

FOCUS ON REWARDS MANAGEMENT

Rewarding professionals is a full-time job

Sara monitors global trends and trains interns to tackle local shortage of practitioners, writes Andrew Gillingham

FOR a number of years, firms have been placing more emphasis on managing and designing employee remuneration programmes to attract skilled and talented people.

The emphasis on rewards for professionals led to the creation of the South African Reward Association (Sara) in 1997.

Ronel Nienaber, president of Sara and head of performance reward and employment branding at Nedbank, says while there were some structures in place, there was a need to formalise and set up a professional body.

Sara has since evolved into an association with more than 150 corporate members and more than 2 200 individual members. The rapid growth in membership has resulted in regional branches being established in KwaZulu-Natal and Cape Town.

Nienaber says the profession is fairly new in SA and the main purpose of the association is to nurture its development. With this goal in mind, Sara hosts regular workshops, seminars and an annual conference.

"Reward professionals are

responsible for expatriate management, and a separate branch, Sara EMG, has been created to offer learning and networking opportunities specifically for expatriate matters.

"Through the association's affiliation with WorldatWork in the US we are able to offer the internationally recognised Global Remuneration Practitioner to interested parties."

She says subject to demand, a full series of eight modules is offered annually in Johannesburg, Cape Town and Durban. Upon successful completion of all modules and passing the exams, students are awarded the qualification of Global Remuneration Practitioner (GRP).

The qualification is recognised internationally and in SA is considered a minimum requirement for most reward-practitioner positions.

"The workshops and seminars provide members with an opportunity to meet and network with like-minded professionals and to keep up to date with latest developments and statutory or regulatory changes

impacting on the profession."

She says Sara's affiliation with WorldatWork helps the association to keep abreast of global developments. The US-based organisation is dedicated to meeting the information and educational needs of remuneration professionals worldwide.

"Our members are kept in touch with the latest developments in the reward industry via a monthly electronic newsletter, as well as our website."

She says reward management is extremely specialised and is a recent discipline added to the human resources profession. A renewed focus on corporate governance and shareholder activism demands that informed decisions are taken, particularly with regard to executive remuneration. As a result, more organisations require the skills of competent reward professionals.

"The demand for reward management skills far outstrips the supply, and the associations is faced with the challenge not only to focus on the development of existing reward practitioners, but also to introduce more

people to the profession."

This year Sara's executive committee, in conjunction with 21st Century Pay Solutions, introduced the Sara internship programme offering three black graduates an opportunity to attend an eight-month internship.

"The programme covers all aspects of reward management and includes time in corporate remuneration departments and with reward management consultants, so that interns can be exposed to all facets of reward management."

"The interns will also attend all the Sara workshops and seminars, as well as the GRP series. They are sponsored by three companies who have the option of offering them full-time employment on completion."

She says the association plans to offer the programme again next year.

Sara is involved with South African universities to provide short courses in reward management to create awareness among students of the profession and to increase the level of skills among human resources students.



Rene Richter, executive council member of the South African Reward Association, left, and Ronel Nienaber, president of Sara.

In addition, through the Sara Awards — sponsored by Remchannel — the association recognises the work done by reward professionals.

"There are three categories —

the practitioner, strategist and reward-team categories — and the category winners will be announced at the annual Sara Remchannel banquet," says Nienaber.

Cultural values key to Africa ventures

CONDUCTING a business in a known environment within a culture that is understood is a challenge, but venturing into the unknown is a challenge involving far greater risk factors.

Barbara Parry, deputy president of the South African Reward Association (Sara) and international human resources and reward manager at MTN Group Management Service, says there are many areas of concern resulting in much research being required to establish critical facts before beginning any operation in the rest of Africa.

"Cultural diversity in Africa must be considered a major factor, as no company can succeed without ensuring that the culture in any specific country is understood and respected."

"It is estimated that there are more than 800 languages spoken in Africa. In SA alone we have 11 official languages."

"As South African organisations expand in the rest of Africa we have many challenges in understanding and working with diverse languages and cultures."

She says some of the cross-cultural challenges include switching from a bureaucratic approach to a relationship-building approach; getting used to more autocratic procedures and a more hierarchical system; being in a less straightforward and more political organisational environment; dealing with a paternalistic attitude; individualism versus collectivism; and the concept of time.

"Understanding different values bring us closest to cross-cultural effectiveness."

"Values are deep-rooted attitudes that have a significant influence on people's behaviour. They express what people really believe in, their attitudes towards the most important topics in life such as their part in society, attitudes towards relationships, time and nature."

"Values will determine how we feel, think and behave, and reflect our cultural background."

"Values are influenced by the history of a group or nation and they are learnt as part of socialisation."

Globally expatriate remuneration remains one of the biggest challenges for organisations.

The shift from international to global business is still evolving, creating new concerns and issues that

have to be dealt with.

"Factors such as location or hardship allowances and cost-of-living allowances are still vital to provide legally and intellectually justifiable methodologies in arriving at the final package offered to expatriates."

"This data is researched by specialist organisations that conduct regular global research."

She says location allowances are arrived at by ranking all countries against a specific home country to the host country.

This is done on a variety of factors such as climate, health, culture, goods and services, language, religion, isolation, housing and education, security risks and social and political tensions.

Cost of living is determined on the basis of the difference between the cost of a basket of goods in the home country as compared with the cost of the same basket of goods in the host country.

"All these factors have a major impact on the total cost to the company for all assignees."

Most salaries are offered net in a common hard currency, in Africa usually US dollars.

However, with the dollar's decline in strength and the volatile currencies across Africa, this is becoming more of an issue, resulting in expatriates demanding that they have their home currencies protected.

The administrative cost of such methodologies is high, given that each payroll would result in running conversions of many different home currencies against the selected hard currency.

"The cost to the company of benefits is very high — usually doubling the cost of pure salary — if not even higher."

"Most expatriates are given free housing, a vehicle, full furnishing, schooling, flights home once or twice a year for the whole family, DSTV, e-mail in the home, and, in some countries, domestic workers, gym contracts and drivers."

"The company also pays medical aid, medical evacuation insurance, pension contributions and life insurance."

"Given these exorbitant costs, it is vital that the company protects the investment not only in the business, but also in its people," Parry says.

Human capital must be included in return-on-investment scenario

COMPANIES measure return on investment against all capital expenditure, except for one area — human capital.

René Richter, executive council member of the South African Reward Association (Sara) and MD of Remchannel, says in most organisations 60% of controllable expenditure can be attributed to staff costs but that these costs are rarely measured.

"The success of every business is embedded in its staff and their knowledge and experience."

"Employee remuneration is woven into the business strategies of leading organisations, and the field of reward management has taken on increasing relevance as companies realise the effect of human capital on their strategic objectives. It has become a real key to attract, motivate and retain staff at all levels in an organisation."

She says reward specialists who are responsible for the design, development and implementation of reward strategies that will support the organisational objectives are deemed critical to the success of these strategies.

Remchannel, which provides leading-edge internet-based remuneration and benefits research, has

sponsored the Sara Awards.

"The awards serve to promote excellence in the field of reward and remuneration in SA," Richter says.

There are three categories:

- Reward Practitioner of the Year;
- Reward Strategist of the Year; and
- Reward Team of the Year.

Winners are evaluated on their contributions in each category. Strategist nominees should be responsible for the development and implementation of complex reward systems and frameworks within broad strategic guidelines.

"The role requires professional or management acumen and the impact horizon would typically be longer than 12 months."

The practitioner category is for those reward professionals who have been accountable or actively involved during the enhancement, implementation and/or maintenance of reward systems of a procedural nature.

"Detailed knowledge of the company policies pertaining to these procedures would be required. The work is performed within guidelines and would have an impact horizon of two to 12 months."

The team award category recognises the achievement of innovative reward practices by a team in an

organisation over 12 months.

"SA's pool of reward specialists is relatively small, but those that implement outstanding reward practices can compete with the best in the world. It is fitting to recognise those that excel in this specialised and often unrecognised field."

She says nominations must be submitted by September 8 2006. The winners in each of the categories will receive R15 000 in cash to be presented at the gala evening scheduled for November 11.

To ensure the best teams and candidates are selected, Sara has instituted the following process:

- Nominations requested from Sara and non-Sara members;
- Nominations validated by committee members to ensure that all criteria are met;
- Sara committee members review nominations for a short list;
- A panel of judges, who represent several different industries and who are of diverse backgrounds, reviews presentations of the short-listed candidates; and
- The panel of judges then selects the winners.

"The winners will be announced at the Sara banquet that will be held in Johannesburg in November this year," Richter says.

Programme to help black entrants

THE South African Reward Association (Sara) is determined to raise standards in the rewards profession and to attract more suitable people to its ranks.

Mark Bussin, executive council member at Sara and executive chairman at 21st Century Pay Solutions, says that together with the association, their company established an intern programme for blacks this year.

"The purpose is to promote the reward profession and deliver three entrants to the market. Sponsorship on rights to employ came from Eskom, Rand Water and Impala Platinum, and these organisations will have the opportunity to employ the interns on the completion of the programme."

He says the interns will complete nine months of intensive training and will then be ready for the market.

In the base-pay-management arena, interns will be exposed to job descriptions, job evaluations, salary benchmarking and surveys, performance management and performance-related pay.

Fringe benefits and perks training will

ensure that interns understand total cost to company management and provide them with an overview of tax.

The interns will study short-term incentives that will give them an appreciation of scheme design, including profit-sharing, gain-sharing, bonuses and commission.

In the long-term incentives area, interns will gain an appreciation of share-scheme developments in SA, including IFRS2 and section 8c of the Income Tax Act.

"The nine months consist of both theoretical and technical input by both 21st Century and Sara, and this takes the form of the Global Reward courses GR1 to GR8."

"This is the most prestigious certificate for rewards professionals worldwide."

He says the programme has a strong practical orientation and interns will spend time engaged in practical work at leading consultancies and organisations, including: Remchannel, First National Bank, LMO, HAY, GIBS, Edcon, Nedbank, Sasol, Deloitte, Johnnic, Standard Bank, Reward Partnership and Medscheme.

South African Reward Association

Promoting and Developing the Reward Profession

keeping people fresh

www.parmalat.co.za

ARE YOU WITH A BANK THAT JUST SAYS 'WE CARE', OR ARE YOU WITH A BANK THAT CAN ACTUALLY DEMONSTRATE IT. AT NEDBANK, OUR CARE TRANSLATES INTO ACTUAL RESULTS — WHETHER IT'S HELPING TO EMPOWER INDIVIDUALS OR DEVELOP A NATION. IMPORTANTLY, WE HAVE THE CARE AND EXPERTISE TO ENSURE YOUR MONEY WORKS HARDER FOR YOU, EVERY DAY, GIVING YOU THE POWER TO MAKE THINGS HAPPEN. CALL NEDBANK TODAY ON 0860 555 111 OR VISIT WWW.NEDBANK.CO.ZA.

MAKE THINGS HAPPEN

A Member of the OLD MUTUAL Group

R65581 Nedbank Ltd Reg No 1951/00009/06. We subscribe to the Code of Banking Practice of The Banking Association South Africa and, for unresolved disputes, support resolution through the Ombudsman for Banking Services. We are an authorized financial services provider.