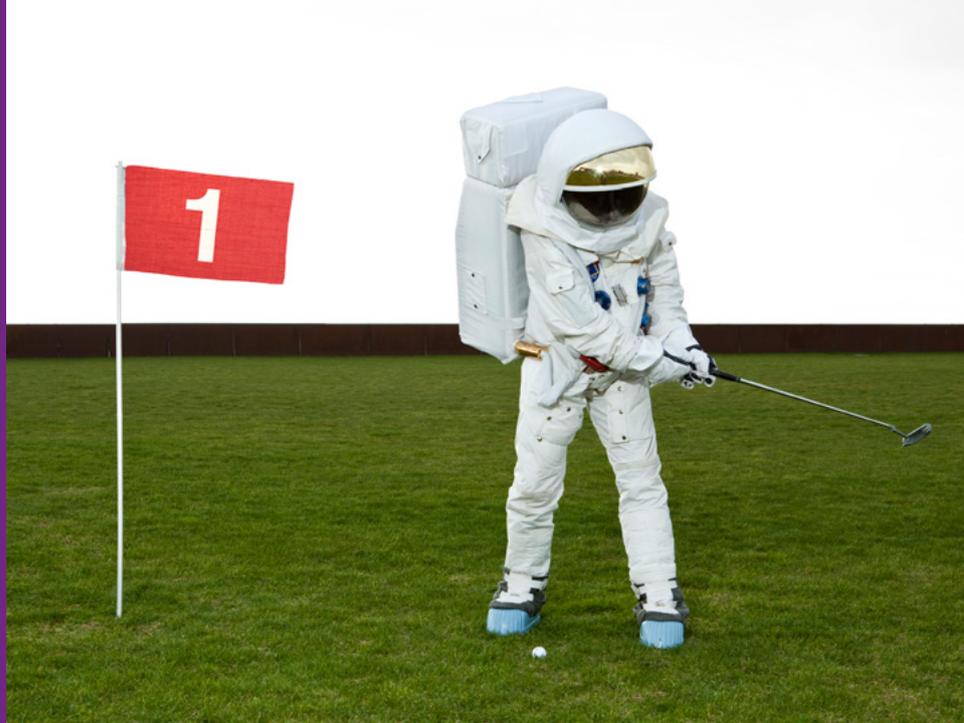


The changing nature of work

Workforce productivity



Rethinking reward for employees of the future

As transformation speeds up, reward and remuneration for staff must keep pace, with more than just money put on the table to motivate and engage people. Failing to act could place strategy and productivity at risk.

As organisations transform their workforces to be relevant in an agile and digital future, old methods of goal setting, reviewing performance and rewarding employees are unlikely to fit well with new approaches to productivity.

“It is important to have a consistent understanding of what productivity means to an organisation, how you define it and measure it – and then to break it down and drive alignment with remuneration and incentive programs,” says Jason White, Director, Performance and Reward, KPMG.

White says the tradition of setting annual goals and pay rates must be redesigned to better suit new ways of working, with the goal of motivating staff and encouraging their support for change.

“When you embark on change, it’s important to review how existing reward and performance systems are aligned with the change effort, or how they will potentially inhibit that change,” he says.

From annual to dynamic reviews

When transforming processes, departments or whole organisations, it is one thing to communicate to people the nature, reasons and benefits of the process, but it is another to ensure employees are engaged with the journey. If this is overlooked, productivity can be at risk, and the transformation could fail. White says adopting more ‘dynamic and fluid’ ways of setting goals and reviewing performance can help.

“The traditional links between ratings and pay are being challenged, because the performance ratings process has become all about the pay, when it should be about

managing performance and change, and achieving the productivity an organisation is looking for,” he says.

Part of this is embracing shorter term goal setting, regular reviews, real-time feedback, and being more innovative with reward structures. White says technology is key to this evolution.

“There is a need for real-time performance data – the ability to access information, distil it, analyse it and act on it,” he says.

Technology also increases the power of organisations to harness customer feedback on performance, in real-time.

“Data, analytics and the Internet of Things can provide information from a customer standpoint. This, combined with crowd-sourced feedback on the customer experience, allows for more frequent assessment of performance, and for more continuous coaching and development,” he says.

A broader view of reward

As organisations go through change, ensuring they have an engaged, supportive and productive workforce can require more than raising salaries.

“We need to think from a total reward perspective. Financial and non-financial rewards can be utilised to create a compelling proposition that will motivate staff to align and support change,” White says.

The culture, purpose and experience offered by an organisation, along with its social footprint in the community, can add to the appeal.

“The assumption that cash-based rewards are the only thing that matter to employees is being challenged

by more contemporary views around the intrinsic motivators that people have around work," White says.

Examples could be flexibility, education, professional development or technology training.

"Some people might want additional leave, or to structure things so they can spend more time with their children. There is also opportunity to develop the purpose of an organisation, and how employees can engage with the social good that the organisation does," he says.

Aligning incentives to achieve desired outcomes

Incentives are a common way of motivating staff to achieve goals, but organisations need to think carefully about how they use them. Ben Travers, Partner, Performance and Reward, KPMG, says in times of transformation, incentives should be designed to boost staff support and the overall success of the change.

"Incentives can drive specific improvements around key activities, behaviours or metrics in a business. You can drive that alignment from the executives, through to the managers, and through the front line, with a consistent focus on measures that are tightly linked to productivity," Travers says.

For sales roles, incentives could be structured around the quality of contact they have with clients and conversion into outcomes suitable for client needs.

"For teams, incentives can be used to help reinforce a collaborative culture," Travers says.

This could apply when colleagues are located in different cities and countries, connected only by technology. Shared incentives can help drive common goals and enhance success of the change program.

"In those situations, particularly if you're trying to drive a cultural outcome, the rewards may be cash or non-cash. You might create opportunities for interesting team experiences, or different types of celebrations that are more about reinforcing a team culture," Travers says.

Challenges of change

White acknowledges that revitalising entrenched reward and remuneration structures takes some creative thinking and innovation. He says many technology companies are at the forefront of this activity, and other sectors are experimenting.

"They might ask, 'Why are we using a five point performance scale? Why don't we just focus on our high and low performers? For the balance of our workforce, why do we rate them, when we just tell them that they've done what was expected of them?'" he says.

White says while it may be challenging, organisations that fail to align transformation with fresh approaches to measuring and rewarding performance are missing a return on one of their major investments – people.

"You invest in your workforce in a number of different ways. If staff are not delivering outcomes, then there are implications for the overall success of the business."

In summary, aligning a transformation with regularly updated goals, reviews and a compelling reward proposal beyond finances is a strong step to help maintain productivity through and after change.

"What's undervalued is day-to-day recognition from leadership, and providing feedback as a way of motivating and driving engagement. If feedback happens at the moment in time, you don't have to wait for it. I think there's something to be said for that, it's a good driver of performance," White says.

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