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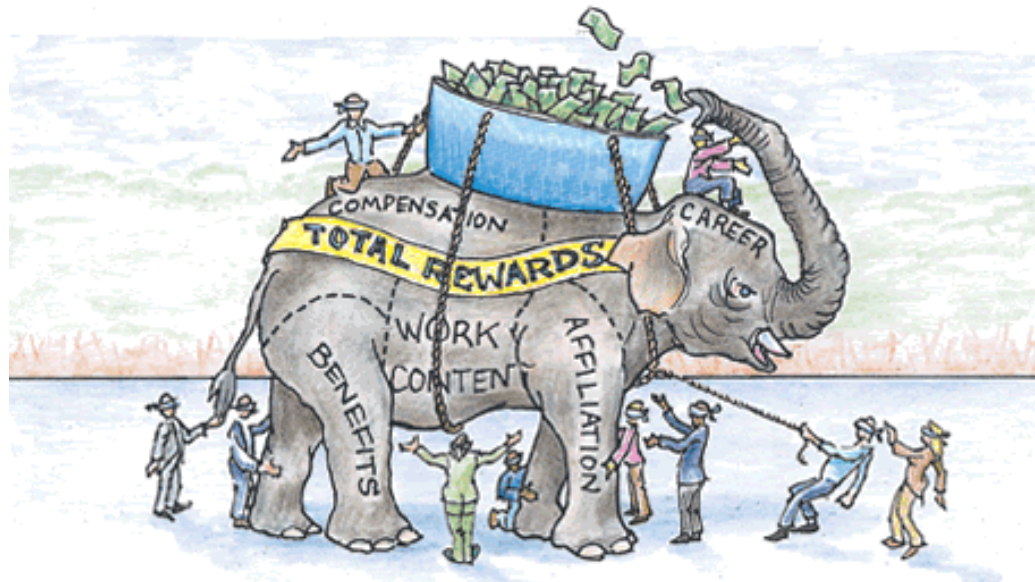
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Rewards of WorkSM: Sibson's Model and Survey

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Over the last decade, employees and organizations have experienced major job shifting as a result of the move to a more global economy, the increased use of technology in all aspects of work and other ramifications of a growing technological and service-based economy that has changed the nature of work. These macro-economic and social changes have influenced what employees value about work and their relationship with their employers. As the pace of change escalates, organizations are struggling to keep up with understanding what matters most to employees, and to interpret and utilize these factors to improve organizational effectiveness and business outcomes.

In 1997, Sibson developed the Rewards of Work (ROW) model to help employers understand what their employees value and how to best motivate and retain their talent. The 2006 Rewards of Work survey, now nearing completion, is the fourth in a series of national benchmark surveys that have continually been refined to test new theories and address recent economic trends. Over time, refinements to the ROW model have provided a more complete understanding of what employees value and which critical factors of their work experience drive key business outcomes. As part of this research initiative, Sibson has investigated the relationship between employee perceptions and numerous employee and organizational effectiveness outcomes, such as performance, turnover, engagement, motivation and satisfaction.

We do know that it is critical for the success of an organization to have an engaged workforce. Specifically, employees need to know *what to do* to be successful, but they must also *want to do* what it takes to be successful. In fact, this is the central definition of Sibson's view of

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engagement. It's not just knowing what to do to have the company succeed, it's also having the desire to do it. We have found that it is these two factors, *together*, that are critical in fostering an engaged workforce. To build upon these fundamental elements of engagement, organizations need to know how to best shape their Employee Value Proposition (EVP) to foster employee engagement. That is, they must define the elements of work that will deliver the highest value to employees and that will motivate them to provide their highest level of commitment and effort to the organization.

Overview of the Model

The Rewards of Work Model forms the basis for the ROW research program. The model consists of five rewards categories, encompassing both financial and non-financial components of rewards that link to the central concept - the EVP. (See Figure 1) The ROW model provides a comprehensive and reliable framework to understand the relationship between employee attitudes and perceptions and their relationship to organizational effectiveness outcomes such as performance and turnover. These categories also represent the major components of total rewards strategies. While each category is intended to be independent of the others, some overlap among the categories is unavoidable. For example, an employee's relationship with his or her supervisor may be represented by several categories, due to the fact that a supervisor may be responsible for giving the employee feedback (*i.e.*, work content), raise distribution (*i.e.*, compensation) and training opportunities (*i.e.*, career).

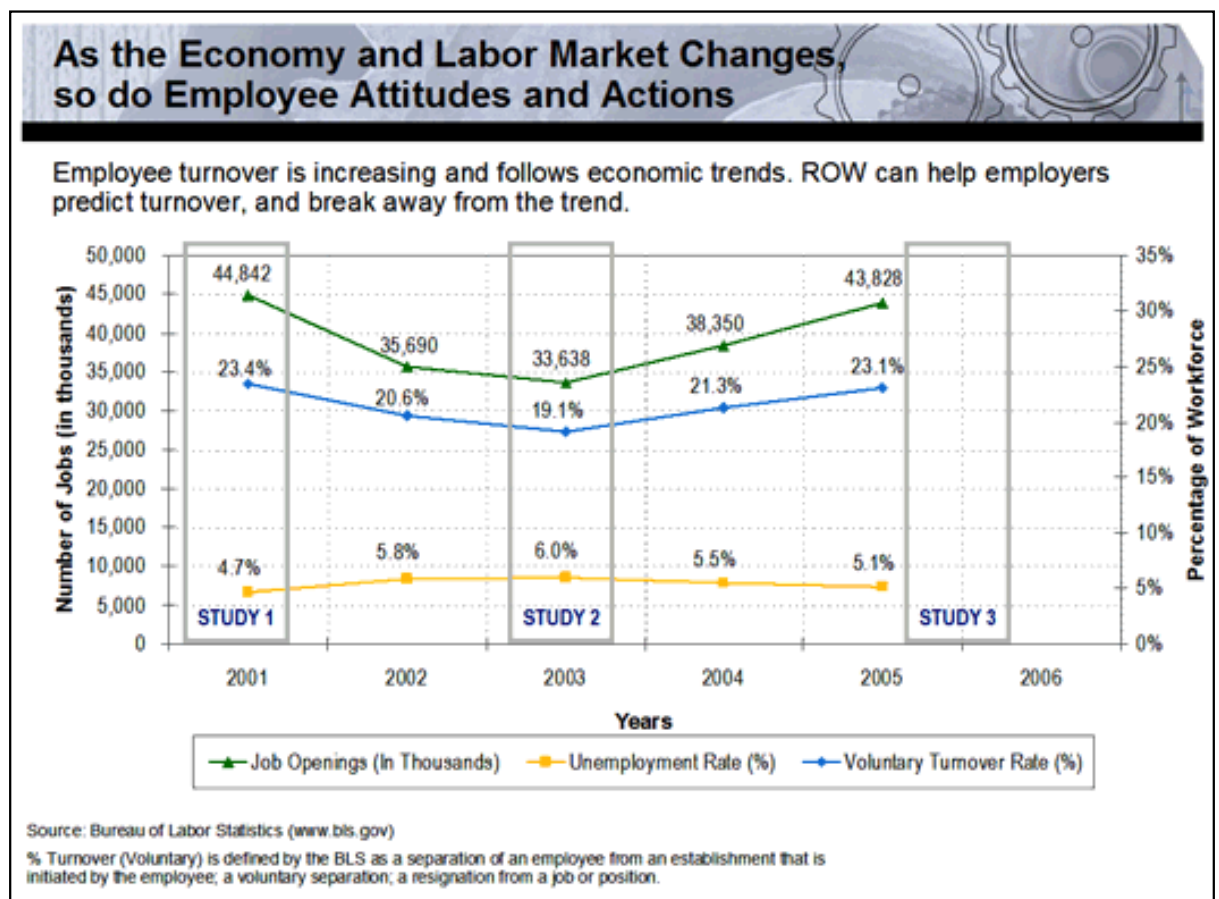


ROW Findings: 2000 & 2003

One of the surprising findings of the 2003 ROW survey was that very little had changed from the data that had been collected in 2000. In fact, so few attitudes had changed (compared with

so much that had changed in the economy from January of 2000 to March of 2003) that we struggled to understand how resilient the American workers had been in their attitudes toward work. It was as if, regardless of the massive changes in the economy, there had been no significant impact on the American workforce. For example, in 2003 individuals stated that they were as committed to their organization as they had been in 2000. In fact, they were more committed, 72 percent versus 67 percent. There were several potential inferences for this finding, but the consensus was that we were only measuring a sample of *employed* individuals. Thus, it may have been that people were simply happy to have a job.

Another significant finding in 2003 was that turnover intentions were as high as they had been in 2000. Even though actual turnover (measured by voluntary leavers) had fallen in the wake of a rise in unemployment, virtually the same percentage of individuals were at risk for turnover as they had been in 2000 (16 percent vs. 17 percent). Further, high performers were even more likely to consider leaving a job than bottom performers. As expected, turnover did begin to creep up again once the economy began to rebound in 2003.



In the 2003 ROW survey we asked employees what the one thing would be that would get them to leave for a new job. The answers were surprising. Employees placed much more value on rewards such as "vacation time" (50 percent of workers would leave a company for 10 more days of vacation) than on more traditional rewards such as salary increases (the same 50 percent would leave for a minimum increase in salary).

The economic indicators we typically review as part of the ROW process actually all tended to be very positive (see chart below). Despite this, the survey showed some significant changes with a number of elements of the Rewards of Work model. While employee attitudes and perceptions on the five elements of the Rewards of Work did not significantly change from

2000 to 2003, we expect 2006 to follow a different trend and show some significant changes from earlier years.

Economic Indicator	January 2000	May 2003	February 2006	% Change from 2003
Unemployment Rate	4.0%	6.1%	4.8%	-21.3%
GDP (\$B) *	\$10,383	\$10,971	\$12,766	13.8%
NASDAQ	3,940	1,596	2,281	42.9%
DOW	10,940	8,850	10,993	24.2%

* In 1996 US\$

Conclusion

We have seen organizations try many things to unlock the secret of providing employees a rewarding environment while improving business results. Each Rewards of Work survey shows that the actual drivers of people vary quite a bit according to the economic and social conditions in place at the time of each study and based on an individual's role and the industry in which the employee works. Organizations can use the Rewards of Work model to diagnose what will really drive retention, engagement and performance in their environment and for their workforce. The real solution for driving alignment between the employees and the organization's intentions is understanding how the organization's unique value proposition can drive key employee outcomes.

The 2006 ROW survey results are based on a 150-item survey distributed to a random-sample of the U.S. workforce that has e-mail access at work. Sibson collected more than 1,200 responses through the internet and by phone from workers in both the public and private sector. Results are now being analyzed and will be released shortly. If you would like to receive the survey results electronically, please click [here](#).