

## CORE 'TAKE OUTS' FROM THE 2013 TOTAL REWARDS CONFERENCE



# PHILADELPHIA



# NEW YORK



Empire State building views

# EMPLOYEE ENGAGEMENT

# WHAT IS EMPLOYEE ENGAGEMENT?

“A heightened emotional and intellectual connection that an employee has for his/her job, organisation, manager, or co-workers that, in turn, influences him/her to apply additional discretionary effort to his/her work.”

The Conference Board

## PAYOFFS OF EMPLOYEE ENGAGEMENT

- 86% higher customer/client ratings
- 70% less staff turnover
- 70% higher productivity
- 44% higher profitability
- 78% better safety records

Source The Gallup Organisation

## EMPLOYEE ENGAGEMENT

The most engaged companies have five times higher total shareholder return over five years than the least engaged companies

Source Kenexa

## EVENTS THAT CAN TRIGGER DISENGAGEMENT

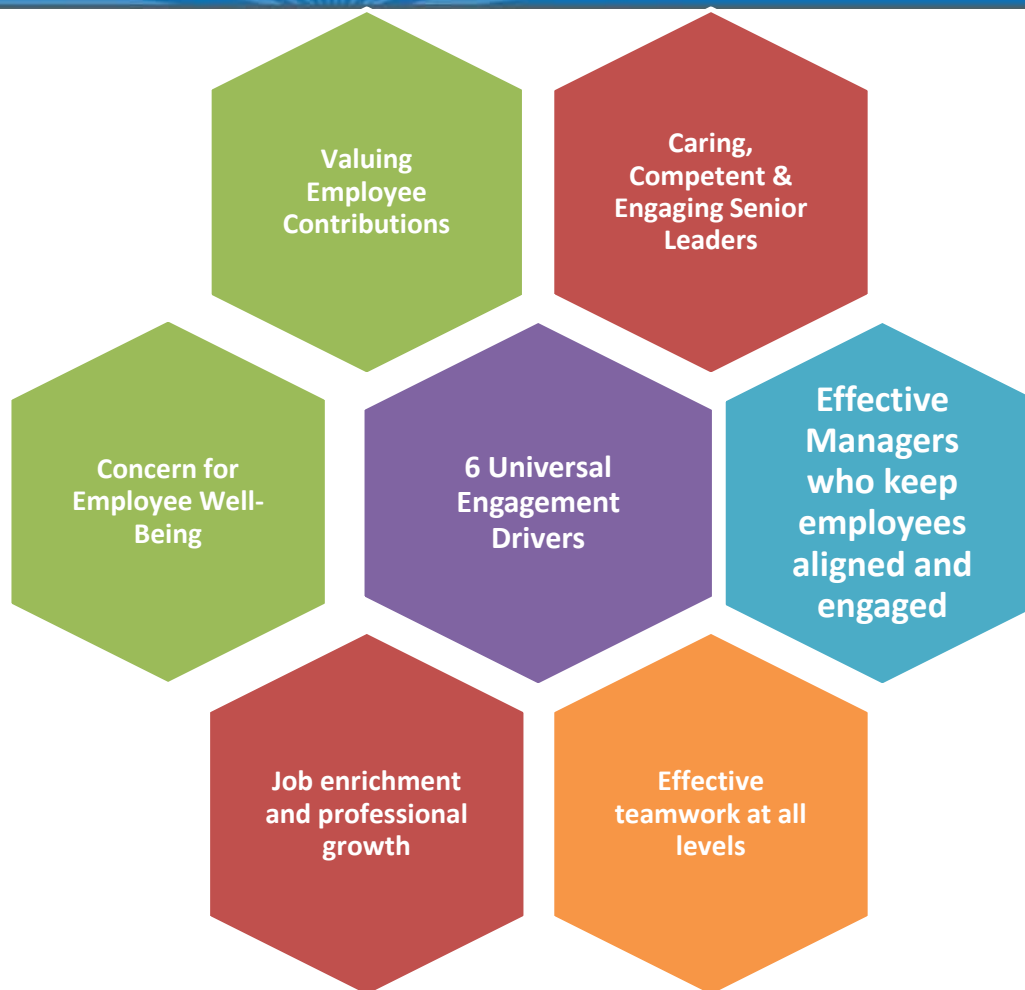
- No, or low pay increases
- Conflict with a co-worker
- Unexpectedly low performance rating
- Being passed over for a promotion
- Hiring manager replaced by a new manager that is not liked
- Being asked to do something unethical



## EVENTS THAT CAN TRIGGER DISENGAGEMENT

- Realising they are underpaid compared to others in the same job
- Being pressurised to make unreasonable family/ personal sacrifices
- Being asked to perform a menial duty
- Petty and unreasonable enforcement of authority
- Incident of sexual harassment or racial discrimination
- Close colleague quits or is terminated

# SIX UNIVERSAL ENGAGEMENT DRIVERS



- Highly engaged workplaces score high on all six
- Highly engaged workplaces have “signature” drivers

# A BALANCED HIGH-ENGAGEMENT STRATEGY

## Short term

## Long term

### Tangibles

- Base Pay
- Bonus
- Health Benefits

- Retirement Benefits
- Stock ownership
- Job Security

### Intangibles

- Work/life benefits  
(flexitime etc)
- Hiring practices
- New hire coaching

- Work climate/culture
- Supervisor behaviour
- Trust in senior leaders

# RETENTION

**The Talent Paradox – While there is a surplus of job seekers, some companies are facing shortages in critical areas where they most need to attract and keep highly skilled talent**

## RETENTION

- Financial gains and career advancement are of the top three reasons employees will remain with their companies over the next 12 months
- ‘Flexible working arrangements’ is the top most incentive to keep employees working longer
- Trust in leadership emerged as both important and a critical component of employee job satisfaction

- Trust is an essential success factor especially during times of significant organisational changes (during a recovery, after a layoff)
- **Communicate, communicate, communicate** – not surprisingly, credible communication is extremely important to restoring trust – proactively create communication strategies
- An organisation's ability to execute its business strategy can help retain employees – tangible short-term and long-term targets

- Most employees are looking for support and recognition from their management and supervisors
  - According to the Corporate Leadership Council, 22 of the top 25 most effective levers of employees' intentions to stay in an organisation are driven by their managers
- Leadership development programmes provide a career path for high-performing and critical employees



# PERCEPTION VS REALITY

# PERCEPTION IS REALITY

## REALITY

- Aligned to the market (median)
- Equitable across similarly situated employees
- Compliant with relevant statutes

Corporate culture

Co-workers

Friends and family

Articles / publications

The internet

## PERCEPTION

- I'm not paid enough for the work I do
- I don't know why they pay me what they do
- My co-workers who do the same thing make more than I do

# QUESTIONS?

Do you believe **your** employees are paid fairly?

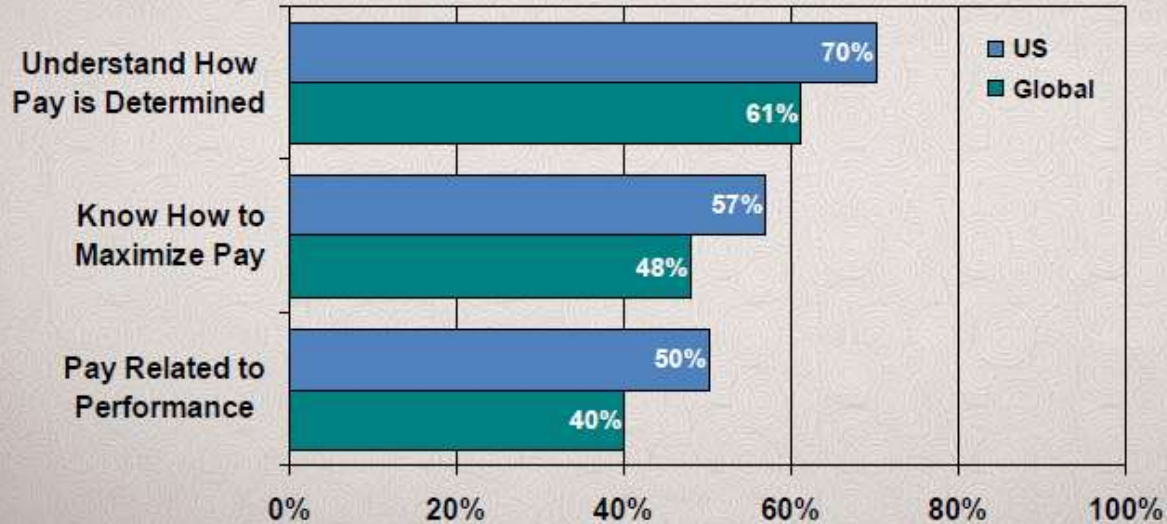
Do you believe **you** are paid fairly?

# What drives employees belief that they are paid fairly?

- Understanding how pay is determined
- Knowing how to maximise their pay
- Believing pay is related to performance

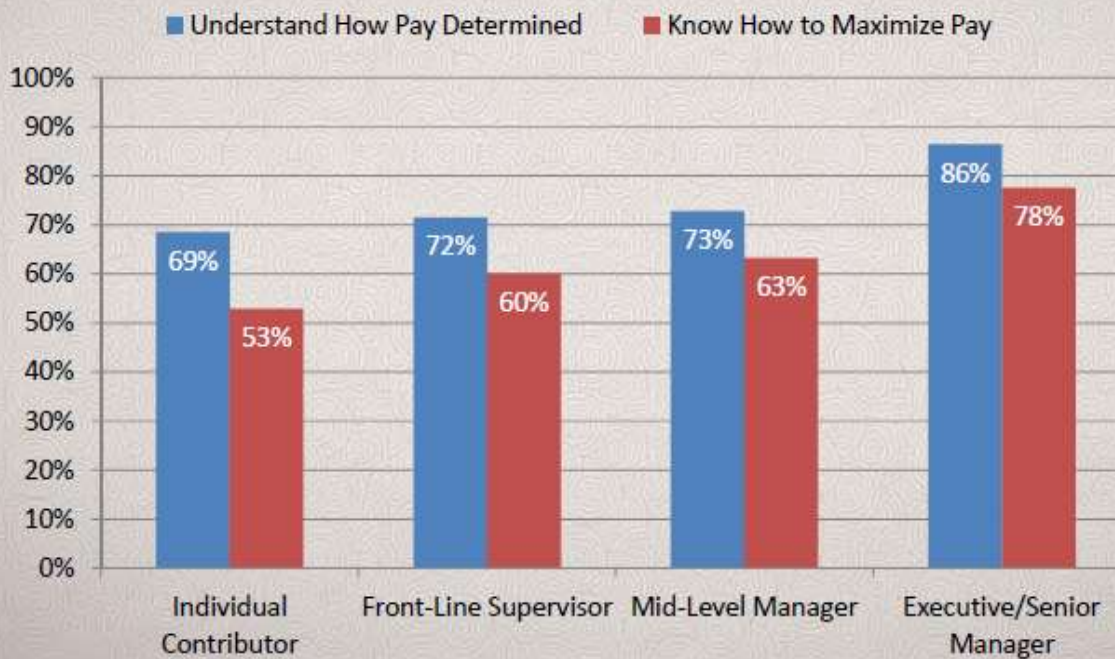
## CURRENT PERCEPTIONS

**Kenexa**  
an IBM Company



## DRIVERS OF BELIEF IN PAY FAIRNESS

**Kenexa**  
an IBM Company



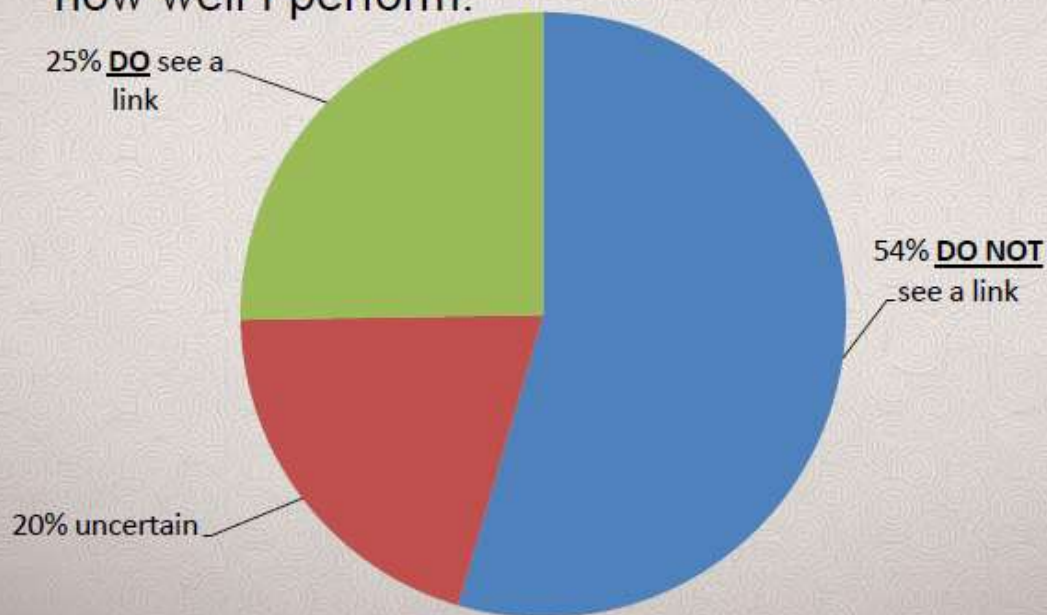
Does your organisation have “Pay for Performance” philosophy?

Are you paid for your performance?

## THE LINK

**Kenexa**  
an IBM Company

Worldwide, My pay is directly related to how well I perform.

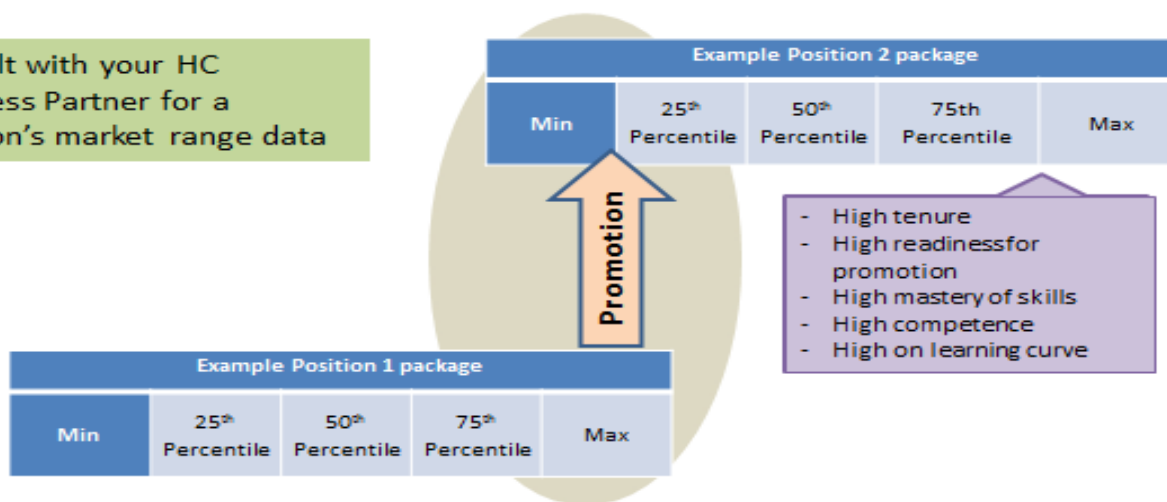




# LIGHT BULB SLIDE – Jones Lang LaSalle

## Appropriate Placement in the Market Range

Consult with your HC Business Partner for a position's market range data



%-ile	Performance-based	Progression in Role	Compensation
Min to 25 <sup>th</sup>	Learning the job	Becoming competent	Low end of the market range
25 <sup>th</sup> to 50 <sup>th</sup>	Continue to evolve skills and tasks	Competent	Middle of the market range – where the majority will reside
50 <sup>th</sup> to 75 <sup>th</sup>	Mastered job responsibilities	Fully competent	
75 <sup>th</sup> to Max	Influencing future state	Potentially ready for more / promotion to new role	High end of the market range; compensation overlaps with next level

# **WHAT DO CEO'S WANT FROM REWARDS?**

- Something **unique** to favour high performers
- If you change everything in your company but don't change rewards to match, you have done nothing
- Don't pay everyone the same for "fairness" reasons – **be fair to skilled and high performers**
- Err in favour of best performers
- Pay incentives for elements that are most essential to organisational success
- Reward business-essential performance

**PERFORMANCE DIFFERENTIATION IS CRITICAL**

Business essential performance

**Performance culture**

Reward performance

**Meaningful performance measurement**

Improve differentiation in performance

Pay for performance

**Improve performance**

Favor high performers

**Performance Orientation**

**Performance Measures**