

The Total Rewards Concept

Getting from theory to practice

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SARA Conference

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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



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)

Implications - Have a Total Rewards conversation / Better Retention Strategy

2. 29% strong employer brand increases engagement

(EBIs 2011 Employer branding Global Study)

Implications – You can find talent easily.

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)
Implications – You can pay people less where there is Total Rewards / Money in your pocket.
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.

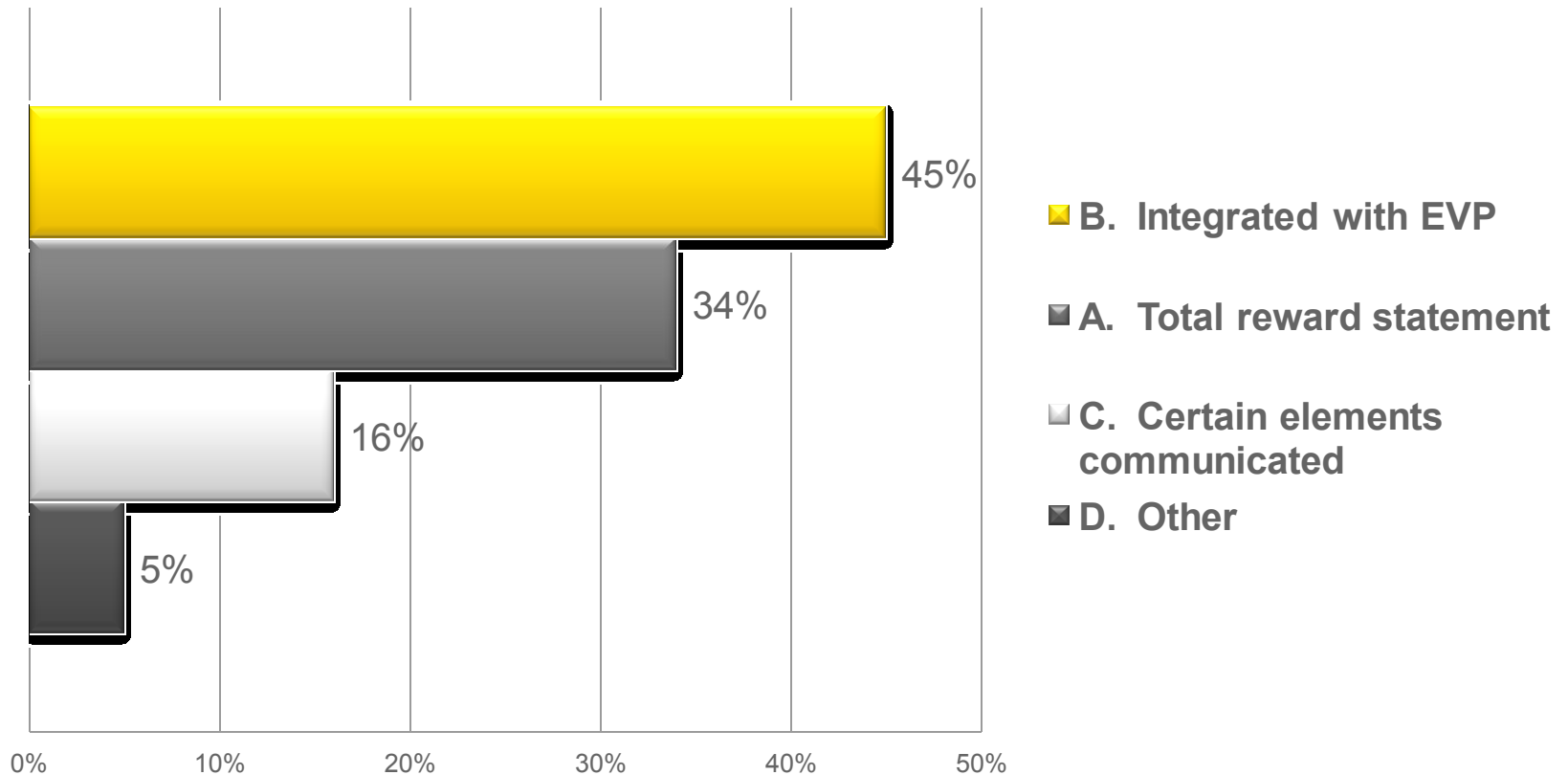
Practice: SARA Survey – results (n= 76)

45% (n = 34)

Successfully implemented “total rewards”

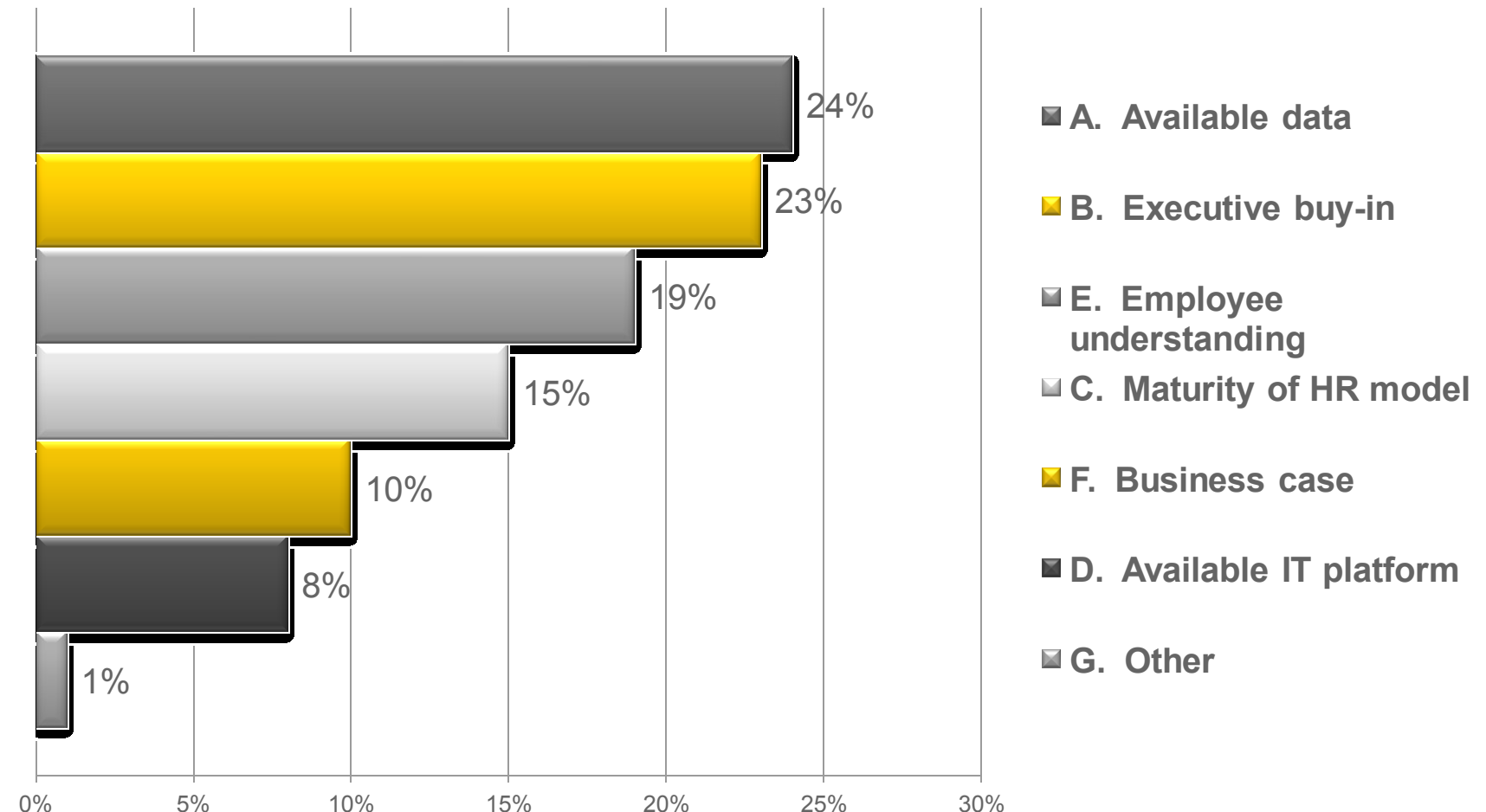
Practice: SARA Survey – results

How would you define such successful implementation?



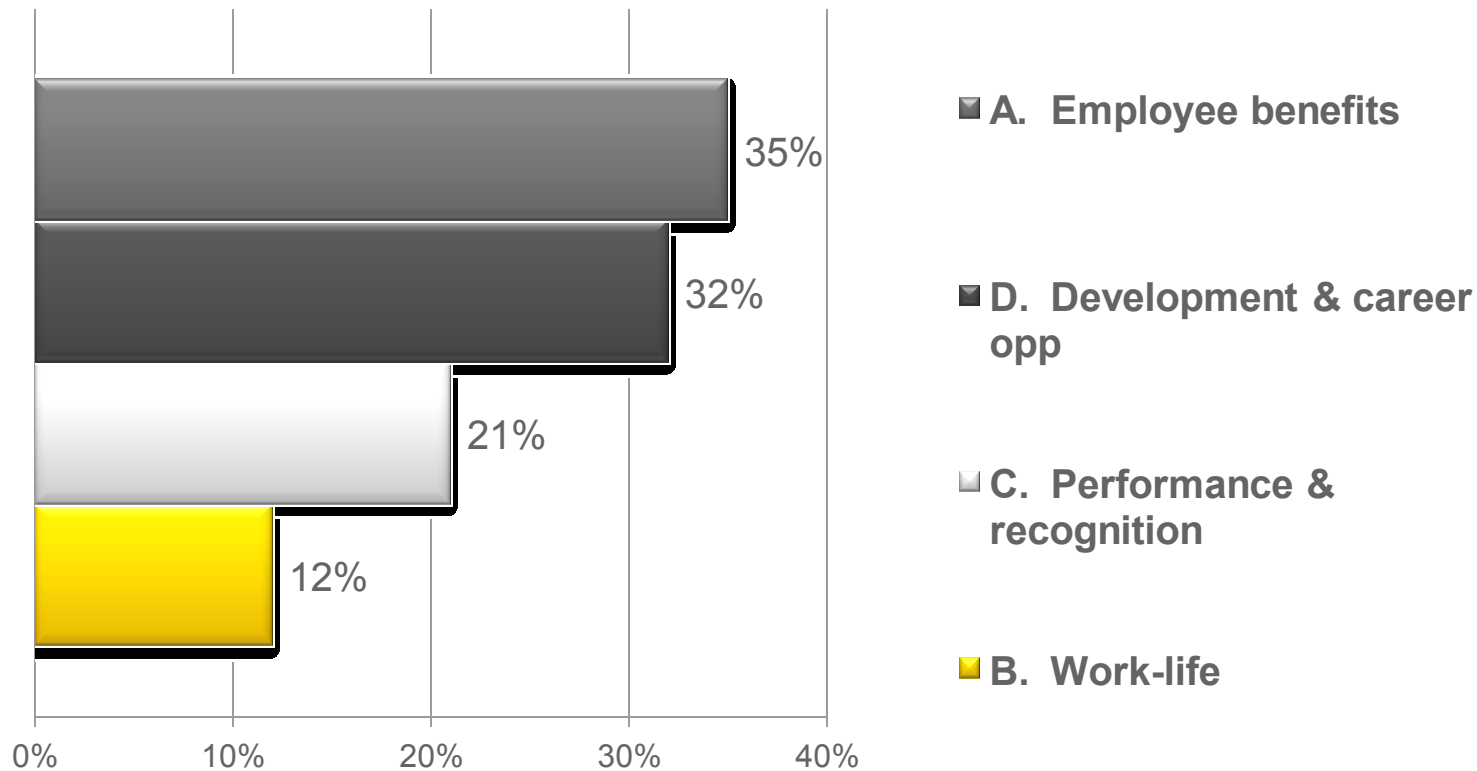
Practice: SARA Survey – results

What were the key enablers to successful implementation?



Practice: SARA Survey – results

Which non-cash elements are particularly well positioned?



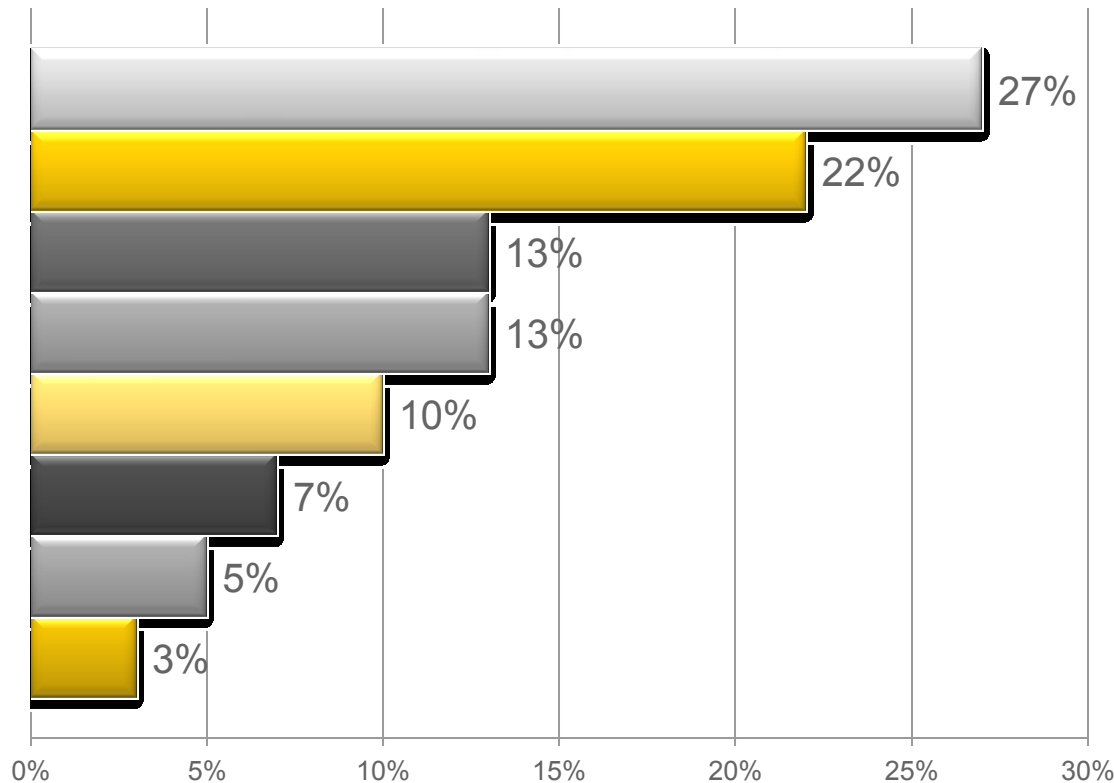
Practice: SARA Survey – results

21%

Plan to implement “total rewards”

Practice: SARA Survey – results

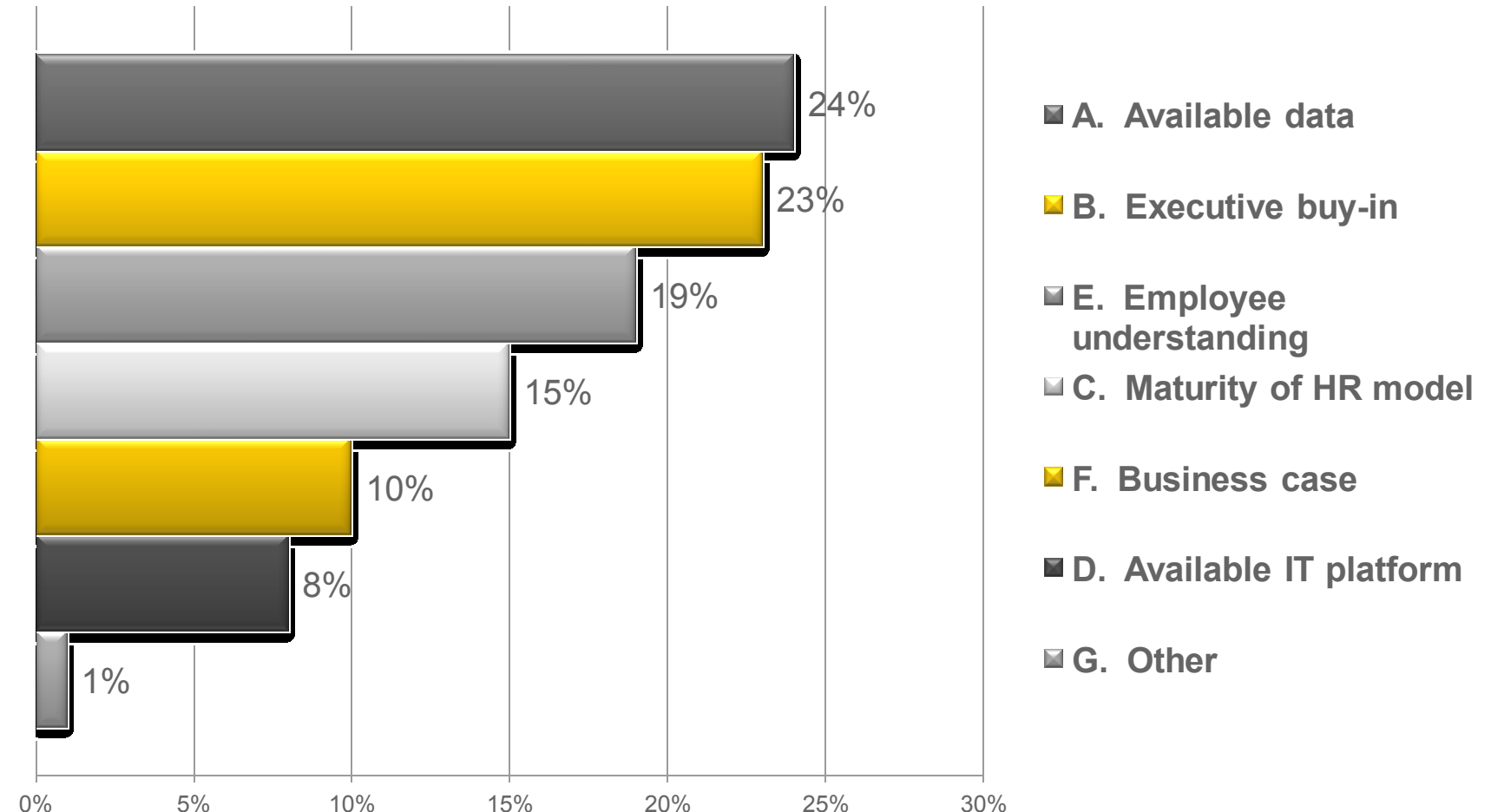
What are the key obstacles preventing implementation?



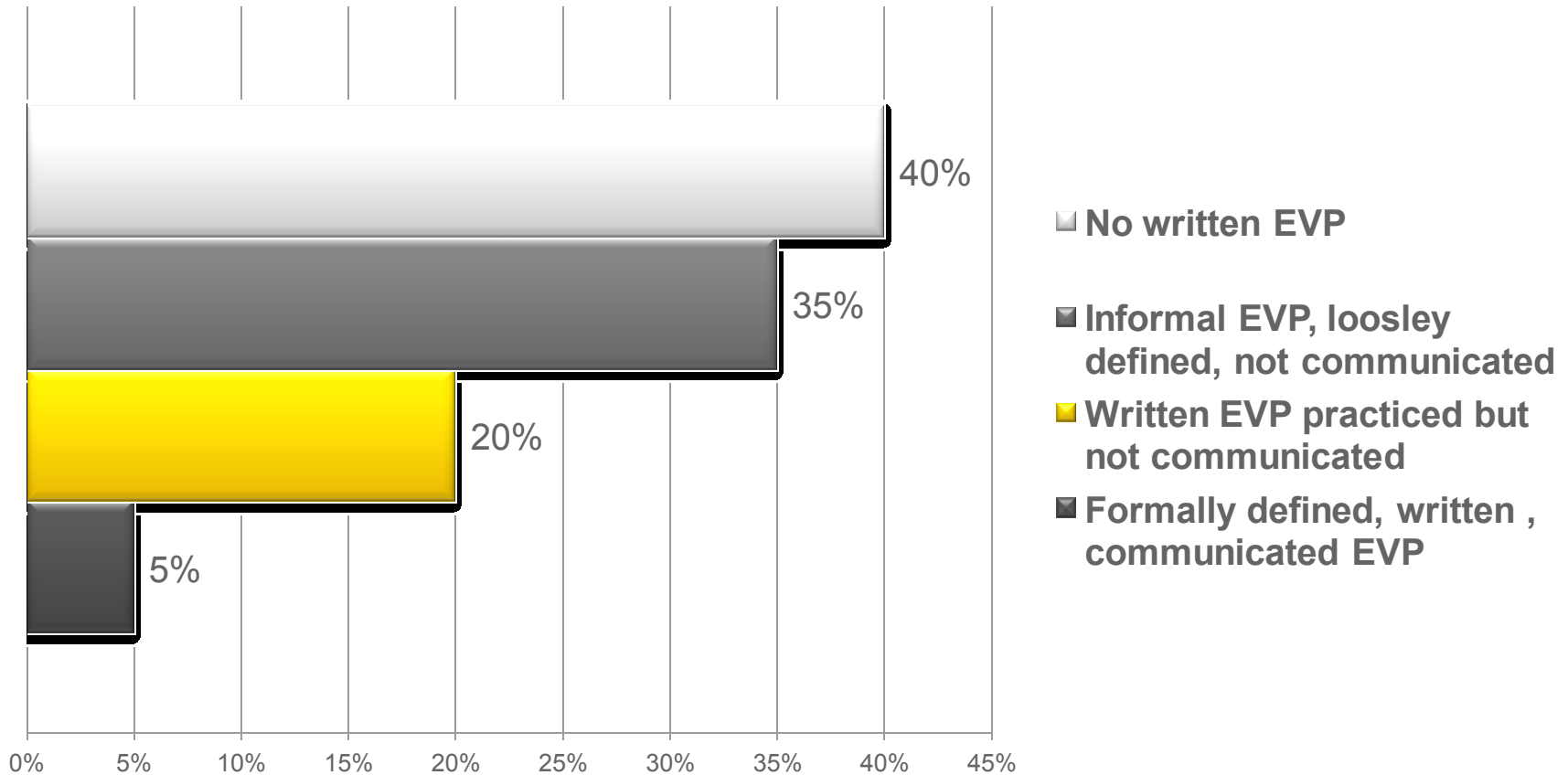
- C. Maturity of HR model
- B. Lack of executive buy-in
- A. Lack of available data
- E. Employee understanding
- H. Other obstacles?
- D. IT platform
- G. None
- F. Weak business case

Practice: SARA Survey – results

What were the key enablers to successful implementation?



Practice: WorldatWork 2010 Conference poll (n=65)



Practice: Thomson Survey 2011 – Results (n=437)

- ▶ 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 (n=313)

- ▶ 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

A final thought

Challenges are what makes life interesting;
Overcoming them is what makes life meaningful.

-Joshua J. Marine