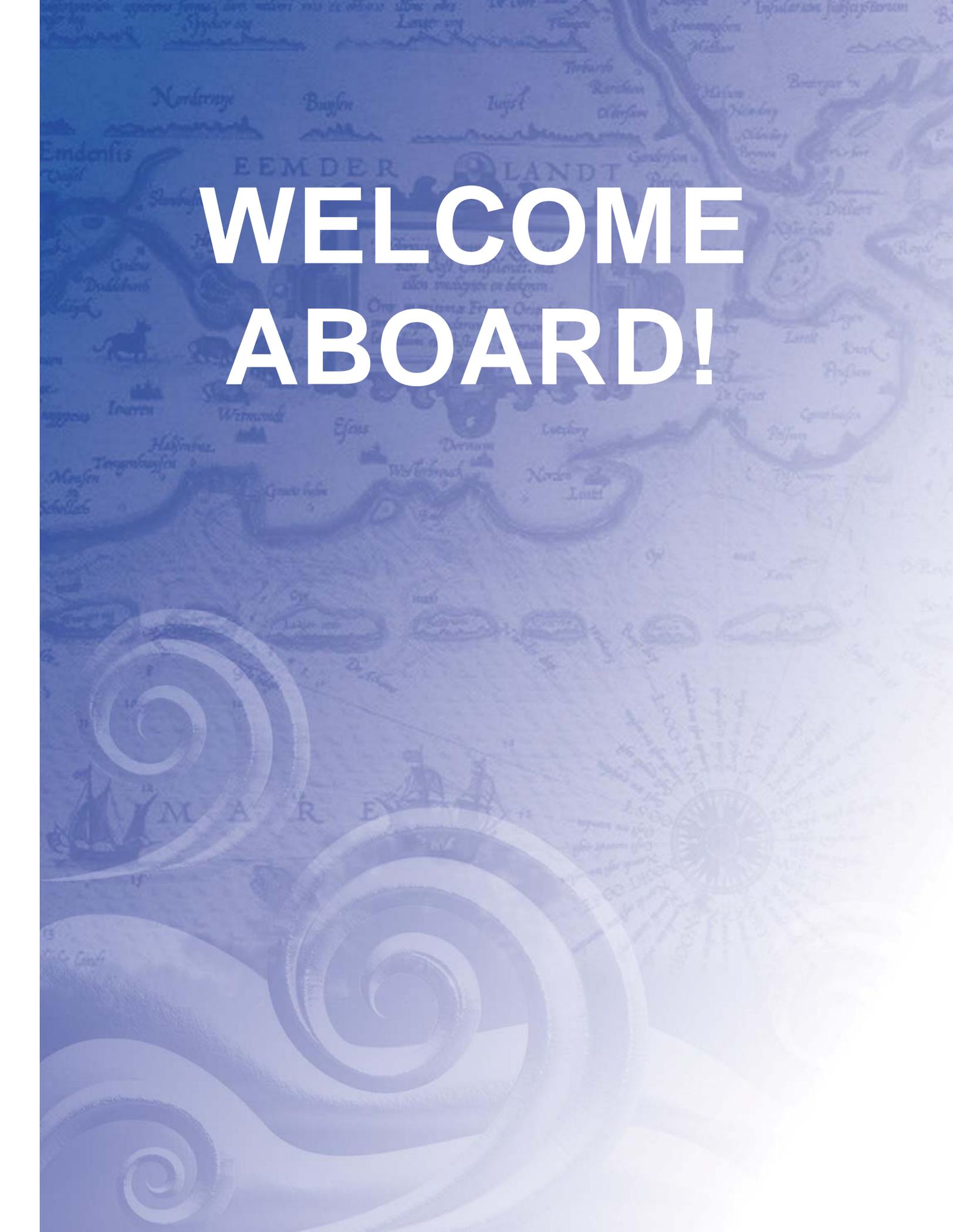


# EP HR Global Processes Voyage

## Participant Guide



Name: \_\_\_\_\_



**WELCOME  
ABOARD!**



# Remuneration and Recognition

## Objectives

After completing this lesson, you will be able to meet the following objectives:

- Explain how remuneration systems are designed and operated
- Describe how the merit review process related to salary progression
- Describe how bonuses are determined
- Determine how bonuses are related to individual and business performance
- Describe the governance structure for remuneration
- State where to find detailed information on specific remuneration topics

## The Remuneration and Recognition Process

The Remuneration and Recognition Process covers the design and setting of salary scales based on market competitive information.

Additionally, the Remuneration and Recognition Process:

- Provides for means of progressing individual salaries in recognition of delivered performance.
- Ensures that the competitive positioning of is in line with Group remuneration, benefits and philosophy.
- Assists in attracting and retaining the right people for the organization.

It is critical, therefore, that remuneration processes are effective and competitively benchmarked against the external world, as well as being internally consistent and transparent to staff.

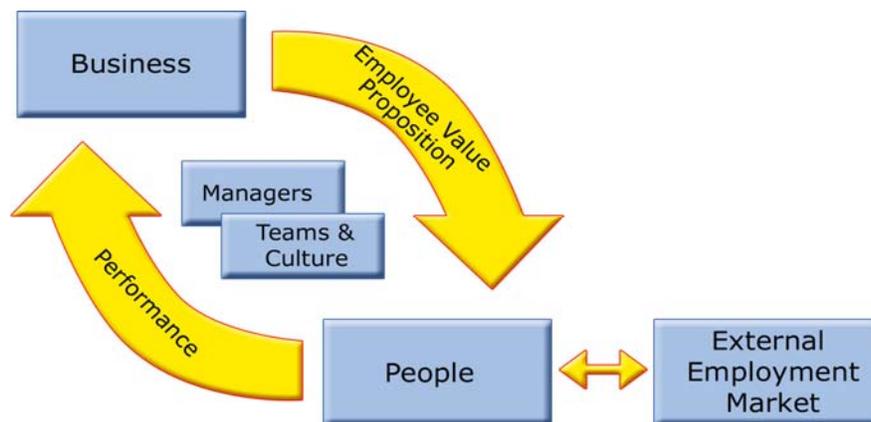


## The Human Performance System

Our performance in \_\_\_\_\_ is the key determining factor for what \_\_\_\_\_ is and will become. In order to devise compensation strategies to maximise performance, it is incumbent upon HR Professionals and managers to understand how compensation affects performance.

The Human Performance System model illustrates this relationship. An understanding of each of the elements in this model will allow you to maximise each element and align them within the system. You can thus leverage the system to get maximum return from your investment and from those factors that you have the power to influence.

As portrayed in the model (graphic) below **Business, People** in the business and the **External Employment Market** interact in a continuous manner.



**A central principle in the Human Performance System is the symbiotic relationship between the business and people. The business depends on the performance of its people to achieve its desired results. People, on the other hand, will perform for the business based on the value they receive from it.**

## **Business Factors**

Business factors encompass the needs of the business--- the reason the business exists. They are the end results that the Human Performance System is intended to achieve.

- Business Factors to consider include:
- Shareholder interests
- Business targets
- Business principles and values
- Strategies
- Sustainable development

## **People Factors**

People Factors encompass the employees' contributions and interests.

- People Factors to consider include:
- Talent, Value
- Ability to be a team player
- Diversity
- Growth, Learning
- Personal productivity
- Personal principles and values
- Personal interests, preferences, and goals

## **Performance Factors**

Performance is what the business expects from its employees in order to meet business results. An optimized Human Performance System optimizes individual, process, and organizational performance.

- Factors to consider include:
- Group, team, and individual performance
- Short-term and long-term (sustainable) performance
- Evaluation of performance

## **External Employment Environment**

The external environment is becoming an increasingly critical factor to consider. People are no longer looking only at the value they are getting from

They are comparing this value to the value they could potentially get from other companies. Thus, it is ever more crucial for us to maintain a keen awareness of our competitiveness in the external local, regional, and international market.

Factors to consider include:

- Trends
- Competition and Employment Market
- Mobility of workforce
- What other companies are doing, Best practices and new ideas
- Social, political, economic, legal, and regulatory environments

## **Managers**

Managers are the front-line for the employee value proposition. They are your link to the employee. They make the decisions that have the most effect on the employee's experience and play a key role in:

- Setting the direction for employee performance and career development
- Coaching and training
- Appraisal and reward

## **Teams**

Performance is usually a collective effort with diverse perspectives and capabilities. Teams contribute to (or distract from) individual performance.

Team Factors to consider include:

- Performance driven culture
- Internal relationships
- Common interests
- Mobility within

## **Employee Value Proposition Factors**

To be competitive in a market, a company needs to establish a compelling answer to the question, "Why would a talented person choose to work for this organisation." The Employee Value Proposition (EVP) is the response to this question. The EVP is contribution to our employees.

The goal of the EVP is to assist in developing the necessary work environment to support the development of the desired employee pool. It makes a satisfying company to work for, which attracts top talent from the employment market into our group. A quality group of employees who are well taken care of creates world-class performance. This world-class performance, in turn, builds a better business and allows for a stronger EVP.

Compensation is not the only part of the EVP, but it is a critical part. A good compensation strategy can motivate our employees to excellence. An inadequate compensation structure can leave our employees dissatisfied, even if other parts of the EVP are strong.

Understanding how compensation and the EVP works within the Human Performance System model shows how compensation can be leveraged to meet aspirations.

According to the Engagement Model developed by Hewitt Associates, factors that ensure a high-performing employee base include:

- Total Compensation
- Work Activities (e.g., challenge, status, and pride)
- Relationships (e.g., customers, colleagues, and managers)
- Leadership
- Quality of Life (e.g., physical environment, office setup, and work/life balance)
- Opportunity (e.g., growth and advancement potential)
- Culture and Purpose (e.g., organizational values and behaviour)



## The Role of the HR Professional

### So, what does an HR Professional do in this system?

As an HR professional, you are the catalyst that keeps this system going and growing. You interface with each of the components, staying abreast of their needs and issues, and ensuring that they stay aligned and operating optimally.

The Strategic Partner role is especially important for HR Professionals, since it revolves around their interaction with (line)management where they:

- **Communicate** – Ask questions, determine needs, and provide applicable information.
- **Support** – Gather adequate data and perform necessary administrative functions.
- **Coach** – Provide feedback and direction for management decisions.

Your role is particularly important in a complicated and impactful area such as compensation.

### Evolving Role of HR Function



The model below, adapted from Dave Ulrich's 'Human Resource Champions', shows that HR professionals must be able to act along two separate dimensions - the strategic [longer term] and operational [shorter term] axis; and the ability to focus on both customers/people and also on processes axis.