

Is your reward strategy fit for purpose?

Contacts

Stuart Jones

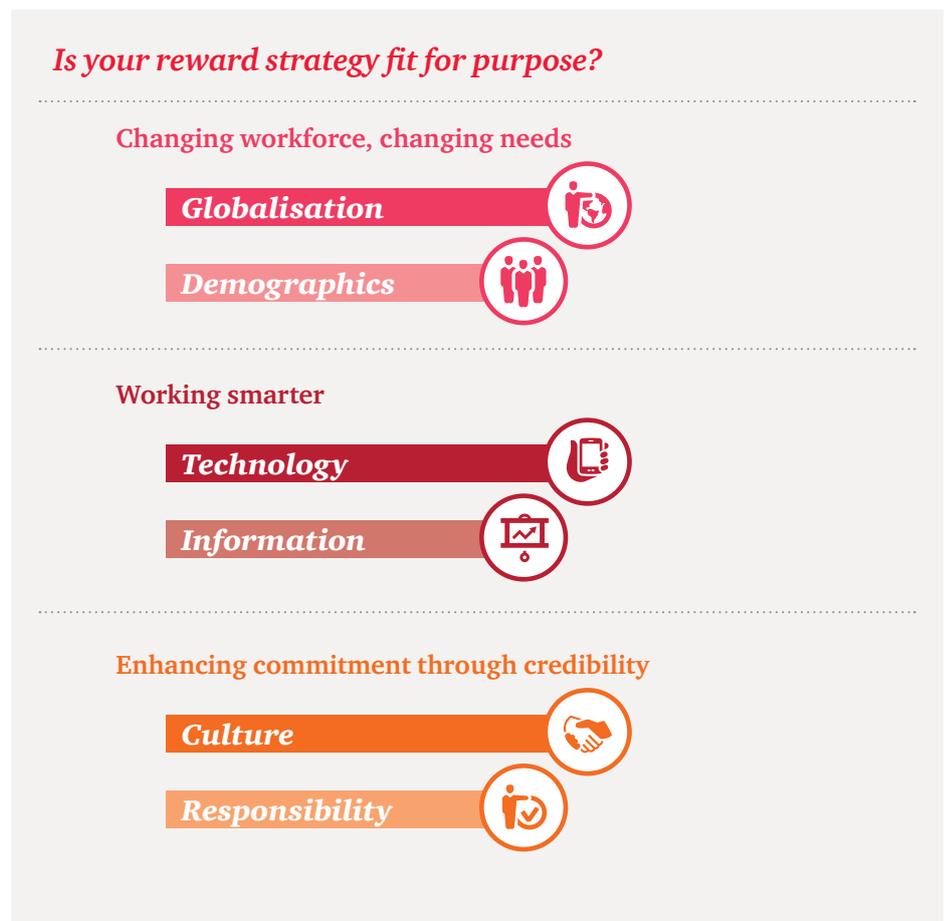
Senior Manager
+41 58 792 45 16
stuart.jones@ch.pwc.com
PwC Zurich

Anne Templer

Assistant
+41 58 792 21 12
anne.templer@ch.pwc.com
PwC Zurich

We have heard a lot about a chronic skills gap in the workforce: A mismatch between the demand and supply of talent means that getting (and keeping) the right people has never been more challenging. With a rapidly changing and increasingly disrupted world, companies not only need the traditional technical skills and experience, but also need people with an agile mind-set and entrepreneurial spirit. Incentive structures are one of the key levers that can increase a company's attractiveness to these in-demand employees. In fact, in our recent CEO survey, one-third of global CEOs surveyed said just that: they expect enhanced pay, incentives and benefits to have the greatest impact on attracting, retaining and engaging the right talent .

What is influencing their new reward strategy? We see these themes emerging:



Changing workforce, changing needs

A general trend towards longer working lives means that multiple generations are in the workplace at the same time. Advances in technology and social change over the years have shaped very different generations with differing personal outlooks and expectations from their employer. A job for life is now a job “for the moment”, and a compelling purpose is now often seen as a more effective incentive than additional bonus dollars.

How do I address this?

Given the different needs, a ‘one size fits all’ approach no longer works. Flexibility is key to offerings that incentivise and motivate all generations. Offerings that can change as employees grow up (and grow old) have a high retention value for all generations.

Working smarter

New technologies are having a huge impact on how people work together and we can get greater insights through “big data” analytics. Successful consumer and technology businesses that have deployed technology smartly to enrich the customer experience have also inadvertently increased expectations of the workforce; ‘if you can do this for your customers, why not for your employees?’

How do I address this?

Re-calibrating incentive arrangements to recognise and reward new working styles will go some way to help. This includes new performance management processes that focus on team performance, and real-time feedback mechanisms, delivered through 21st Century channels such as mobile apps. Some firms have gone a step further and digitised their project resourcing process, using online portals to tap into the highly specialised freelance talent market to supplement the existing workforce on specific topics.

Enhancing commitment through credibility

Organisational culture is fast becoming one of the most important tools in the incentive toolbox. Employees are more selective about who they work for choosing to work for companies with a strong sense of purpose and sensitivity to their environment. Incentive plans need to echo this purpose in order to add credibility and ensure that once employees join, they stay.

How do I address this?

Understand the current culture and identify the elements that can be brought to life through the incentive strategy. This will provide the blueprint for change and ensure that the reward strategy reinforces the leadership message. Benefits arrangements can also help to reinforce the responsible employer message through encouraging volunteering events and Corporate Social Responsibility programmes.

So, in our experience, the most successful reward strategies have three things in common:

- They recognise and are sensitive to individual employee needs
- They deploy technology to deliver an engaging experience to employees
- They reinforce the value statements, culture and purpose of the organisation

Get these factors right with your reward strategy, and you will be well positioned to attract and retain the talent you need.