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Effective reward ensures effective engagement

Sarah Lardner

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Abstract

Purpose – Operating in an increasingly complex and competitive market, Gemserv's prime objective in reviewing its reward and benefits strategy was to help attract, engage and retain key staff. They wanted to achieve this by having a better understanding of employees needs and then creating and communicating a compelling total reward proposition.

Design/methodology/approach – Gemserv wanted to encourage and reward performance linking it to individual long-term career and corporate growth aspirations. The company set out to achieve this by focussing on creating an "Employee Deal" that: Strengthened the link between contribution and performance to enhance perceptions of rewarding exceptional performance; and incentivised individual and team performance to make a real difference and achieve long-term growth aspirations.

Findings – Beyond all the talk of strategy, talent retention and corporate advantage, Gemserv believes that the biggest result has been seen in the high levels of staff perception of, and participation in, the programme and, consequently, hugely improved employee engagement.

Originality/value – Gemserv's senior management benefited from a deeper insight into employee perceptions, aspirations and requirements covering a wide range of areas. Gemserv is now more transparent around the process, the decision-making and is truly honest on pay and benefits positioning – and how that can be effectively aligned with business objectives.

Keywords Employee engagement, Benefits, Rewards

Paper type Case study

Everyone knows that even if it is possible, simply throwing money at people is no guarantee of success or optimum engagement levels; especially for a new generation of "post-crash" employees who are no longer motivated purely by the size of their pay package. Today's ambitious young workforce is looking to be engaged and rewarded in a more innovative and effective manner; something that the fast moving and rapidly growing Gemserv appreciates.

Gemserv is a specialist market design, governance and assurance service provider within the utilities and environment sectors. Based in the UK, the company employs over 120 staff and is growing fast.

Operating in an increasingly complex and competitive market, Gemserv's prime objective in reviewing its reward and benefits strategy was to help attract, engage and retain key staff. They wanted to achieve this by having a better understanding of employees' needs, and then creating and communicating a compelling total reward proposition. Given that a good proportion of the company's young team fall into the "Gen Y" demographic, it was essential that any new reward programme addressed the specific demands of that generation. Something that called for some innovative thinking and solutions.

Ambitions, intentions and support

Gemserv wanted to encourage and reward performance linking it to individual long-term career and corporate growth aspirations. The company set out to achieve this by focussing on creating an "Employee Deal" that:

- Strengthened the link between contribution and performance to enhance perceptions of rewarding exceptional performance.
- Incentivised individual and team performance to make a real difference and achieve long-term growth aspirations.

An ambitious project of this nature was endorsed by the Board. The Chief Financial Officer and Director of Business Development, Jagjit Dosanjh-Elton and Alex Goody, were appointed as project sponsors with the delivery work led by the Head of HR, Mandeep Thandi. Given their very ambitious objectives, Gemserv appointed Innecto Reward Consulting to assist with the project and both parties worked in partnership to explore the new ideas and initiatives that underpinned the reward strategy.

As Innecto's designated Client Director, I was hugely impressed with the commitment shown by everyone at Gemserv from the outset. It is rare to see a company being so bold when it comes to this type of review. They did not hold any preconceptions and were happy to start from scratch to get it right. I believe that the fact that we can draw on the ideas and experience that we have gained through working with other organisations and sectors adds weight and external credibility that the Gemserv HR team could exploit when initially looking for the necessary internal buy-in and support for the project.

Discovery deep dive

Gemserv was adamant that if it wanted to ensure optimum engagement with the project, then it needed its employees to play a key role in any review of the current programme and in shaping the new strategy. With this in mind, Innecto's "Discovery Deep Dive" stage of the process was even more thorough than usual. As part of this, Innecto and Gemserv also drove a comprehensive "benefits change analysis" programme that utilised powerful HR analytics to look at all "people areas" and stakeholders of the business. The purpose was to identify what the current reward structure was costing and where enhancements and savings could be effectively made via an improved reward programme.

This started at the top and Innecto conducted a two-day interview stage with all of the senior management. The goal was to focus on gathering individual views of both the current state and the aspirations for reward within Gemserv. Participants were asked to consider reward in the context of Gemserv overall, rather than focussing on particular departments such as delivery or job levels. The findings from this process were to form an initial draft reward strategy which was presented at the company's next Remuneration Committee meeting.

The next stage of the Discovery process was to test the output with a selection of employees across the business in a series of workshops, surveys and data analysis. This was an opportunity to engage with employees across the company to gain insight into their views. This added authenticity to the reward principles and recommendations and the results were fed back into the process.

Beyond pay

The initial reward strategy was defined as: "Be imaginative – go beyond pay" with the key aspirations being defined as:

- Create unique and compelling policies to recruit and to grow talent.
- Reward high quality performance and contribution which is directly linked to business success. Poor performance is not rewarded.

“Operating in an increasingly complex and competitive market, Gemserv’s prime objective in reviewing its reward and benefits strategy was to help attract, engage and retain key staff.”

“The goal was to focus on gathering individual views of both the current state and the aspirations for reward within Gemserv.”

- Provide a strong, convincing and consistent link to vision and our DNA.
- Take confident decisions on pay to be based on internal equity and external market.

The company examined every aspect of the employee environment and believes that it has created a modular and dynamic total reward programme. Above and beyond industry norm remuneration packages, this total reward approach includes an individually bespoke range of benefits that match every employee’s own specific demographic, demands and lifestyle and also truly reflects the company’s ambitions and values – otherwise referred to as the “Employee Deal”.

The Employee Deal represented three key elements of the reward structure. First, the profit share and bonus scheme both aim to encourage and reward high performance and contribution as well as engendering a culture of “we are all in it together”. Second, a tailored range of benefits were designed to meet the lifestyle choices of employees, from instigating a laptop-only environment to encouraging remote working through to the ability to buy or sell additional annual leave. Third, career development initiatives focus on supporting and developing employees via structure career progression and secondment programmes.

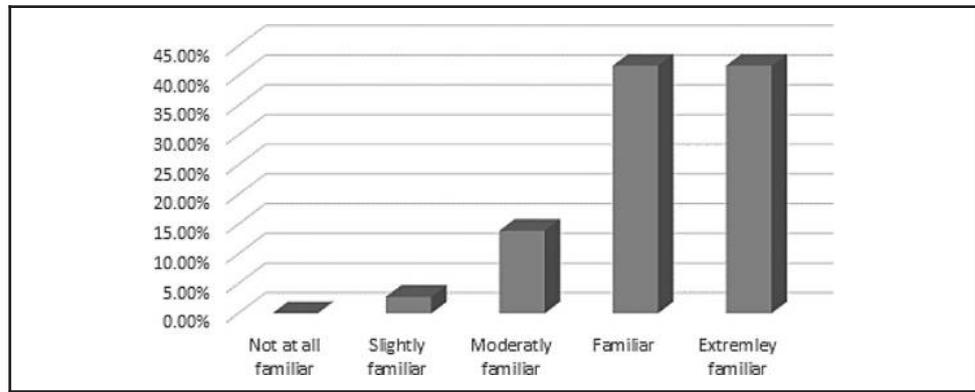
To nurture talent and provide role satisfaction, Gemserv also wanted to nurture employee career development aspirations. Accordingly, a secondment programme was implemented to broaden the breadth and depth of opportunities available to staff.

“Be imaginative – go beyond pay”

Some of the key outcomes of the reward programme have been recorded as follows:

- Company profit share engendered a culture of “we are all in it together” and received positive feedback. This was evident through employees working collaboratively to deliver services and operate efficiently to improve the profit share.
- Staff participation in the benefits programme increased with more on offer to meet the diverse needs. For example, 20 per cent of staff now opt to buy and sell annual leave to meet personal lifestyle choices.
- Financially the company has achieved record growth since the project started – a 10 per cent increase in revenue, 7 per cent increase in underlying profits and 30 per cent increase in headcount. This success is reflective of the engagement of its staff and a real sense of direction in Gemserv’s growth and in sharing the reward.
- Staff value the flexibility that is now on offer to address work-life balance. One of the key benefits was to encourage a more flexible approach and to support this Gemserv became a laptop-only company. The take-up of working more flexibly is reflected through staff feedback and line managers reporting that on average 10 per cent of their teams now work one day from home on a weekly basis.
- An internal survey conducted in March 2015 explored staff perceptions on how familiar they were with the reward programme. The results indicated that over 83 per cent of respondents clearly recognised the range and value of benefits offered, thanks to a significant internal launch and branding exercise to maximise uptake.

Figure 1 Staff awareness of the range of benefits offered by Gemserv



- The reward programme has proved the catalyst to significant growth in career and personal development. Twelve per cent of staff have moved forward with new career development opportunities or transfers to new roles as part of their personal development and to help meet exciting new operational requirements.

Employee engagement

Beyond all the talk of strategy, talent retention and corporate advantage, Gemserv believes that the biggest result has been seen in the high levels of staff perception of, and participation in, the programme and, consequently, hugely improved employee engagement. In a recent survey, staff were asked about their level of familiarity in the range of benefits now offered by Gemserv, and following the work to engage staff in the new reward structure the results were very positive. Figure 1 below shows that 83 per cent of staff were familiar with the new reward structure.

Critical to the success of the project was the relationship between Gemserv and Innecto. During the course of the six-month project, a highly collaborative relationship was developed based on mutual trust and respect. Without doubt, Gemserv “owned” the project but the technical and tactical support that Innecto provided, as an impartial, expert third party, was invaluable. It meant that Gemserv was able to move quickly in shaping its reward strategy to deliver against its strategic focus on attracting, retaining and engaging staff.

Gemserv’s senior management benefited from a deeper insight into employee perceptions, aspirations and requirements covering a wide range of areas, including salary positioning, career progression and intangible value of employee benefits. Gemserv is now more transparent around the process, the decision-making and is truly honest on pay and benefits positioning – and how that can be effectively aligned with business objectives. Communicating the “total reward” message along with all of its benefits – and supported by a raft of highly positive internal communications collateral – was absolutely critical to ensure that benefits were valued and maximised; after all, what is the point of providing expensive benefits that have no impact or hold no value to an employee.

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