BIZCOMMUNITY

Global reward trends

By Chris Blair

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When it comes to global reward trends, the industry is changing quickly and steadily. While we can't change the direction of the wind, we can adjust our sails to reach the right destination.

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Shameless CEO pay is definitely out. In fact, recently BP shareholders revolted against a nearly $20 million (R300 million) pay package for a CEO who had laid off at least 12,000 workers after leading the company to a record $6.4 billion loss that year.

On the same token, boards and excos that have cadre or political deployment are also out.

Gender inequity is also no longer an option for the industry with pay disparity becoming swiftly unpopular.

At the same time, stereotyping career paths and entry levels is also out. We are no longer operating in an environment where our recruitment practices are designed for perfect first world conditions where you need to be under 30, have a Master's degree and 15 years' experience.

Dreaming about jobs is now a no-no. We need urgent action and total alignment between school curricula, university and what employers want.

We are also saying no to too much screen time. Reading is the new black.

Employees are no longer being treated like a number anymore either. As Cameron Morrissey said, “Listen up managers. Your department is made up of human beings. Of mothers, sons, daughters, fathers. Finding ways to show your staff that you care and appreciate them, and finding ways to positively reinforce behavior is one of the cornerstones of any great management strategy.”

In the same breath, measuring activities instead of outputs is out as is getting that big promotion without really hard work.

Instead, the industry is focusing on maximising employee engagement because we need a better, simpler fix on where we are. Maslow’s hierarchy of needs is being applied to employee management, while staff are being segmented according to their risk of leaving a company.

Inequality is also being addressed, because we can no longer live in a world where 3.5 billion poorest people have as much money as 80 of the richest people.

Performance management and PRP are in, where we are seeing a shift towards conversation rather than the paper chase, quantitative and qualitative metrics, as well as financial and non-financial metrics, using personal judgement in a job position, individuals and teams, outputs not activities, not only IQ but EQ and SQ, consciously developing a performance culture, as well as looking at who adds value, who you would fight not to lose, and who you would handpick to be on your team.

In-work poverty is also on the radar. It affects up to 20% of the UK workforce and is known as the 'invisible problem' where people are struggling to pay rent and bills or even buy food. This has a huge impact on morale, as well as productivity. In Africa, this problem is even worse as debt rises. This is an issue that is being tackled in companies, giving employees a safe space to talk about financial matters.

Another issue being examined is structurally high unemployment and underemployment – a huge risk in South Africa at the moment.

With pedestrian economic growth pilfering at a grand scale and job cuts coming, managing costs effectively is another very important trend.

Innovative cost saving plans need to be examined in order to save jobs.

Globalisation is another very important factor where we are currently competing with everyone from everywhere for everything, while governance is another trend that is being scrutinised simultaneously.

The industry has been looking at the future of productivity and growth, with it being the focus of this year’s World Economic Forum meeting in Davos. A revamp of HR and pay policies, as well as strategies and systems will need to be looked at.

There are several things that need to be looked at, in conclusion. The pay setting process needs to be transparent, while employees need to understand how they move up the grades as well as how they move through the pay scale. The remuneration policy needs to be a public document with base pay being set according to the complexity of work. Short-term incentives need to reward a job well done depending on past results while long-term initiatives need to match shareholder growth.

Benefits also need to commensurate with industry norms while there needs to be a better alignment between performance and pay, disentangling skill from luck. Governance frameworks also need to be adhered to and guidance needs to be provided on addressing inequality.

ABOUT CHRIS BLAIR

Chris Blair, Chief Executive Officer of 21st Century Pay Solutions Group (Pty) Ltd, has consulted to over 500 organisations - both in Southern Africa and internationally. Chris holds a BSC Chem. Eng. and MBA in Leadership & Sustainability and is registered as a Chartered Human Resource (CHR) Practitioner with the South African Board for Personnel Practice (SABPP). He is also accredited as a Master Reward Specialist through the South African Reward Association (SARA).

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