



## Reward: Can it enhance employee engagement?



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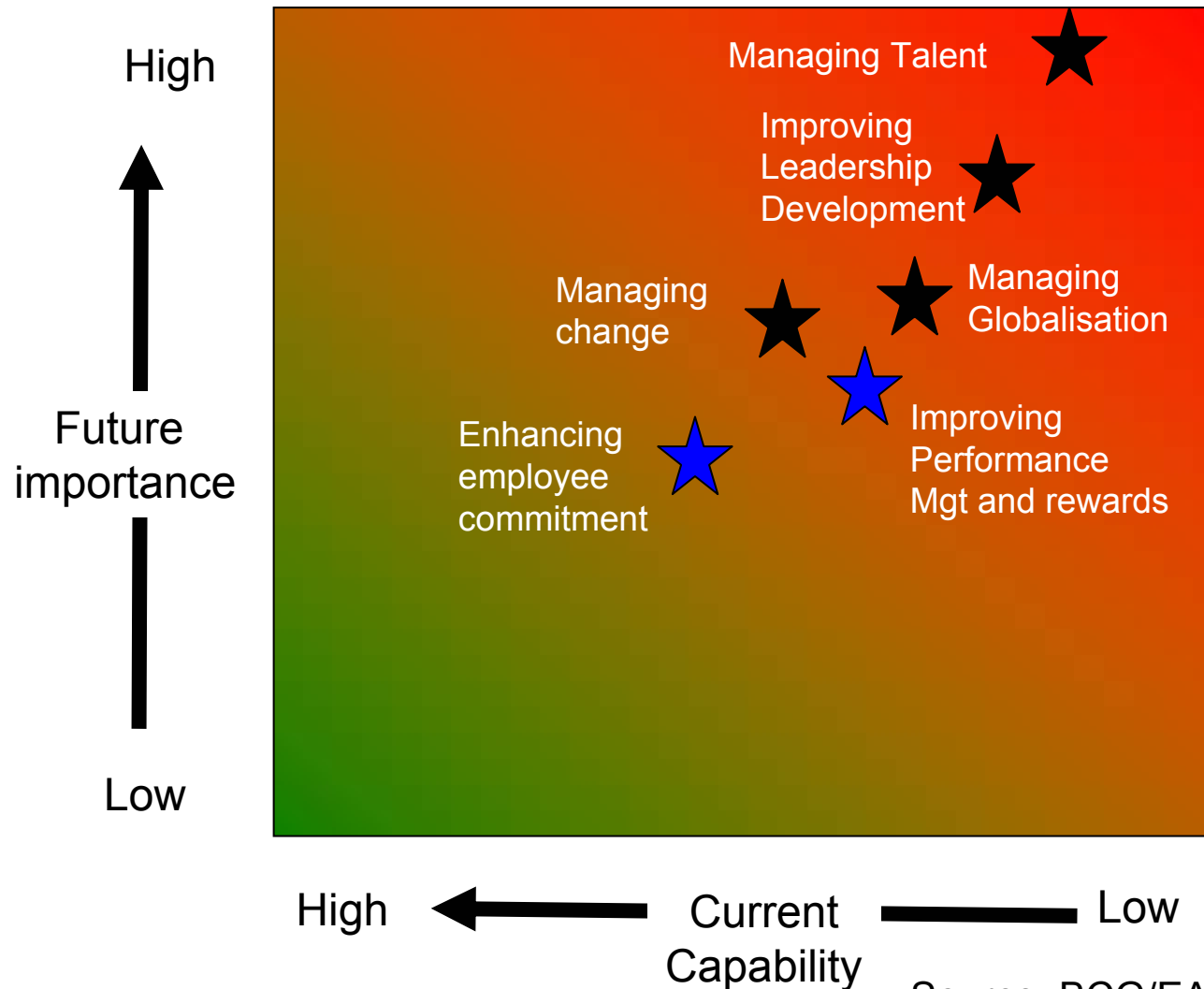
# Agenda



1. Employee engagement and commitment
2. Understanding employee engagement
3. Structure of reward (Total Reward)
4. The role of reward in engagement



# Key HR agendas - UK

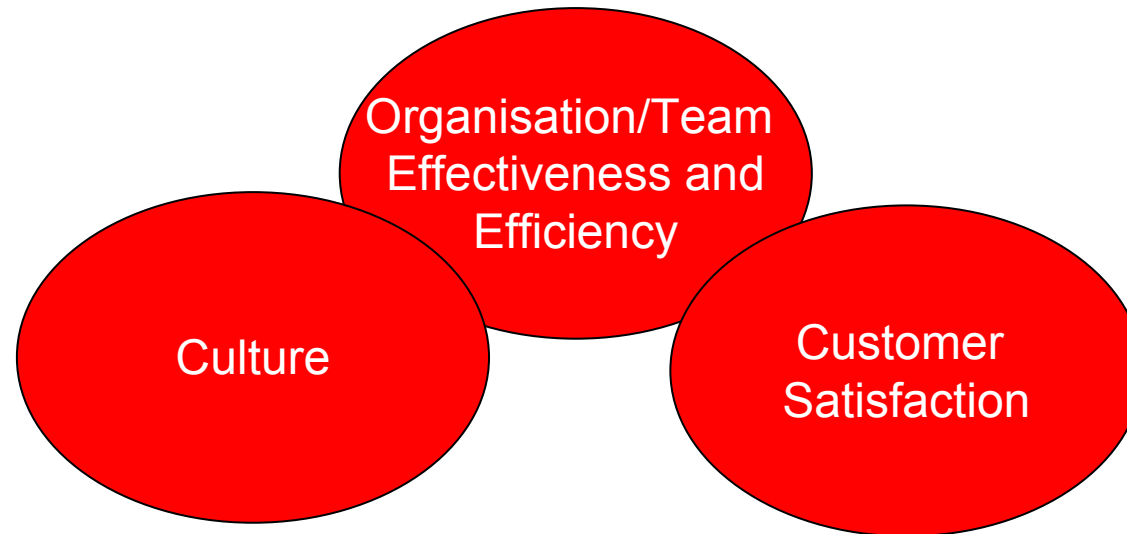


Source: BCG/EAPM proprietary survey

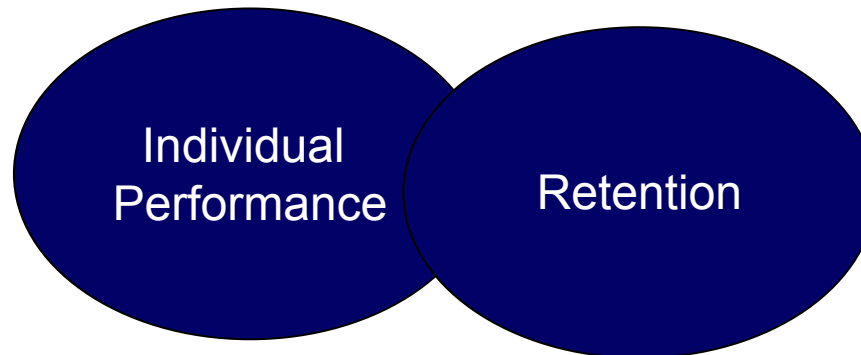
# Why employee engagement and commitment



Corporate capacity



Individual behaviour



# What is engagement?



‘Engagement means feeling positive about your job’

*Working Life: Employee attitudes and engagement 2006*

*CIPD Research Report*

**Emotional**

(58%)

Being very involved  
in one’s work

**Cognitive**

(31%)

Focusing very hard  
while at work

**Physical**

(38%)

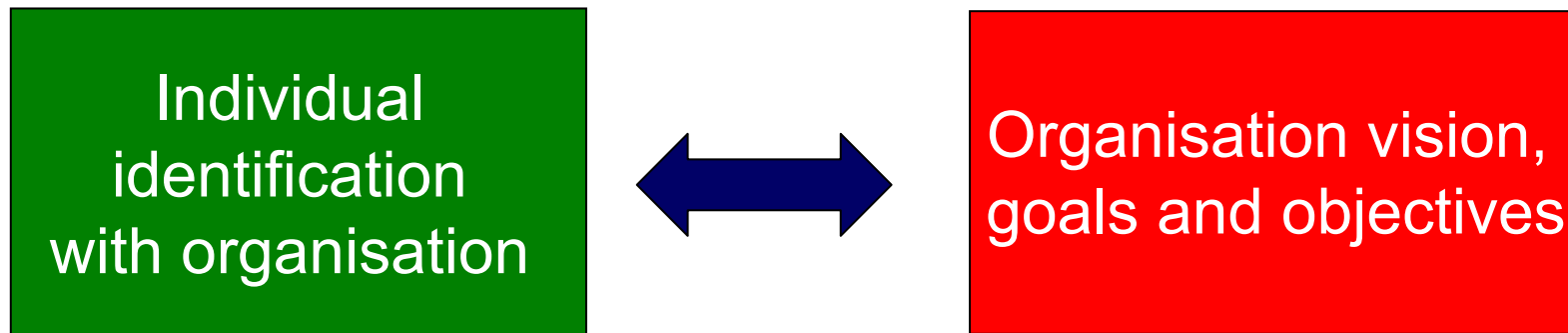
Being willing to go  
the extra mile



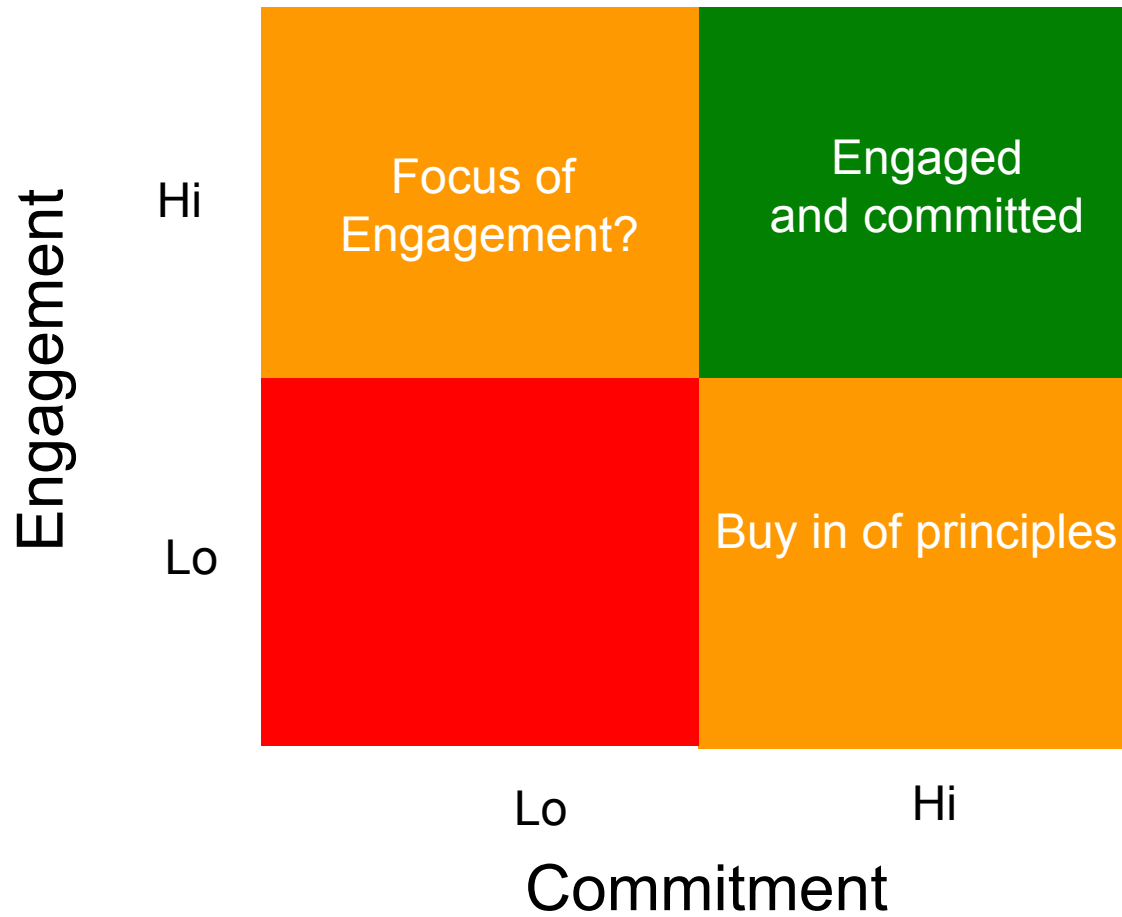
# What is commitment?



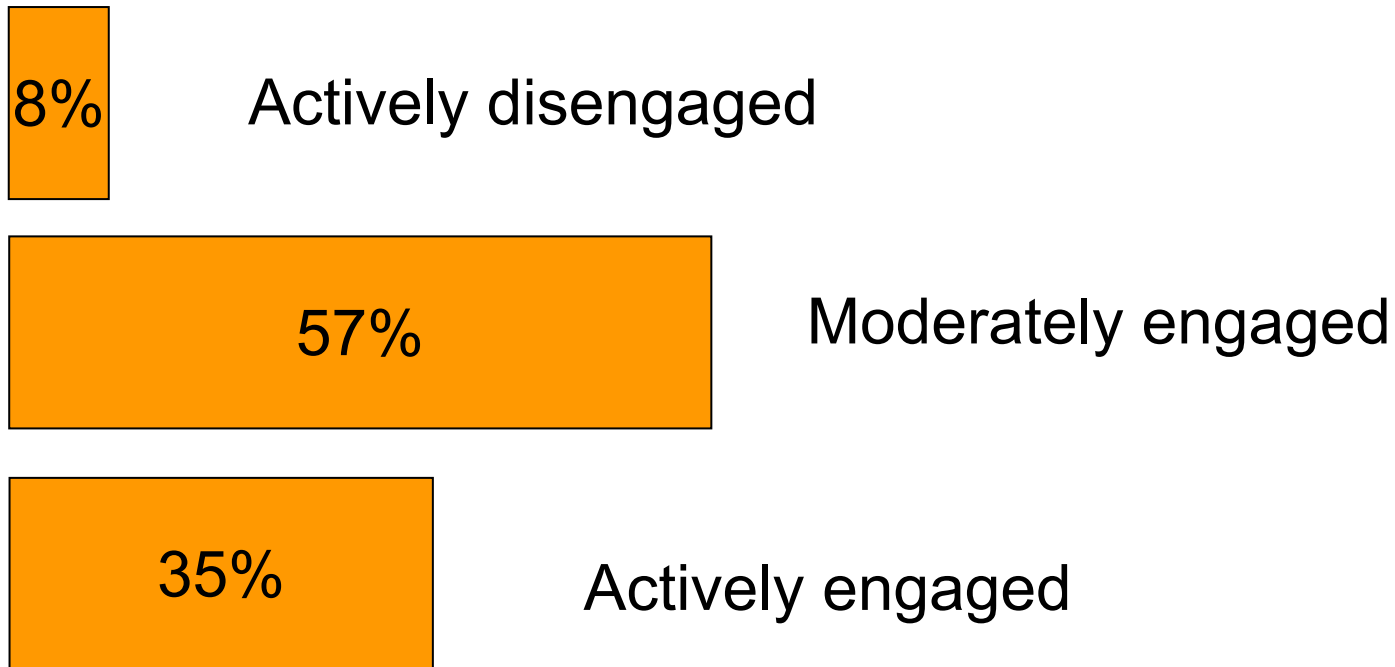
‘The informed identification of individuals with the vision, goals and objectives of the organisation which is translated into individual action to support those goals and objectives.’



# Engagement and Commitment



# The overall UK picture



## The key correlations

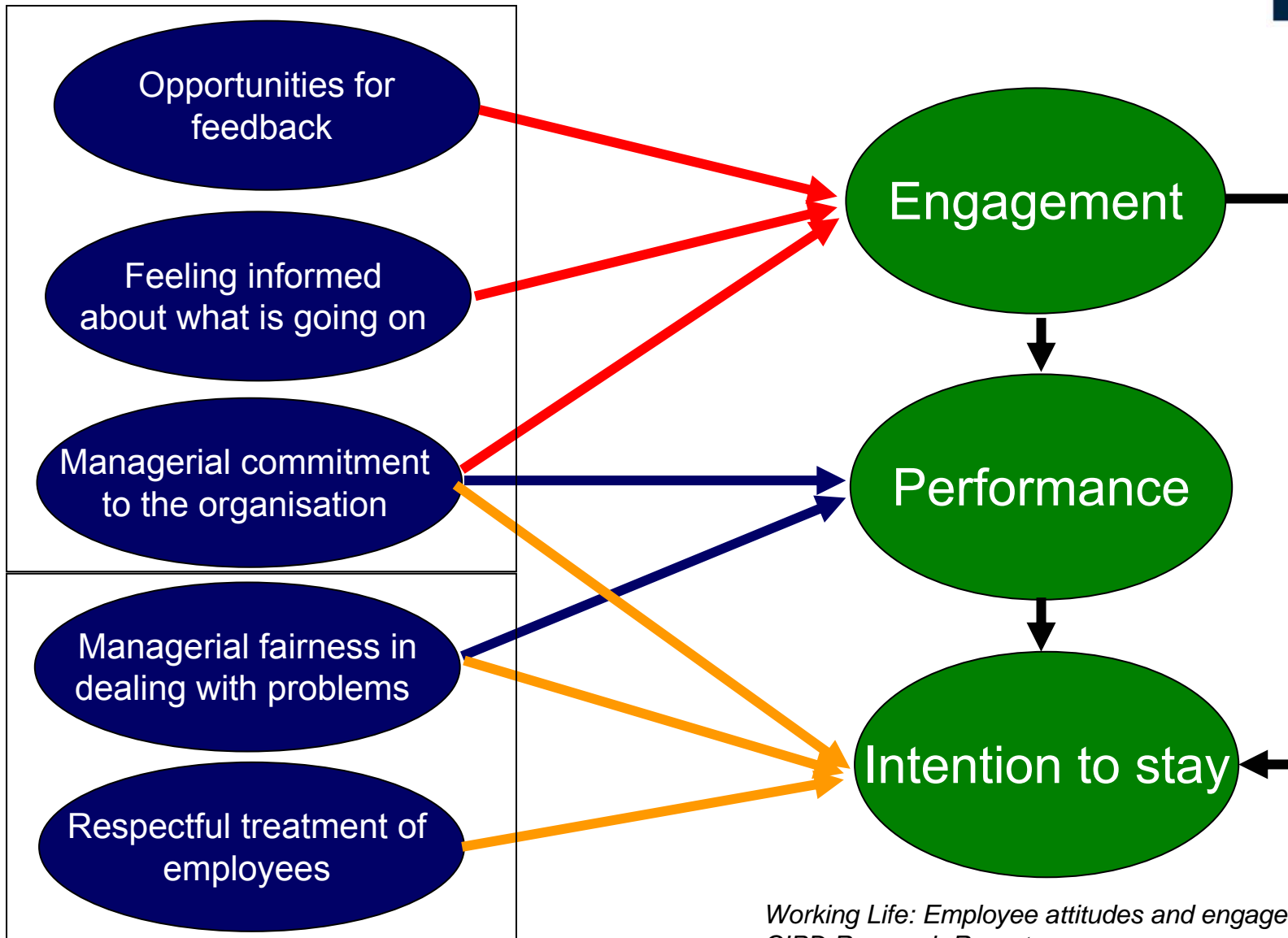


Four key associations linked to individuals:

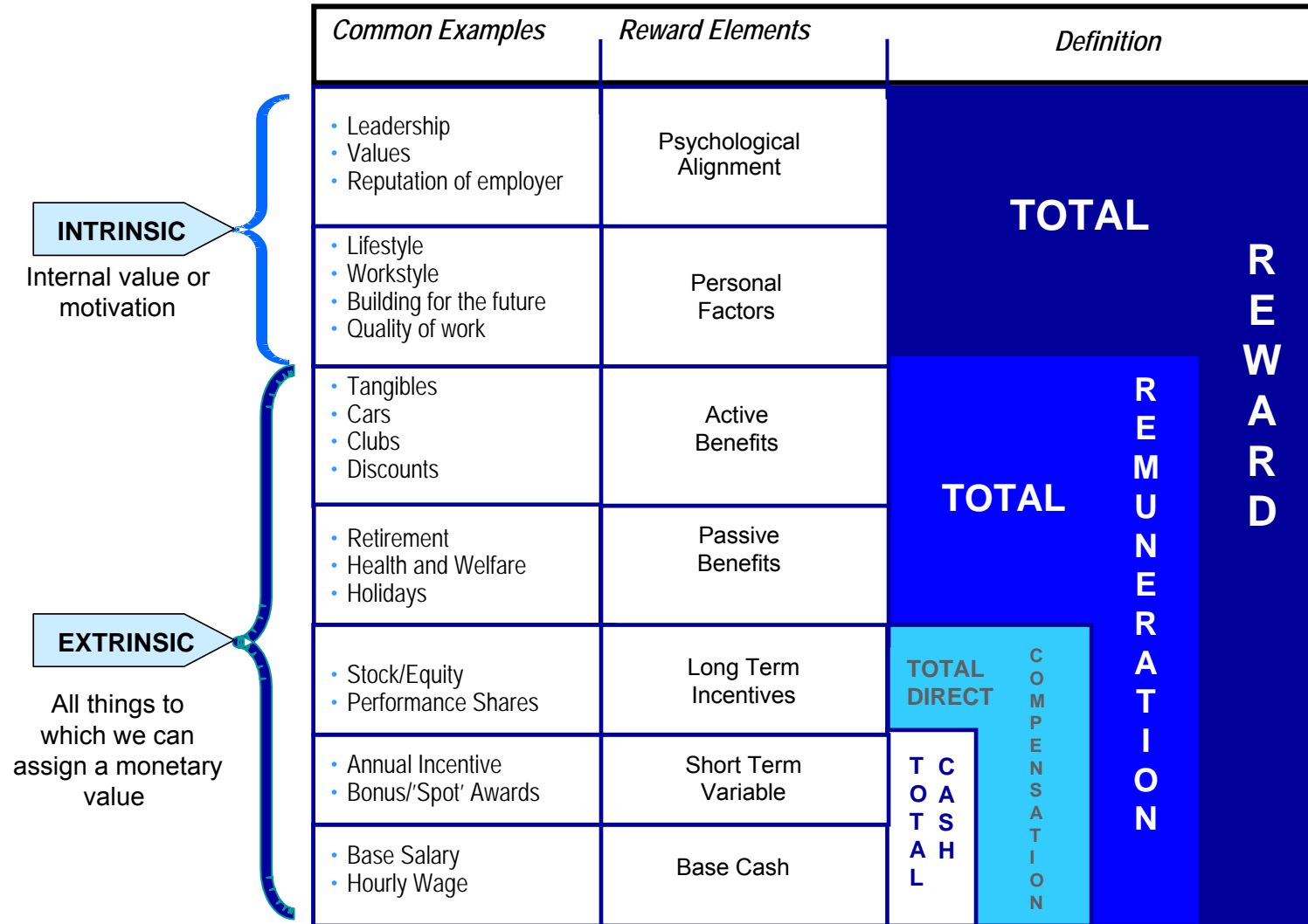
- Women are more engaged with their work than men
- Older employees are more engaged than younger employees
- Managers are more engaged than non-managers
- Workers on flexible contracts are more emotionally engaged, more satisfied and less likely to leave

But overall there is no difference in engagement levels between public and private sector employees

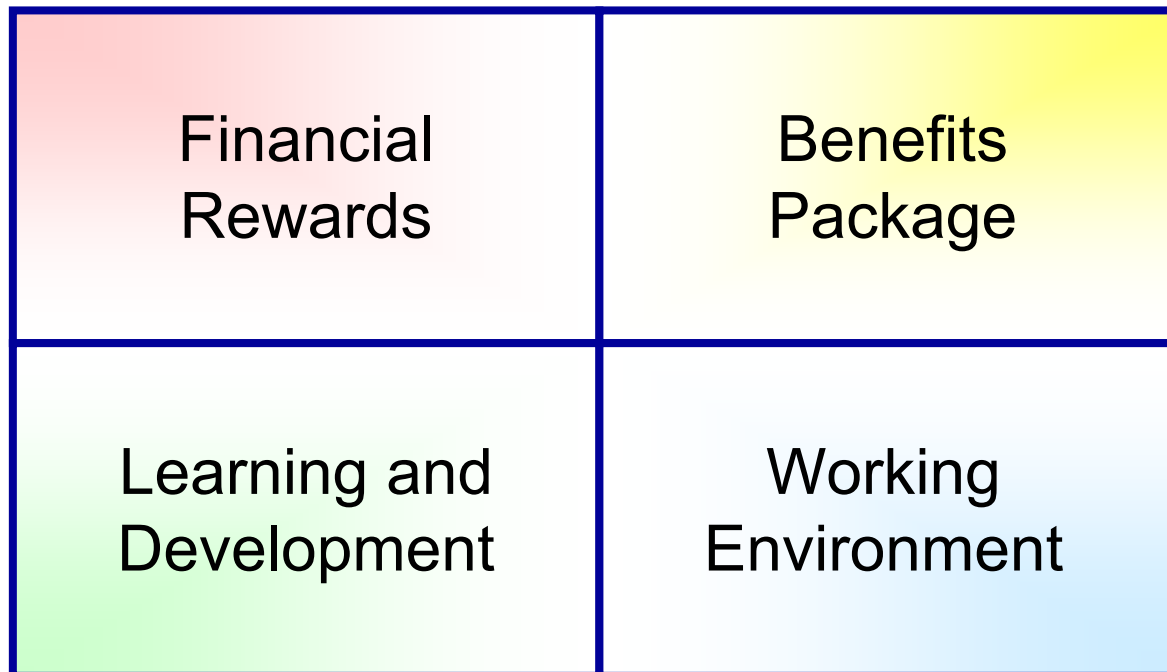
# Engagement, performance and retention



# An inclusive view of reward



# Balanced model of total rewards

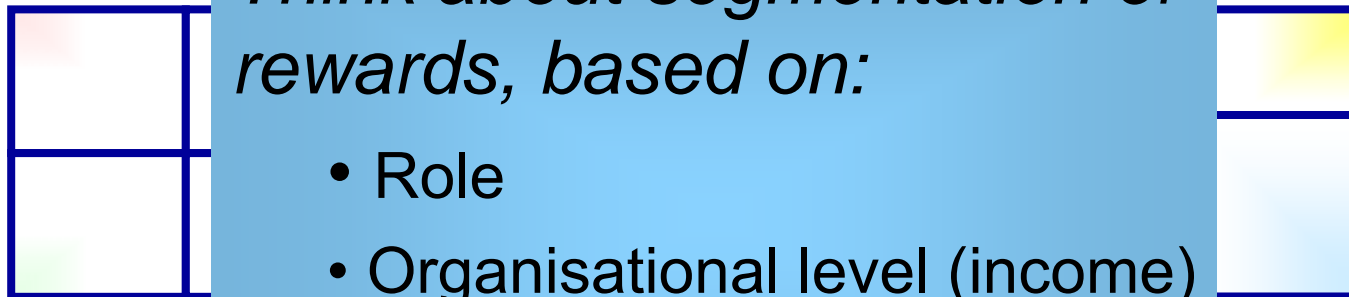


# Different employee groupings have different motivations (examples)



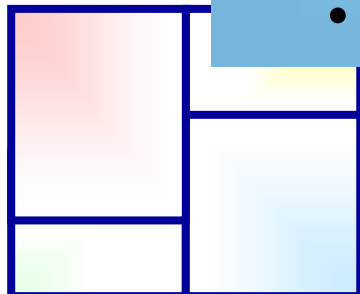
*Think about segmentation of rewards, based on:*

- Role
- Organisational level (income)
- Age
- Life situation

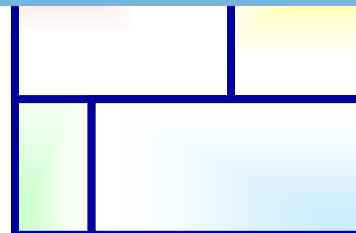


'Average Employee'

es



Blue Collar



Single parent

Key

Financial Rewards	Benefits Package
Learning and Development	Working Environment

## So where does reward fit in?

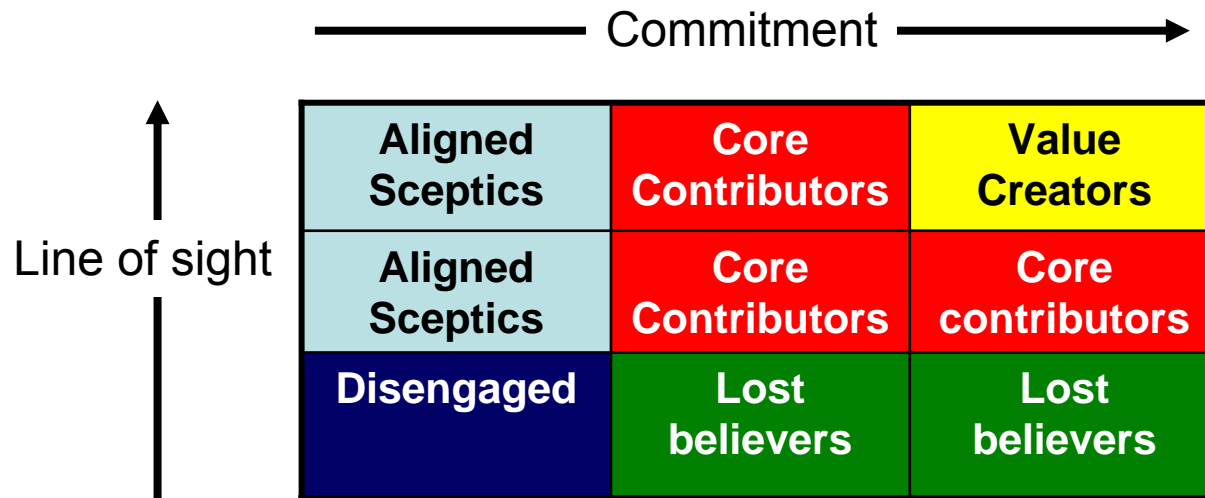


- General belief that remuneration is below market which fuels belief that in leaving individual will be able to achieve higher financial rewards
- Management of *fairness* of reward is one of the issues in disengagement
- The inter-relationship between performance management and remuneration is a key area for engagement and disengagement
- Non financial / intrinsic rewards high on engagement linkage

# So where does reward fit in?



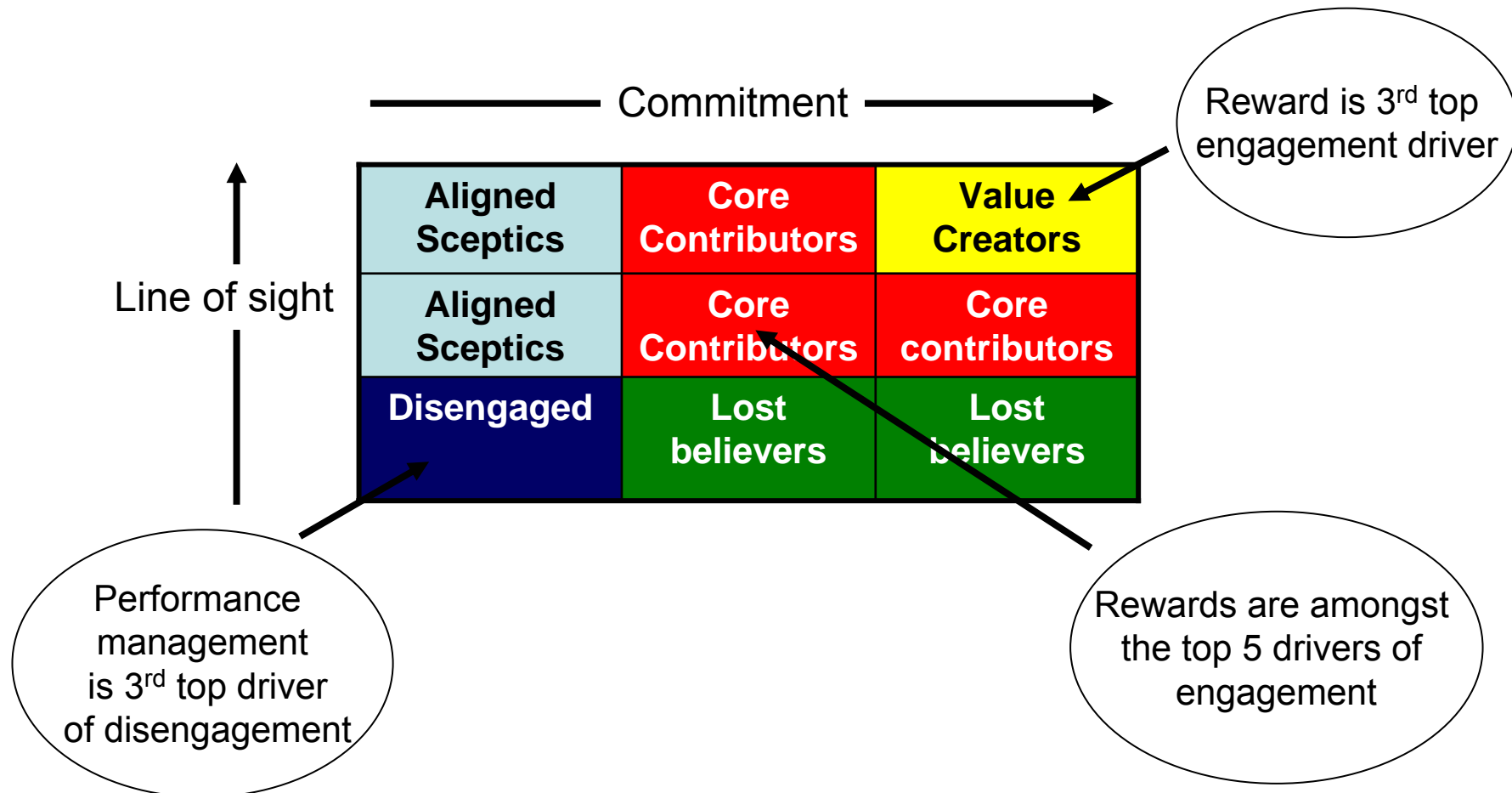
- Within the pattern of engagement and disengagement there are employee segments where different factors come in to play.



# So where does reward fit in?



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# Managing reward in 2007



- There has been a significant 'individualisation' of remuneration management over the past few years:
  - Although 52% of organisations still operate a 'general' or 'inflation' increase, 80% report that they link base pay progression to individual performance
  - 64% of those operating bonuses link payment to individual performance
  - High incidence of voluntary benefits and flexible working
- Are reward management processes good enough for this level of individualisation?
- How much further will it develop?



*CIPD Annual Reward Survey 2007*

# How reward policies play a vital role in improving corporate performance



## Rewards

- Performance pay
- Variable pay
- Based on service/quality
- Single status
- Team rewards
- Individual/team recognition

## Culture/People Management

- Supportive supervisors
- Regular open feedback
- Teamworking
- Involvement in decision making
- Career development
- Worklife balance

- **22 customer service organisations**
- **580 staff**

## Staff Attitudes/Commitment

- Satisfaction with pay & recognition
- Treated fairly
- Feeling involved & developed
- Commitment

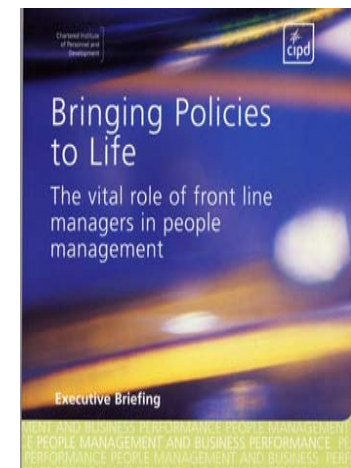
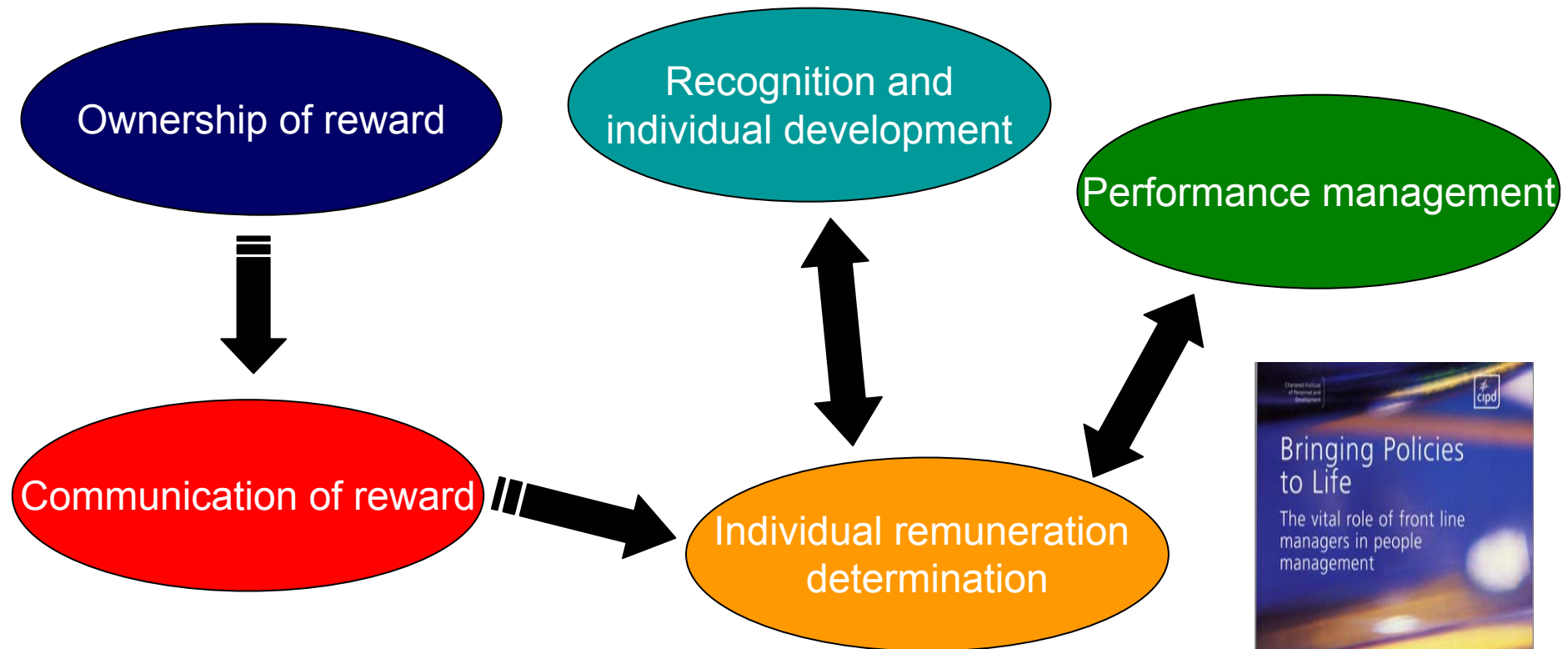
**Improved Customer Service Performance**



# Reward and line management



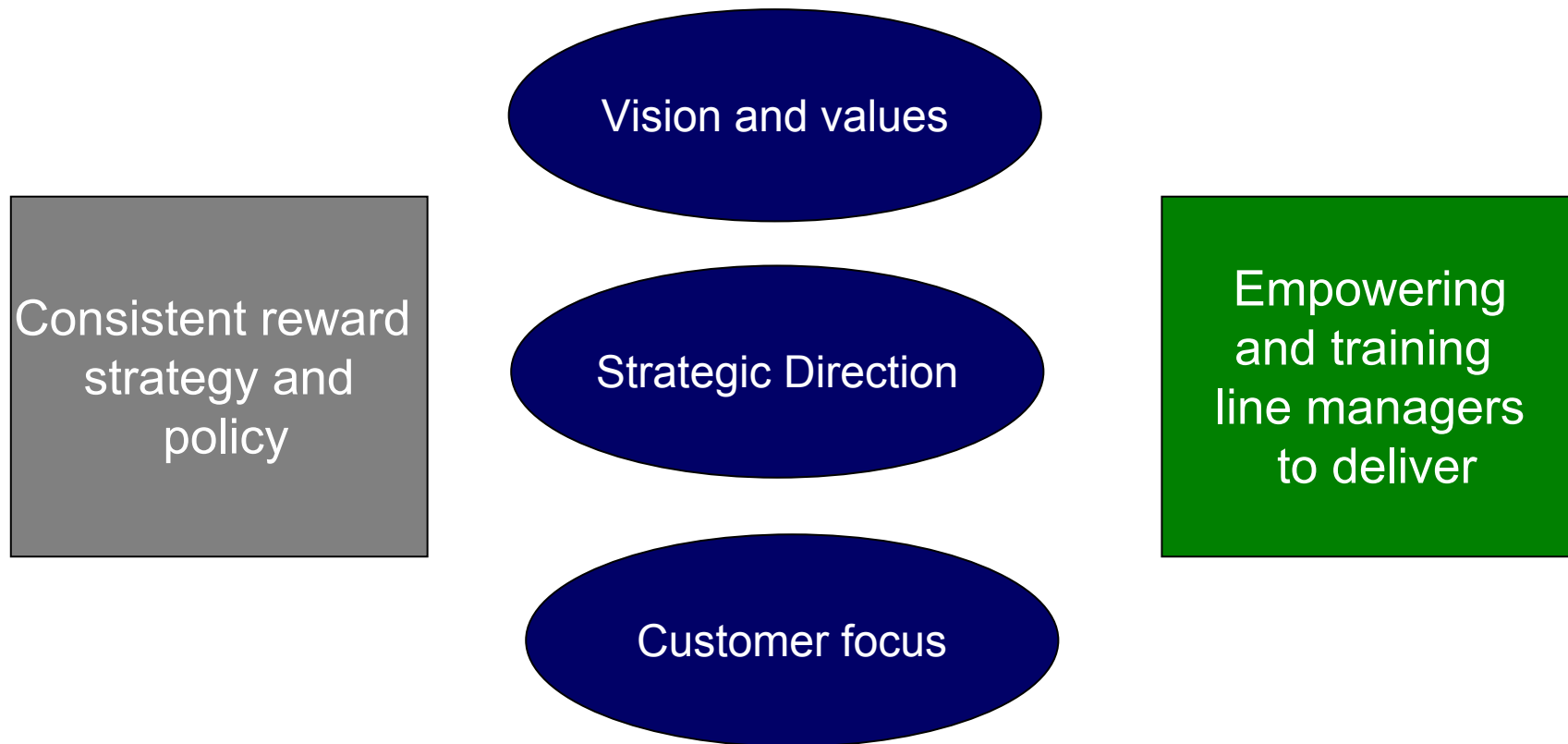
- The line manager is frequently the individual charged with bringing reward policies to life



# Reward the role of HR and Leadership



- The focus on line management should not detract from the importance of leaders and HR in engagement



# Conclusions



- Reward does have a role to play in engagement (especially total reward)
- It is more important for some than for others
- The right policies are key but.....
- Excellence in implementation requires line management empowerment and training, and above all effective communication