

The Insync Surveys

Alignment Update

A series of five organisational updates on: leadership; engagement and retention; corporate social responsibility and risk management, reward and recognition; and market responsiveness.

Update four: Reward and recognition

October 2008

Further information:

Insync Surveys

Melbourne: Level 7, 91 William Street, Melbourne VIC 3000

Perth: Level 3, 1060 Hay Street, West Perth WA 6005

Sydney: Level 2, 110 Pacific Hwy, North Sydney NSW 2060

research@insyncsurveys.com.au

Phone: +61 3 9909 9222

Phone: +61 8 6461 6485

Phone: +61 2 8081 2000

www.insyncsurveys.com.au



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Introduction

The Insync Surveys Alignment Update is a series of five insight reports which will confirm or debunk common perceptions held by senior leaders faced with mission critical organisational challenges.

This report, the fourth report in the series, helps leaders understand how to create a team that's happy and productive with reward and recognition initiatives.

The first report explored employee perceptions of leadership. The second provided insight into factors driving the successful engagement and retention of staff. The third report focused on employee perceptions of Corporate Social Responsibility (CSR) and risk management. The final update will focus on market responsiveness.

Subscribe to the full series of The Insync Surveys Alignment Update for free at www.insyncsurveys.com.au, email: research@insyncsurveys.com.au or call: +61 3 9909 9222.




Methodology

Data gathered from the Insync Surveys Organisation Alignment Survey has been used as a basis for the five reports in The Insync Surveys Alignment Update. The Organisation Alignment Survey measures the connection of an organisation's vision and strategy with the actions, attitudes and outcomes of its employees. Organisations including those going through significant leadership changes or those adapting to new market pressures use the tool to take stock and then devise the best path for a sustainable high performance future.

The Organisation Alignment Survey is more comprehensive than other employee opinion and satisfaction surveys as it deals with areas that are important for high performance organisations. Despite being more comprehensive, the survey has been designed to be completed by employees over the internet within 20 minutes.

The survey has 120 statements measured on a seven point scale where "one" represents strongly disagree and "seven" represents strongly agree.

This study highlights differences among demographic groups. To do this, the seven rating options are aggregated under the titles of “disagree”, “neutral” and “agree” as follows:

Disagree = 	Neutral = 	Agree = 
Strongly disagree (1) Disagree (2)	Slightly disagree (3) Neither agree nor disagree (4) Slightly agree (5)	Agree (6) Strongly agree (7)

Reward and recognition: key findings

- Employees are disappointed by the lack of opportunities for high performing employees to progress in their organisation, with over 60% of respondents unsure or disagreeing that their organisation is committed to promoting the right people (page 7)
- Only 33% of employees aged 25-45 agree they're paid fairly in their role (page 8)
- Only around 40% of 25–45 year olds agree that they receive the training and development needed to be successful but older workers are more content (page 9)
- Organisations are missing an opportunity to sustain engagement - the extent to which employees agree that challenging goals are used to increase performance decreases over time; from 51% of employees with less than one year of service to 43% for employees with over 10 years' experience (page 10)
- Many organisations aren't taking basic steps to create a more productive and happier workforce, with 64-78% of employees disagreeing or indifferent about there being effective programs for recognising and rewarding achievements of their people (page 11)
- More employees agree, than disagree, that their organisation has effective recognition and reward programs but it's individuals in organisations with 200+ staff who have the highest degree of dissatisfaction (20%) indicating their achievements get lost (page 12)

About the sample

A sample of over 14,000 employee responses from more than 70 organisations was drawn from Insync Surveys' international benchmark databases, which collectively contain the responses of more than 750,000 people. The responses used were submitted between 2004 and 2008.

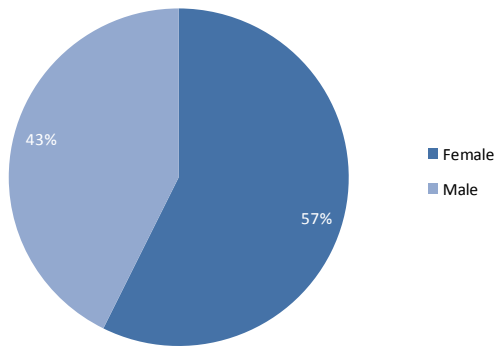
Most industries are represented, including logistics, health care, education, government, not-for-profit, resources, finance, tourism, services, manufacturing and research. Data were collected in line with the privacy policy of Insync Surveys. This policy informs survey invitees that their responses may be used for the purposes of research. It also guarantees that their identity will not be linked to their responses.

Copyright warning

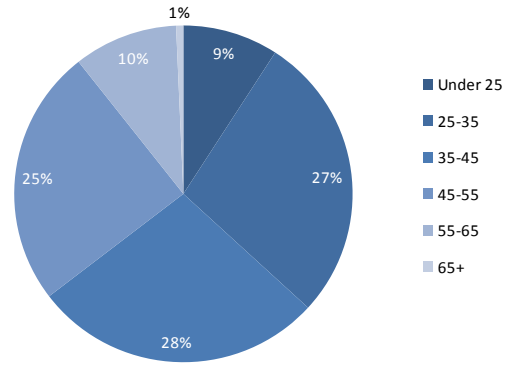
The survey statements included herein are the intellectual property of the Insync Surveys and may not be copied or reused without the express prior written permission of Insync Surveys.

The pie charts below illustrate the distribution of respondents across the various demographic groups.

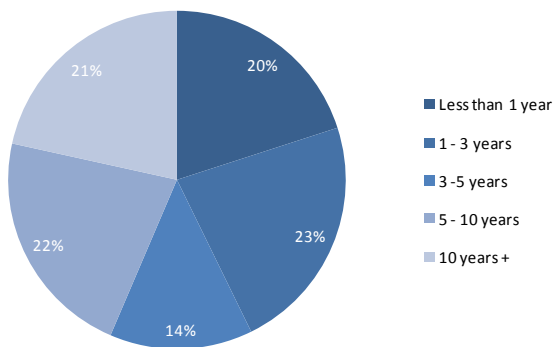
Population distribution by gender



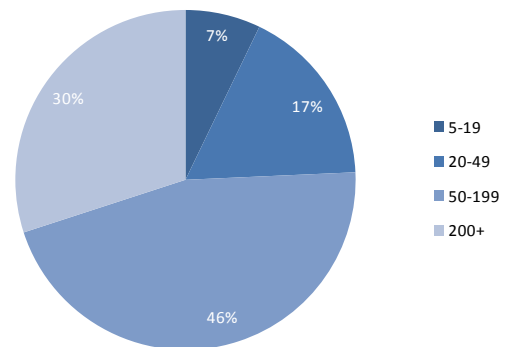
Population distribution by age



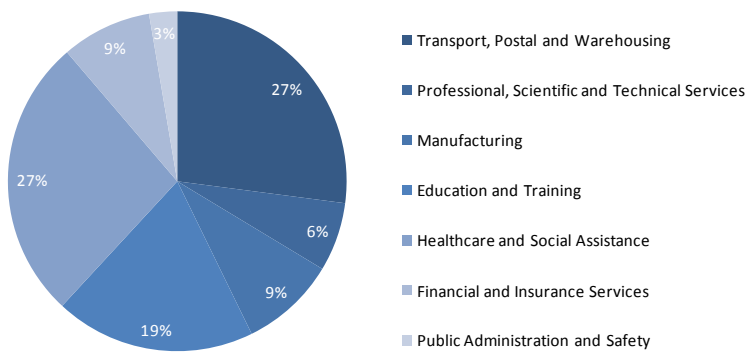
Population distribution by tenure



Population distribution by organisation size (based on number of employees)



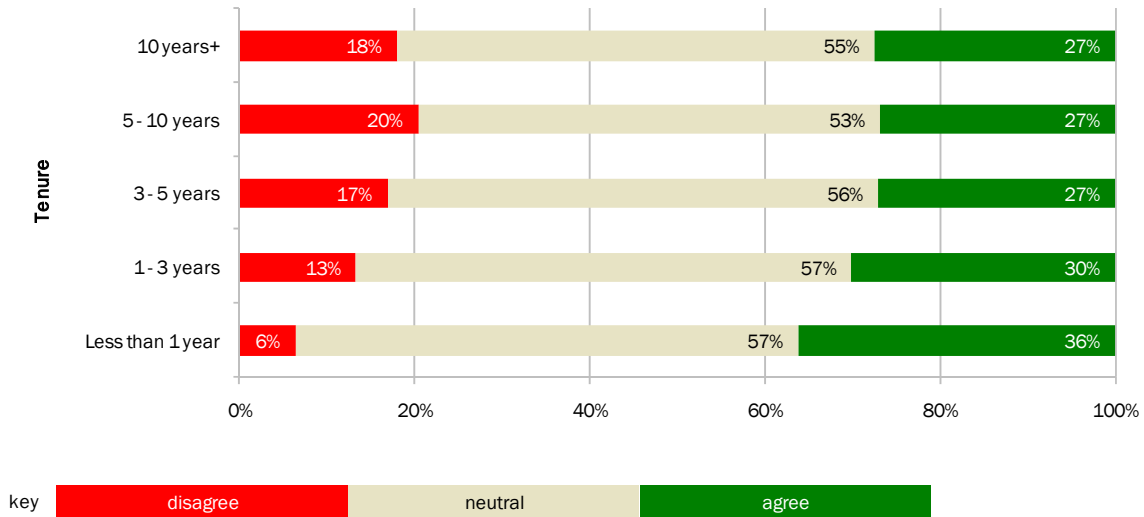
Population distribution by industry



Note: Industry breakdown based on the Australian Bureau of Statistics' ANZSIC 2006 codes.

Frustration climbing the corporate ladder

Figure 1 – “Our organisation is committed to ensuring that the right people get promoted”



When analysing the statement: “our organisation is committed to ensuring that the right people get promoted,” it shows that over time employees become more disappointed by a lack of career opportunities for high performers. Over 60% of respondents were unsure or disagreed with the statement. Staff employed for 5-10 years expressed the highest level of disagreement, with 20% disagreeing or strongly disagreeing that their organisation promotes the right people.

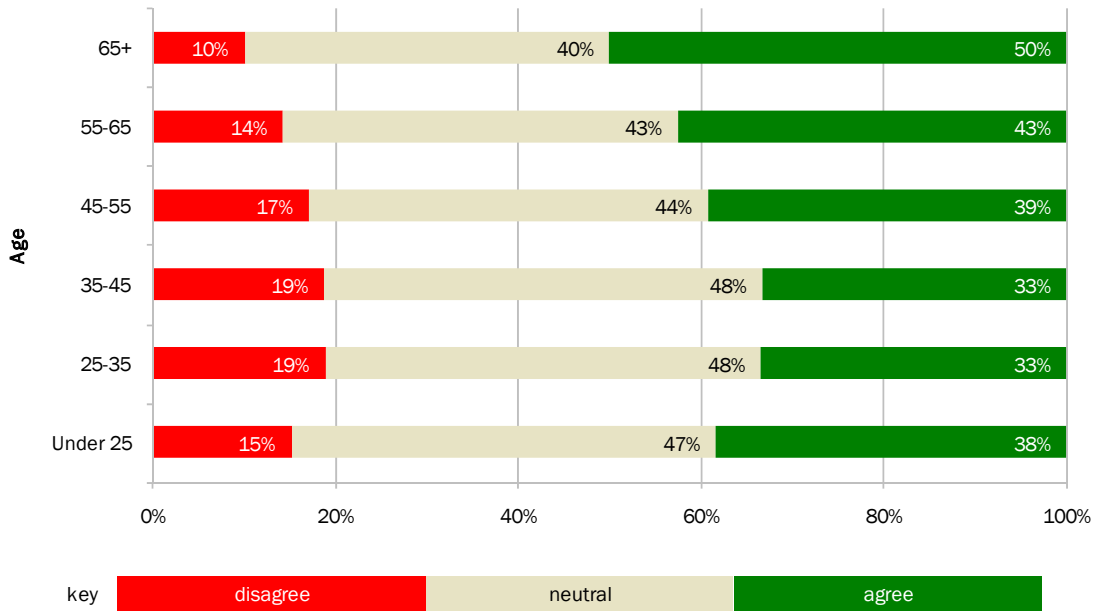
If employees are perceived to receive promotions for reasons other than merit, organisations will face staff disengagement. When employees believe promotions aren’t based on training, experience and interpersonal style, a sense of injustice and mistrust can flood the workforce, leading to internal divisions and a lack of respect for management and HR.

Organisations must ensure their promotional processes are equitable and transparent so that employees believe they’re given a fair go. By providing and advertising internal vacancies, organisations give employees assurance that fair processes are in place. However, it is critical to ensure that the right person for the job is employed, regardless of whether they’re internal or external.

Setting up legally defensible and valid selection systems also assists in ensuring the person with the right fit is selected for any given role. Employers may also help longer standing employees by facilitating career development plans and providing the skills and education needed to reach their desired goals. An investment in people is an investment in building organisational capability and future sustainability.

Show me the money

Figure 2 – “I am paid fairly for my current role”



If you employ people aged 25-45, chances are they want you to pay them more. Only 33% of employees aged between 25-45 agree they're paid fairly in their role. Employees over 65 years of age display the highest level of satisfaction with their income, with 50% agreeing or strongly agreeing with the statement.

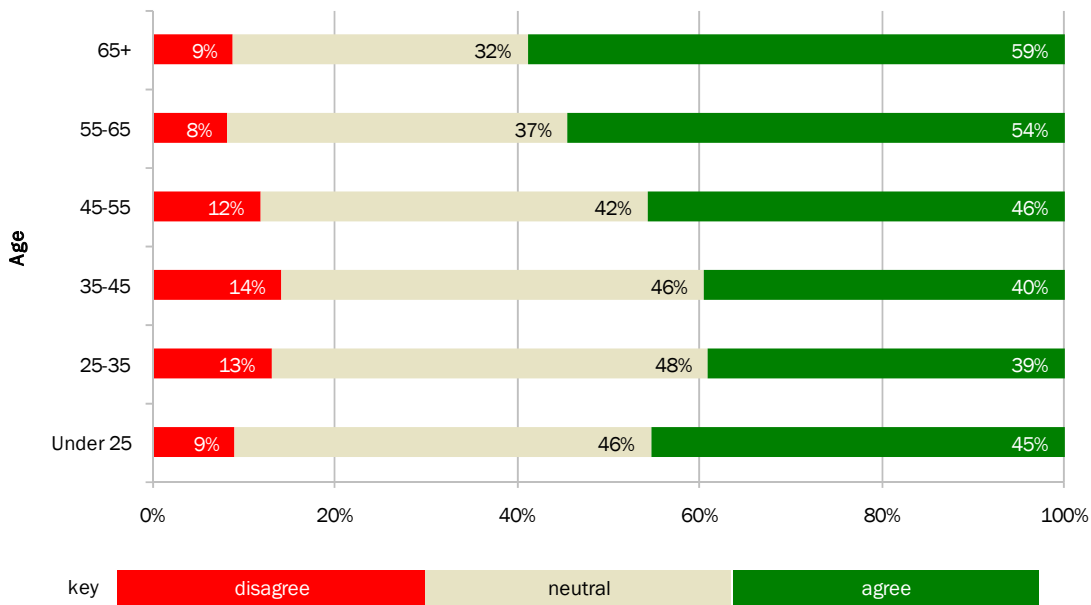
The above figure suggests that a majority of staff don't believe or are unsure if they are paid fairly. It is important that leaders are aware of what remuneration levels are appropriate and that employees have a sense of clarity around how they compare with others in their industry. While staff may not always agree, attempts can be made by managers to communicate going industry rates to explain their difficult position. This helps to more effectively manage the challenges associated with internal and external pay concerns.

In a tight market for talented employees, organisations with deep pockets, such as those in the mining sector, have enticed workers away from less lucrative industries such as local government and manufacturing. In response, organisations offering lower salaries are often more creative by expanding and marketing roles with other employment conditions, such as leveraging the intrinsic satisfaction of the work, greater opportunities for training and development, tax breaks (in the not-for-profit sector), opportunities for career progression, paid parental leave, a great culture and more flexible working conditions.

With a tightening economic climate, the results to this statement may change as employees become more thankful about just having a job.

25-45 year olds are hungry for progression while older workers are more content

Figure 3 – “I get the training and development I need”

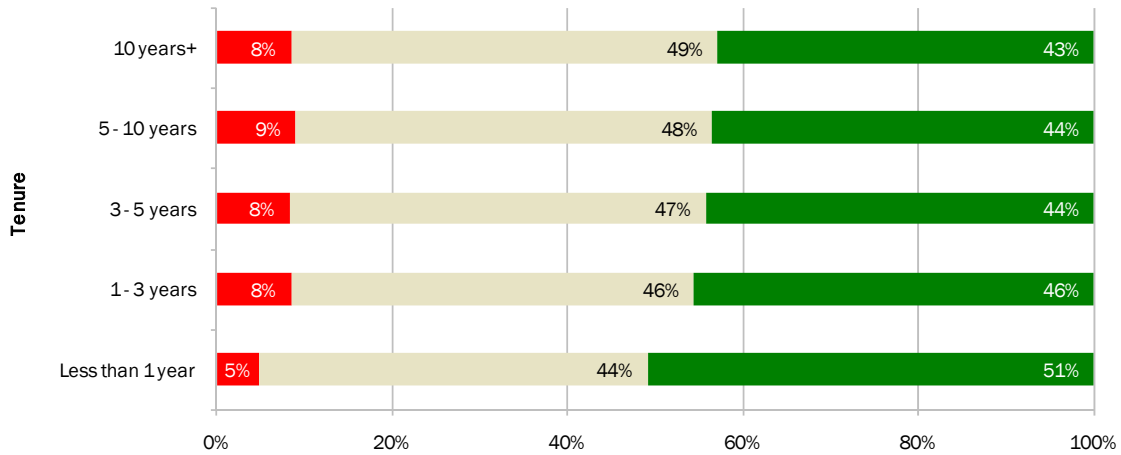


Similar to figure 2, employees aged between 25-45 again expressed the lowest levels of agreement, this time with the statement: “I get the training and development I need.” Only around 40% of this group agree or strongly agree that they receive the training and development needed. Training and development can be focused on new starters, which is reflected in their more positive responses in the figure above. It may be the 25-45 year old workforce that is in need of more targeted and frequent opportunities for professional growth and learning.

As shown in the above figure, people aged 55 and above display the highest levels of agreement with the statement, with 54-59% agreeing or strongly agreeing. These employees may already be seen as specialists or leaders in their field. Alternatively, older workers may not be looking for career progression as retirement is the only option ahead. This can be challenging for organisations if they’re faced with workers who are no longer driving the organisation forward, preferring instead to coast for their remaining years until retirement kicks in. It could also be that longer serving employees feel satisfied with the amount of training and development they’ve had over their career.

Organisations wise to challenge employees

Figure 4 – “My work group/team uses challenging goals to increase performance”



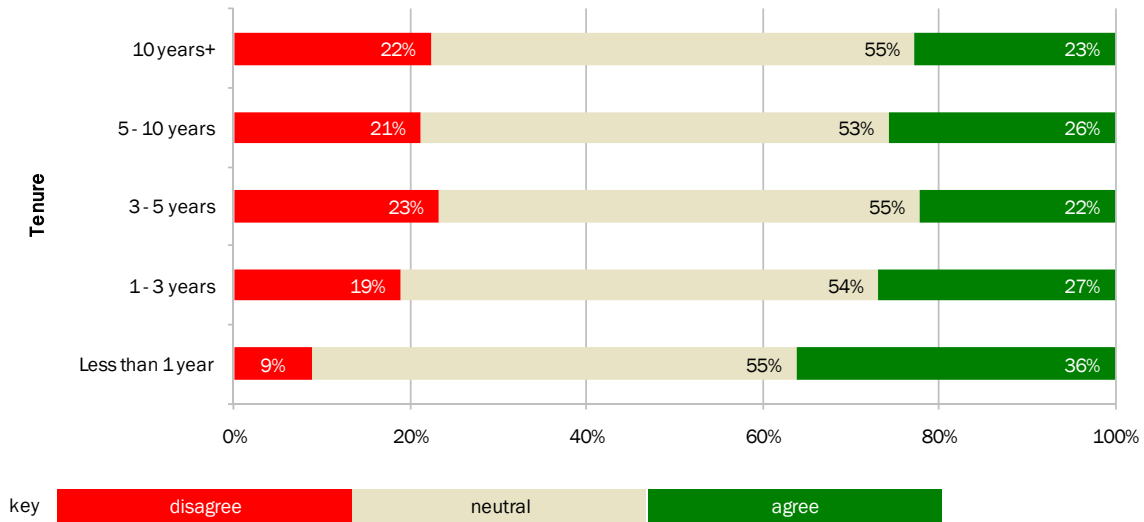
When analysing the statement: “my work group/team uses challenging goals to increase performance,” the extent to which employees agree decreases over time; from 51% of employees with less than one year of service to 43% of employees with over 10 years’ experience. The induction effect, where new employees are given a lot of attention, may be at play here.

Rather than letting longer serving employees fade into the woodwork, challenging goals can increase performance and act as a reward. Increasing responsibility and challenge in the workplace can sustain engagement, and productivity, particularly after a position has been mastered over time. Increasing responsibility demonstrates a level of trust in an employee’s ability, and this faith can inspire confidence and enhance performance.

As economic times become more difficult organisations will benefit from improving their performance culture to get more out of existing employees. Employees like to be set challenging goals, providing they’re realistic. Employees also enjoy achieving challenging goals. Accordingly, there are significant organisational benefits from developing and maintaining an effective performance management system.

Saying a simple “thank you” pays off

Figure 5 – “Our organisation has effective programs for recognising and rewarding achievements of its people”



When analysing the statement: “our organisation has effective programs for recognising and rewarding achievements of its people,” 64-78% of employees disagree or are indifferent. Those with three to five years of service indicated the highest level of disagreement. This is closely followed by those employees serving over five years. Like figure 4, newer employees appear to be more enchanted by positive reinforcement.

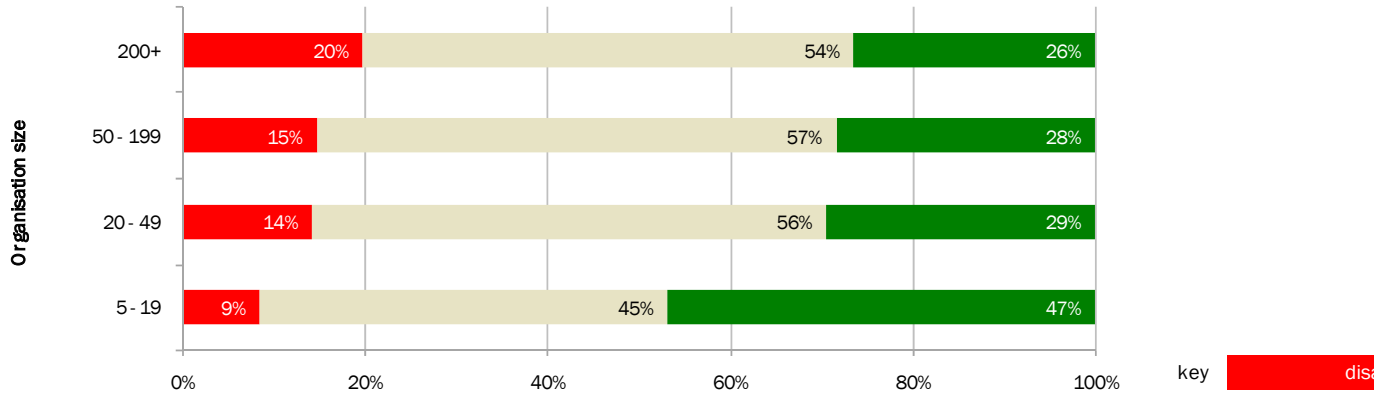
These results are disappointing as effective programs for recognising and rewarding staff achievements can be developed and implemented at a small cost but with very significant organisational benefits. For example, appropriately thought out presentations and vouchers may be used to invigorate staff to achieve greater outputs.

It is important for organisations to recognise that it’s not only new employees who need to be praised and rewarded for their efforts at work. All employees need to feel valued and in return they’re more productive and better to work with. Insync Surveys identifies this as an area of substantial employee frustration in a number of organisations.

Initiatives to recognise and reward staff can increase employees’ feeling of achievement. A simple “thank you” to an employee and praise for a job well done can dramatically improve satisfaction. Recognition from senior management can also increase the feeling of value, for example: truly people-oriented CEOs may go out of their way to get to know employees’ names and recognise their contribution. Celebrations around key milestone achievements are also important.

Small organisations share the love

Figure 6 – “Our organisation has effective programs for recognising and rewarding achievements of its people”

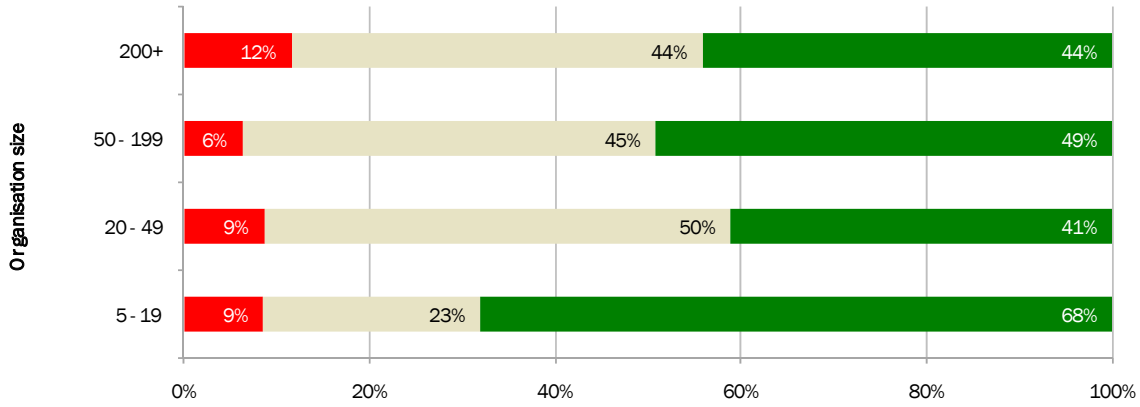


Positively, more employees agree with the statement: “our organisation has effective programs for recognising and rewarding achievements of its people,” than people who disagree. But it’s individuals employed in organisations with 200+ employees who indicated the highest degree of dissatisfaction with the effectiveness of recognition and reward programs (20%). This is followed by those organisations with 50-199 employees, and 20-49 employees, at 15% and 14% respectively. As the number of employees increase, so does the dissatisfaction with the effectiveness of recognition and reward programs available.

Larger organisations must ensure the efforts of each and every employee are recognised and rewarded adequately. Obtaining an understanding of unique employee needs and motivations and acknowledging them may also assist in enhancing current perceptions. Organisations that instil policies and traditions as part of their culture reinforce achievement and an award winning mentality.

Bigger isn't better

Figure 7 – “My work group recognises, encourages and rewards good performance”



It's necessary for recognition to be given within an employee's immediate team. Results for the statement: "my work group recognises, encourages and rewards good performance," shows that employees in organisations with over 200 staff display the highest degree of dissatisfaction about their performance being rewarded, recognised and encouraged by their work group (12%). These findings suggest that positive achievements can get lost in bigger organisations. They also point to a lack of empowerment and inspirational team leadership in larger organisations.

Employees in smaller organisations believe their work group recognises, encourages and rewards performance to a greater extent than those in their larger counterparts.

To enhance existing perceptions, larger organisations can ensure that reward and recognition within teams is promoted. Most great accomplishments in organisations are a result of strong teams. Strong teams require effective team leadership. Leaders who can leverage the potential of each individual contributor and harness the collective can be part of teams that become greater than the sum of its parts.

Tips for creating a valued workforce

- Organisations must ensure their promotional processes are equitable and transparent so that employees believe they're given a fair go
- Organisations offering lower salaries can compensate by enriching the employee experience through better employment conditions, enhancing the intrinsic satisfaction of the work, increasing opportunities for training and development, providing opportunities for career progression, establishing a great culture and by offering flexible working conditions
- 25-45 year olds need to be provided with targeted and rewarding training and development opportunities linked to career goals
- Challenging goals not only increase performance but can also act as a reward; by increasing responsibility and by stretching goals in the workplace, organisations can sustain employee engagement particularly after a position has been mastered over time
- Initiatives to recognise and reward staff can improve employees' feeling of being valued, but even a simple "thank you" from management can dramatically improve the extent to which staff feel like key contributors to the organisations' success
- Larger organisations need to work harder than their smaller counterparts to ensure they recognise and reward their employees' contributions
- Hire and promote leaders capable of inspiring, empowering and harnessing the potential of individuals in teams to drive greater results

About Insync Surveys

Insync Surveys is a 2009 *BRW* Fast 100 company. With offices in Melbourne, Sydney and Perth, we deliver customer, employee, board and other stakeholder surveys for some of the largest organisations in Asia Pacific, including: Cathay Pacific, Foster's, Toll, AXA, Medibank Private, WorleyParsons, the New South Wales Department of Community Services, the Victorian Department of Primary Industries, Tourism Western Australia, iiNet, Fairfax Digital, QLD Department of Emergency Services, TT-Line (Spirit of Tasmania), Melbourne Cricket Club, many local councils, most university libraries and Mission Australia. This experience allows us to benchmark your results. Insync Surveys' organisational psychologists help your organisation to improve performance and the working lives of your people.

Contact us

To discuss your organisation's alignment needs or to subscribe to the last report in The Insync Surveys Alignment Update for free, contact:

Genevieve Boyd

Insync Surveys

research@insyncsurveys.com.au

Melbourne: Level 7, 91 William Street, Melbourne VIC 3000

Perth: Level 3, 1060 Hay Street, West Perth WA 6005

Sydney: Level 2, 110 Pacific Hwy, North Sydney NSW 2060

research@insyncsurveys.com.au

Phone: +61 3 9909 9222

Phone: +61 8 6461 6485

Phone: +61 2 8081 2000

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