



Optimising Compensation & Benefits for the long term

Ragi Singh
10 Nov 2010

The Power of We



AIA.COM.SG



Key Issues Shaping C&B Practices

What we already know as HR Practitioners...

Employment levels are improving

Productivity rates have fallen

- Does this mean that employees are less skilled or less motivated?

Cost of business in Singapore is increasing

- Budgets are key concerns
- Migrating employees are increasing the pressure on costs
 - Immediate gratification is achieved by moving across jobs
 - “The grass is always greener on the other side” mentality...seen in many other aspects of our lives .

Source: Labour Force Survey, Manpower Research and Statistics Department, MOM

**Tangible to non tangible C&B –
at what stage do we stop
looking at the dollar value?**

01



What are your employee investments?



Employee Investment

It is a big investment...know it well

- What % of your operating costs is spent on employees?
 - What % of those costs do you spend on your top performers?
 - ✓ 80-20
 - ✓ Top 5% to Bottom 5%
 - ✓ Validate your value add exercises

Understand the levers that drive this costs

- Profile of your staff
- Medical, families, singles, gender

What is your strategy?

- Divide and conquer
- Compete or align with the industry/across industry
- All employers have a tangible product (JOB) to offer, so know what you need to do to stay ahead of your competitors



Tangible – Intangible C&B



Years of work experience
Emphasis on dollar value

Assertions

- Younger employees tend to look at salary as a decision point for changing jobs
 - This tends to evolve with age
- Older employees have a need for achievement through rather than absolute dollar
 - Some are still young at heart, so cash is still key

The key is to identify when each employees needs are shifting

- Long term career conversations & planning
- Life stages of the employee
- Compensation strategies for the various types of employees - Top performers, MA , HiPos etc.
- Perceived value of C&B at different career stages

**Shifting the conversation
from short term compensation
to long term career
development**

02



Shifting the conversation

Focus on long term career planning

- Focus on achievements at each stage and target compensation
- Discuss derailers
- Increased value comes with increased experience and not length of service

Total Compensation & Benefits

- Keep C&B language simple
- Focus on your strategy (compete or align with the industry)
- Data points – salary surveys
- C&B is an art as much as it is science
- Talk about non-performance as well

**Opportunities for HR to
"surprise" with high perceived
value benefit**

03



Perception of Value



Vroom Expectancy Theory

- The expectancy theory says that individuals have different sets of goals and can be motivated if they believe that:
 - There is a positive correlation between efforts and performance
 - Favorable performance will result in a desirable reward,
 - The reward will satisfy an important need
 - The desire to satisfy the need is strong enough to make the effort worthwhile



Rewards & Recognition (R & R)

Try non-monetary rewards & recognition approaches

- Get creative and build an engagement strategy around R&R for employees that make a difference.
- Know your hygiene (wages, salaries and other financial remuneration) and your motivation factors:
 - Status
 - Opportunity for advancement
 - Gaining recognition
 - Responsibility
 - Challenging / stimulating work
 - Sense of personal achievement & personal growth
- What are your high perceived value benefits that drive C&B?
- Use of R & R to optimize C&B

Thank you.