
- Nominations
  - Complete/ incomplete
  - Individual and team
  - By status
  - By category
  - By contribution
  - By FA and region
- Pending Nominations
  - By FA and region
  - By status
- Nominator
  - Active vs inactive
  - By FA and region

Program Moments of Truth
- Registration Reports
  - Per category, region and FA
- Website Activity
  - Unique vs total
  - By FA and region
- Communication
  - Points issues
  - Points redemptions
- Call Centre statistics
  - After sales service

MONTHLY/QUARTERLY

Impact on Behaviour
- Communications
  - Impact on nominator activity, website hits, redemptions

Organisational Benchmark analysis
- Best practice vs Hot spot analysis of nomination activity
  - Individual and team
  - Status
  - Category
  - Contribution
  - Active vs inactive

Program Performance to business objectives
- % staff recognised
- % manager usage

TO BE DETERMINED

Correlation Analysis
- Program usage, Employee satisfaction, Customer satisfaction

Program Impact on Engagement

Program Impact on Performance

Measures of Impact

- Value on Investment

Program Performance

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Implementation

Execution is everything
Implementation – Execution is everything

Launch

Challenges
• EXCO Commitment
• Stakeholder buy-in
• Data
• Countrywide launch

Solutions
• Core project team (representative)
• Weekly project meetings
• Prior data discovery
• Branch facilitators

Communication

Challenges
• Meaningful examples of behaviour categories
• Relevant and pertinent communications

Solutions
• Country-wide focus groups, repertoire of examples
• Focus on program strategy/ left room for tactical reaction
• Consistent reinforcement through varied media
**Implementation – Execution is everything**

**Reward**

**Challenges**
- Cash vs non cash; overcoming the status quo
- Spending rewards vs saving
- Tax implications

**Solutions**
- Present, present and re-present
- Encouraged spending/ maintained participant discretion
- Comply with tax legislation

**Technology**

**Challenges**
- Communicating technologically
- Technical incompatibility
- User challenges (assuming high technical literacy)

**Solutions**
- Instituted tight IT processes
- Support systems (e.g. online tutorial, printed guides)
Reporting

Challenges

- Push or pull reports

Solutions

- A combination of both
Results
A preliminary assessment of impact

- Impact on employee engagement
- Impact on employee performance
- Employee perception
Impact on Engagement

- Behaviour +

Intervene and re-direct
11%

If profitable, save
39%

14% Accessible

37% Truly Engaged

High Risk
32%

Trapped
17%

Maintain and grow relationship
32% 30%

Address concerns to retain or enhance
19% 20%

On a total level, SARS has managed to decrease the proportion of employees at risk (enticable), and has a significantly healthier complement of staff than in 2008.

However, just under half of staff do not have a positive relationship with SARS.

The close off baseline on the old model is 51%.

A strong positive correlation observed between number of employees recognised and levels of divisional engagement.

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A preliminary assessment of impact

- Impact on employee engagement
- Impact on employee performance
- Employee perception
Further analysis revealed that the average performance of those who had received recognition showed higher improvement year on year.

### Average Performance Score

<table>
<thead>
<tr>
<th></th>
<th>Recognised</th>
<th>% Better</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Year 1</td>
<td>85.55</td>
<td>89.18</td>
</tr>
<tr>
<td>Year 2</td>
<td>85.76</td>
<td>88.95</td>
</tr>
</tbody>
</table>
A preliminary assessment of impact

- Impact on employee engagement
- Impact on employee performance
- Employee perception

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## Impact on perception

<table>
<thead>
<tr>
<th>IMPACT AREA</th>
<th>Never received recognition on Amakhwezi</th>
<th>Received recognition on Amakhwezi at least once since inception of the programme</th>
<th>Received recognition on Amakhwezi in last 3 months</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ALIGNMENT TO ORGANISATIONAL GOALS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Amakhwezi Program is successfully raising the standard of service excellence</td>
<td>34.8</td>
<td>50.0</td>
<td>62.9</td>
</tr>
<tr>
<td>The Amakhwezi programme is creating greater teamwork at SARS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As a result of the Amakhwezi programme, I am more committed to SARS’ goals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Amakhwezi programme is improving staff commitment to service excellence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Amakhwezi programme is influencing staff to take greater initiative at SARS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Amakhwezi programme influences staff to show more innovation at SARS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ATTITUDE TOWARDS WORK</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I take the program seriously as I want to be recognised and rewarded for the work I do</td>
<td>34.9</td>
<td>53.9</td>
<td>68.6</td>
</tr>
<tr>
<td>The Amakhwezi programme motivates me to apply my skills and abilities in my work</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>As a result of the Amakhwezi programme, I have gained a sense of achievement in my job</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>The Amakhwezi programme influences me to take more initiative in my job</td>
<td></td>
<td></td>
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<tr>
<td>As a result of the Amakhwezi programme, I feel more valued as an employee</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>MOTIVATION LEVELS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Amakhwezi programme’s communication messages are effective in focusing and motivating me</td>
<td>39.2</td>
<td>56.1</td>
<td>66.8</td>
</tr>
<tr>
<td><strong>PERFORMANCE AT WORK</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Amakhwezi programme stimulates me to perform over and above what is expected of me</td>
<td>36.6</td>
<td>53.4</td>
<td>67.8</td>
</tr>
<tr>
<td>I am motivated by Amakhwezi to improve my performance in ways that I might not otherwise have done</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>There is noticeable improvement in individual performance as a result of the Amakhwezi programme</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>There is noticeable improvement in team performance as a result of the Amakhwezi programme</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>RETENTION</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Amakhwezi programme motivates me to continue working at SARS</td>
<td>30.6</td>
<td>45.3</td>
<td>59.8</td>
</tr>
<tr>
<td>We can attribute some of the reduction in staff turnover to the Amakhwezi programme</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MANAGEMENT PRACTICE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Amakhwezi programme has helped me as a manager or team leader to achieve my objectives</td>
<td>35.5</td>
<td>48.3</td>
<td>64.8</td>
</tr>
</tbody>
</table>

*November 2009*
A preliminary assessment of impact

- Impact on employee engagement
- Impact on employee performance
- Employee perception
Summary
• Research and analyse
  – Thoroughly uncover your current needs and/or challenges

• Determine if a recognition program is what you need

• Establish the goals of your program

• EXCO commitment and buy-in
  – Make sure Senior management is committed to initiative

• Establish how to measure the success of your program
  – Build in how to track, measure and report upfront

• Understand your employees’ psychology and culture
  – Determines how you communicate and reward

• Have a communication plan that supports your goal

• Management involvement is key
  – Recognition is not the natural default of most managers. Educate and support.

• Be flexible and open to change
  – Any change initiative will encounter surprises

• Consider using external expertise for best practice
Questions