

September 2013

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People oriented architecture



01

Introduction

“As the global economy recovers, more and more companies realise that talent is their biggest challenge. Efficient talent management is one of the most important issues on the mind of the CEO...”

Forbes magazine



Digitisation has made it imperative for businesses to introduce new models that provide flexibility, scalability and increased job satisfaction. It also impacts operations and strategy in building business relationships.

Employee remuneration accounts for a major share of costs budgeted by an organisation. With the dynamic work environment, the traditional remuneration management has been facing great challenges both in the public and private sectors. Consequently, this leads to a lot of problems that can affect the performance of an organisation and even cause existential threats. A survey has demonstrated that the cash reward which was considered to be a crucial factor by organisations is not as important. Based on a 2002 survey of 1,500 employees (of all ages) conducted by Nelson Motivation, Inc, San Diego, California, the ranks of employee motivators in descending order are as follows:

1. A learning activity
2. Flexible working hours
3. Verbal praise
4. Increased authority
5. Autonomy
6. Time with their manager
7. Time off from work
8. Public praise
9. Choice of assignment
10. Written praise

What is noteworthy is that the cash reward ranks fifteenth in importance. In recent years, some other reward-related glossaries also spring up as the progress of new-fashioned market economics, for example, salary management, salary administration, payment (or pay) management, compensation management, reward management, etc. The common ground being that all of them focus on how to redound employees, simply in slightly different approaches.

Modern rewards management appears and develops in the context of managing transformation. It does not simply acknowledge and redound the members contributed to the organisation, in fact, it's a specific action scheme of company strategic objectives and values outlook conversion. To some extent, the modern rewards management breaks through the categories of 'money' and substance, which indicates that indirect income and some non-monetary compensation are factors that are significantly important in the reward structure design. These days, companies generally have a total reward management programme, which takes into consideration the goals of their employees. This is necessary for the programme to be relevant and accepted by the employees.

New organisations

More experiential, collaborative and social learning oriented

- Performance management: Social and peer-driven reviews
- Stress on employee engagement
 - Brand matters
 - Flexible roles and dynamic
 - labour pools
 - Flexible work arrangements: Remote, sharing and temporary
 - Richer user experience
- Increase in leveraging crowd-sourcing techniques for innovation
 - People-centric
 - Everyone contributes
 - Collective intelligence
 - Global collaboration

02

Establishing the background

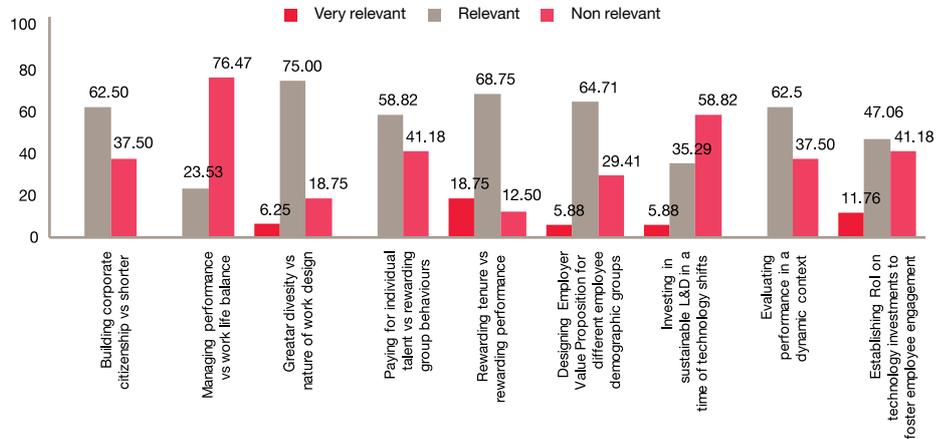
“Employees are a company’s greatest asset -- they’re your competitive advantage. You want to attract and retain the best; provide them with encouragement, stimulus, and make them feel that they are an integral part of the company’s mission.”

Anne M. Mulchahy, CEO , Xerox Corporation



A recent PwC -NASSCOM survey with HR executives reveals an interesting trend of employee expectations. As it turns out, employees are seeking a golden combination of enhanced performance coupled with a perfect work-life balance. The pay is important, but it only goes so far. Higher wages won’t cause employees to automatically perform at a higher level. Commitment, work ethic, and motivation are not entirely based on the pay structure.

Key organisational challenges that would define the future

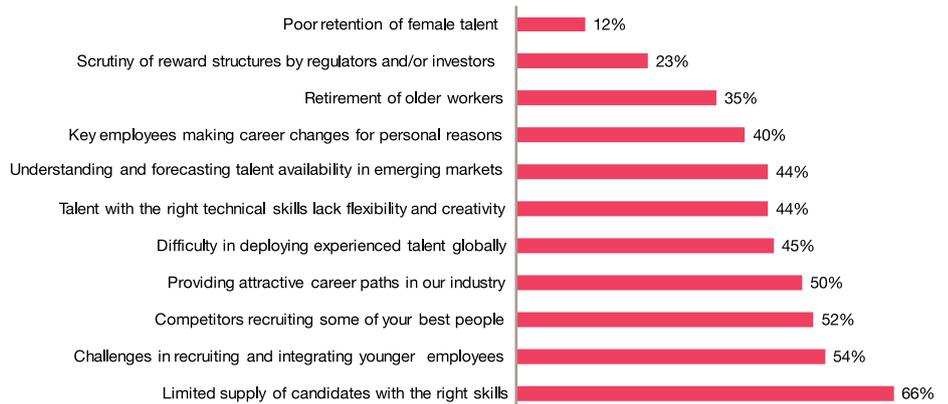


Based on the PwC Survey, we see the current trends and adoption statistics in today’s organisation, people are looking for a holistic experience in their organisation. Employees are laying more stress on intangible factors such as work-life balance, innovation at workplace, flexible work options, customisable career paths than ever before. Clearly the need for total rewards within an organisation focussed on an individual’s preference, career goals and life stage is driving HR strategies across the globe.

People technology: Need of the hour

The 14th Annual Global CEO Survey conducted by PwC presents a few stark findings:

Considering the talent required for the success of your business over the next 3 years, what are the key challenges you expect to face?



Base: All respondents (1,201)
Source: PwC 14th Annual Global CEO Survey

How are CEOs tackling talent shortage?

- Investing heavily in attracting and retaining talent
- Aligning their people and business strategies going forward
- Integrating HR with business planning at the highest levels of the company
- Seventy nine per cent of the CEOs say the CHRO is one of their direct reports
- Building in-house talent through promotions within their companies over the next three years

Apart from these, management has to focus on information gaps in various quantitative parameters which determine the health of an organisation.

03

People to organisation: Nurturing relationships

“An employee’s motivation is a direct result of the sum of interactions with the organisation...”

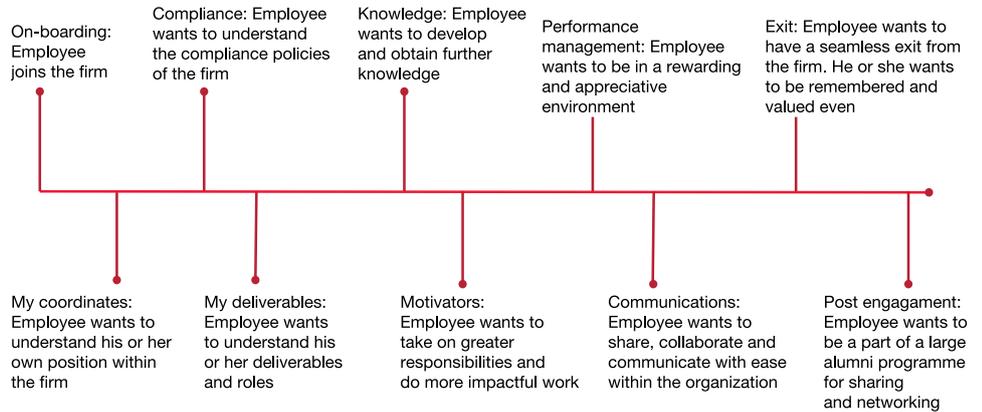
Bob Nelson, motivational speaker



The employee-organisation relationship is crucial throughout the employees’ journey. At each milestone, organisation should reward the employee appropriately so that he or she feels valued.

One of the basic principles through which organisations reward employees is their compensation. But as we observed, current trends reflect compensation being inadequate. There is a gradual evolution from the compensation based rewarding to a total rewards mechanism.

Employee journey



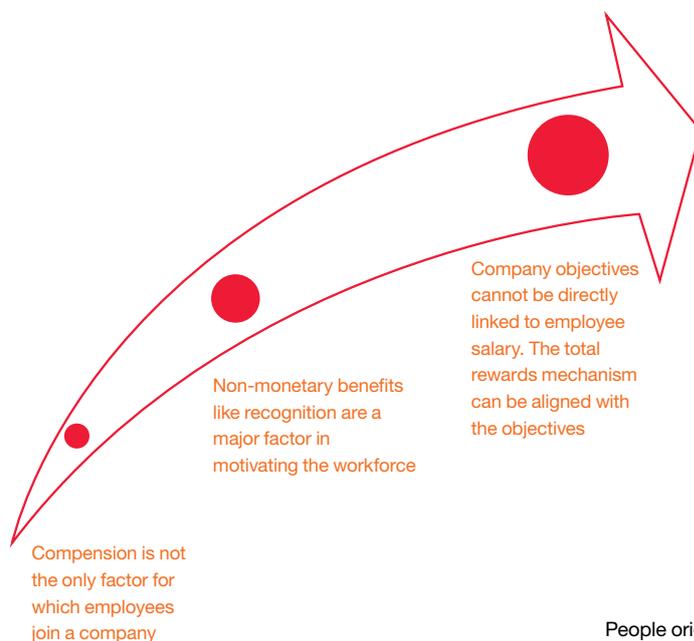
Evolution from the CTC oriented incentives to total rewards mechanism

Based on the 16th PwC CEO survey, the traditional pay for performance model had the following limitations:

- There is a discord between increases of monetary compensation and the end return that could be achieved by the employees
- Salary was not the best motivator for increasing the performance of the employees
- The company strategy could not be directly linked to the compensation of the employees

Linking employees’ performance to salary increases the variable component in the compensation structure, which the employees do not prefer in comparison to fixed components. Employees value monetary rewards but non-monetary rewards such as recognition, advancement, learning, global opportunities, benefits, work-life balance and culture may reduce the pressure on direct compensation. It is important to understand how employees value the incentives provided. Linking metrics and KPIs derived from the overall business strategy to incentive plans will create a strong link between the employee’s expectations and the organisation’s vision. Fine-tuning this link for a broader group of employees can improve the recognition value of the incentive plans.

Motivational levers



In order to add the above aspects, the concept of total rewards came into existence.

Total rewards incentivise the employees with more than just monetary emoluments. Organisations structure their technology and processes so that at each touch point of the employee-organisation relationship, employees receive rewards that they value more and make their work more productive. Total rewards programme essentially focusses on improving employee experience and job satisfaction.

Employees can be rewarded in a number of ways, but these can be majorly categorised into the following groups.

Monetary benefits: This is the basic driver for an employee’s relationship with the firm. Employees want competitive salary structure which is transparent and well defined with the employee’s skills.

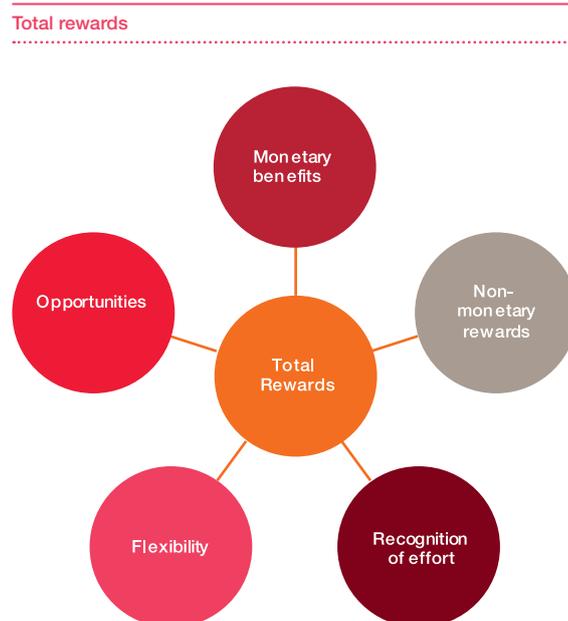
Non-monetary rewards: Employees want secondary benefits which may be long term or applicable to persons associated with him or her. This strengthens the bond with the organisation.

Recognising the effort: Spot recognition, appreciating excellence motivates the employee to increase his or her efforts and encourages peers simultaneously

Flexibility: A number of facilities can be provided to make the work life balance easier for the employee. Studies¹ have shown that employees with access to flexible work arrangements tend to be more satisfied, committed and engaged with their jobs, which leads to increased innovation, quality, productivity, and growth.

Opportunities: Employees look for growth and other opportunities, crucial for a successful career. Firm can provide opportunities for learning, trainings, movement, internships and other diverse experiences.

Following diagram shows some of the aspects which can be focused while designing rewards structure under each dimension (not exhaustive).



Dimensions of a persona

Monetary benefits	Non-monetary rewards	Recognition of effort	Flexibility	Opportunities
Fixed pay	Insurance	Client appreciation	Flexible hours	Learning
Tax benefits	Leave	Seniority rewards	External activities/ associations	Trainings/ certifications
Variable pay	Medical benefits	Excellence/ spot rewards	Dependents related	Global movements
Profit sharing	Long term benefits	External contribution	Peronal interest platforms	Internships/ apprenticeships



1. PwC Publication: Meeting tomorrow’s workforce needs Flexible workforce arrangements

04

Know your people

“An employee’s motivation is a direct result of the sum of interactions with his or her manager.”

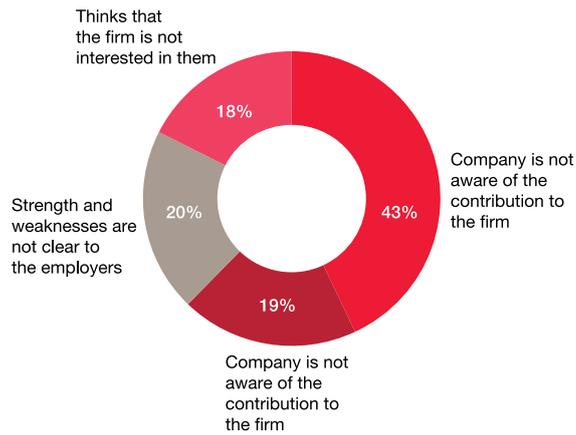
Bob Nelson

It is difficult to decipher why some employees work harder than their peers toward the same goal or objective, or why some seem to care more or exert greater effort on a project or in support of the company’s vision and direction. Stepping back to look at the science of human behaviour can give enormous insight into what really drives people to make choices and take action. However, in business and in the design of employee reward and recognition initiatives, too often companies fail to consider people whose behaviour they are seeking to influence. Companies must better understand their employees as individuals to effectively motivate and engage them. A revealing statistic from a recent study in Germany² renders more obvious the need for organisations to gain greater insight on their employees.

Although the survey is carried out in Germany but it offers a universal lesson. Organisations should make employee engagement a priority for better employee retention.

It has been observed that companies with recognised and engaged employees are more likely to enjoy improved customer satisfaction, revenue growth, and greater customer retention. Better employee engagement start from knowing your employees better. Hence it is essential to follow a structured approach of having a set employee persona. Such a persona is a target employee group towards which the total rewards strategy could be mapped based on the characteristics. The objective of such a strategy is to provide the employees with a total rewards package based on their own persona which may in turn motivate employees to perform better.

Survey results: Employee insights survey



What empowers your employees?

The firm since the beginning of the employee engagement period, is responsible to empower every employee by providing a comprehensive support ecosystem that will not only provide them with timely and structured information to stay compliant with the firms’ policies but also help them develop professionally and enhance productivity.

Empowerment principles	Outcome
<ul style="list-style-type: none">• Visibility of services• Personalisation• Enabling ease of operations• Communication	Improvement of employee compliance
<ul style="list-style-type: none">• Knowledge repository• Learning, training and development• Sharing and collaboration	Increase productivity and completing the deliverables
<ul style="list-style-type: none">• Recognition• Rewards and incentives• Motivation	Increasing the stickiness to the firm

2. Survey conducted in Germany by Oracle and market research institute Innofact.



HR imperatives

The existing HR technology and service delivery environment has become increasingly complex, choices that were once clear, have become clouded. Traditional HR systems that handled record keeping and delivering chores have now undergone major transformations. There are enterprise resource planning (ERP) systems; outsourcing and off shoring firms; third party administrators (TPAs); 'bolt-ons', or best-of-breed standalone system solutions; web-enabled systems; application service providers (ASPs); interactive voice response (IVR) systems; and HR service centres who are capable of keeping records and delivering services. The employee and the firm still form the nucleus of the HR strategy.

With each passing month, solutions available for HR services evolve and change. New technologies enter the market, competitive strategies shift, and vendors themselves may be in a constant state of flux. Acquisitions can lead to duplication and fragmentation, even as legacy technologies lose support. However, executives continue to demand increased functionality and service.

The business demands more from the HR systems to be delivered at an acceptable cost within an overall business model.

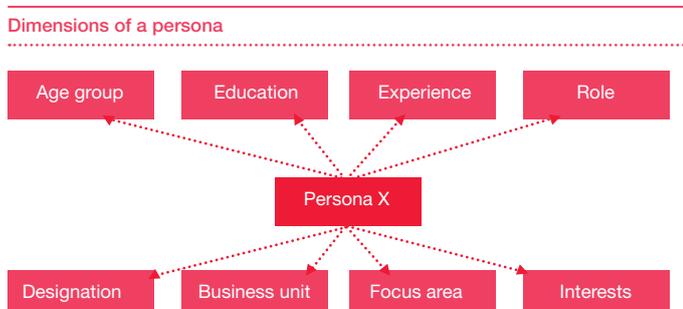
Hence for HR to build a sustainable employees organisation there are three things that are HR's imperative, simplifying processes, engaging employees and optimising costs.

These can be achieved effectively through a persona based approach.



Creating the persona

Based on the below areas criteria an employee Persona could be created to better understand your employees



05

Developing the architecture

“Employees want more than a paycheck...”

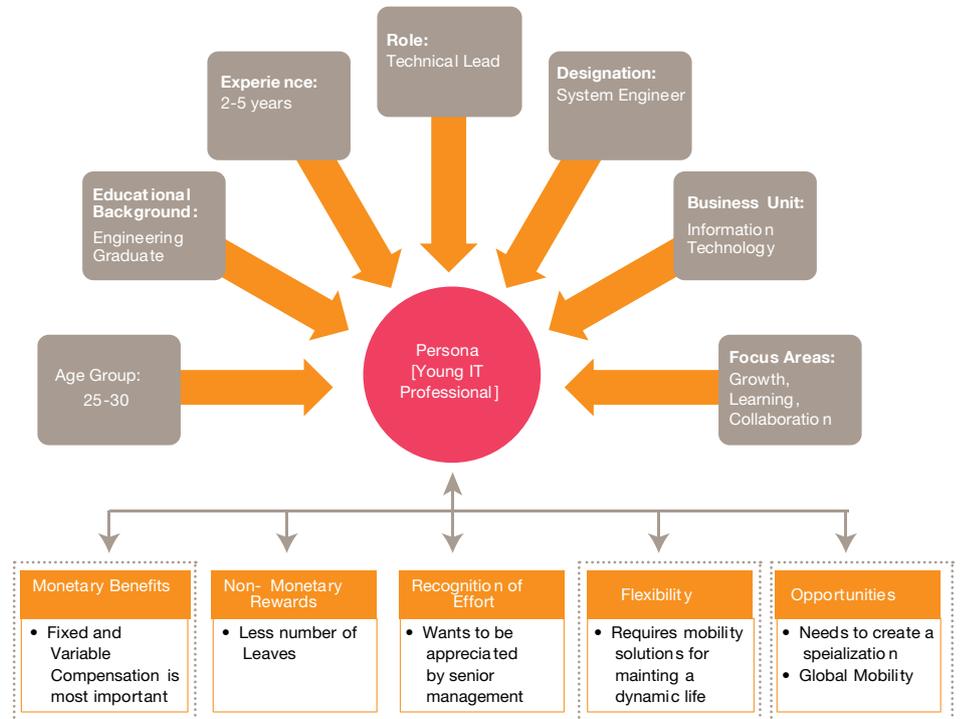
Marissa Meyer, CEO, Yahoo



Linking the personas to the total rewards

Once a set of personas are identified for an organisation, it needs to be determined which of the aspects of total rewards suits the specific persona. This can be determined based on a study of existing employee profiles surveys designed to find out the ideal rewards which suits the employees.

Example: How to build a persona



(The dotted line represents rewards dimensions which are appreciated by the persona; above is just an example, actual mapping is determined using primary research within an organisation).

In a similar manner, the set of personas identified within organisations can be linked to specific aspects of the rewards structure as defined. Whenever employee services are designed this mapping can be used to fine tune services so that each of the benefits can be personalised as well as maximised for the broader set of employee groups.

Designing employee services based rewards

In order to develop organisation to employee service platforms and to maximise the value for the employees by linking it to the total rewards mechanism, it is important to define the measurement parameters which can be associated with the services provided. We have considered the following set of services based on the employee's journey with the firm along with measurable parameters (not exhaustive).

Employee self service, payroll	Collaborative platform	Performance management	Knowledge repository
<ul style="list-style-type: none"> • Frequency of use • Time saved over paperbased services 	<ul style="list-style-type: none"> • Contributions • Referrals • Participation • Ratings • Idea count • No of meetings/ collaborative work • Points accumulation 	<ul style="list-style-type: none"> • Kra • Performance rating • Compliance • Escalations • Appreciations 	<ul style="list-style-type: none"> • Contributions • Frequency of use • Discussions, wikis • Rating content • Verification
Learning and development system	News and communication	Brand shop/ corporate commerce	
<ul style="list-style-type: none"> • Trainings completed • Training outcomes • Goal setting and achievement • Mentoring 	<ul style="list-style-type: none"> • Response to interactive topics • Communication initiated • Recognition frequency • Contribution to news articles 	<ul style="list-style-type: none"> • Products used • Reviews • Points utilized • Badges 	

For aligning these measurable parameters to the total rewards mechanism, there needs to be a strategy or concept in place that the organisation adheres to. It is not possible to measure each and every parameter and link it to the rewards at one go. A few of the parameters should be used for validating the effectiveness of the model. Going by the current trends, some of the new emerging concepts that the organisation can use to link these parameters are as follows.

Use of social BPM

Using this employees are able to collaboratively work on a common project through an online interface. Records are kept regarding which employee worked on which process and how much effort was utilised. It also facilitates as an open platform for communicating ideas, sharing and contributing over a same topic. This increases employee interaction and reduces turnover time for deliverables.



Gamification

Gamification is a systematic way of employing a game design to motivate desired behaviour. It is not only used for motivating the customers but also the employees. Why are video games successful despite gamers not being paid to play? The people who indulge in gaming are eager to test their own abilities, and are interested in interacting with others playing the game. The best multiplayer games offer many challenges, rich virtual worlds, and the opportunity to lead, compete, and collaborate. Video games have directly catered to the human need for autonomy, mastery, purpose, and relatedness. Companies can learn from the gamers how to motivate and challenge stakeholders, and can accordingly modify their online environments to enrich interaction.

Employee wallet

Employee digital wallet is a motivational tool which can be used by organisations to keep their employees engaged. They can be made a part of strategic activities like poll feedbacks, surveys, knowledge sharing and blogging, promoting strategic initiatives through an increased awareness and participation and other compliance activities. The concept is based on a simple rewarding mechanism where the employee is rewarded with points on performing certain desired actions which are decided by the firm. The accumulated points constitute the employee's digital wallet and can be redeemed against the various brand items or as extra leaves.

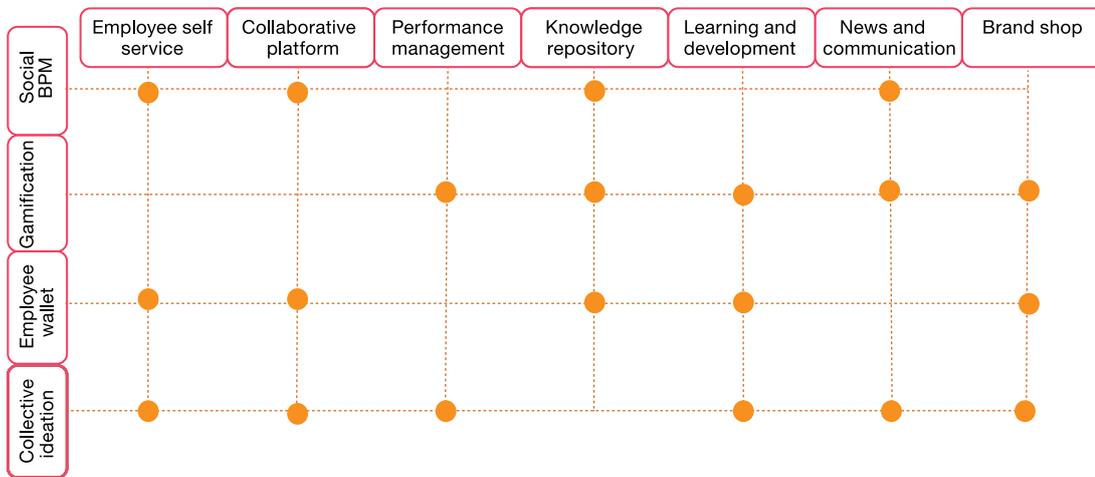


Collective ideation

Collective Ideation is a new collaborative concept where an organizational initiative or change is done by collective decisions from the employees mostly in the form of contests or other interactive exercises. This increases the involvement of the employee and provides a sense of attachment to the organization. A simple example of this can be decisions related to facility management, event management or new business model.

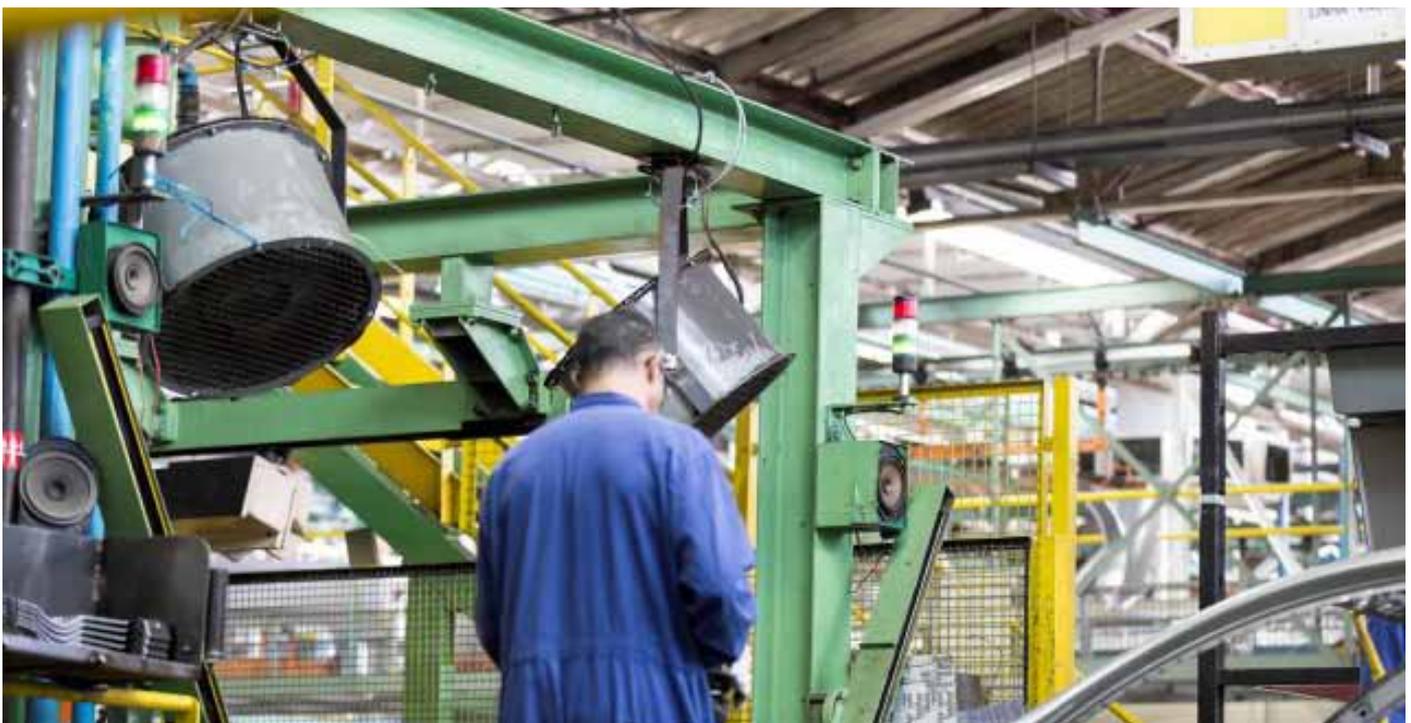
Whenever a strategic initiative is taken or such a concept is implemented, it is necessary to know which services can benefit.

Implementation matrix : where to focus



The orange points show where the concept can be used effectively. As an example it can be said using gamification, points can be generated out of the activities in the collaborative platform. Performance management can be made competitive, article contributions can be increased by using concept of game levels, learning and development can be made by providing badges, responses to communication can be increased using referral points and brand shop can be utilised more by using the points generated. This is how the above chosen services can be built around the gamification concept. In a similar manner, other concepts can be used to improve specific services.

Once the concept and the services are linked, the measurement parameters for the chosen services can be mapped to the respective reward parameters to generate an effective total rewards programme. Coupled with the personas, this forms an effective way to design both rewards and services for the holistic user experience that the firm wants to offer.

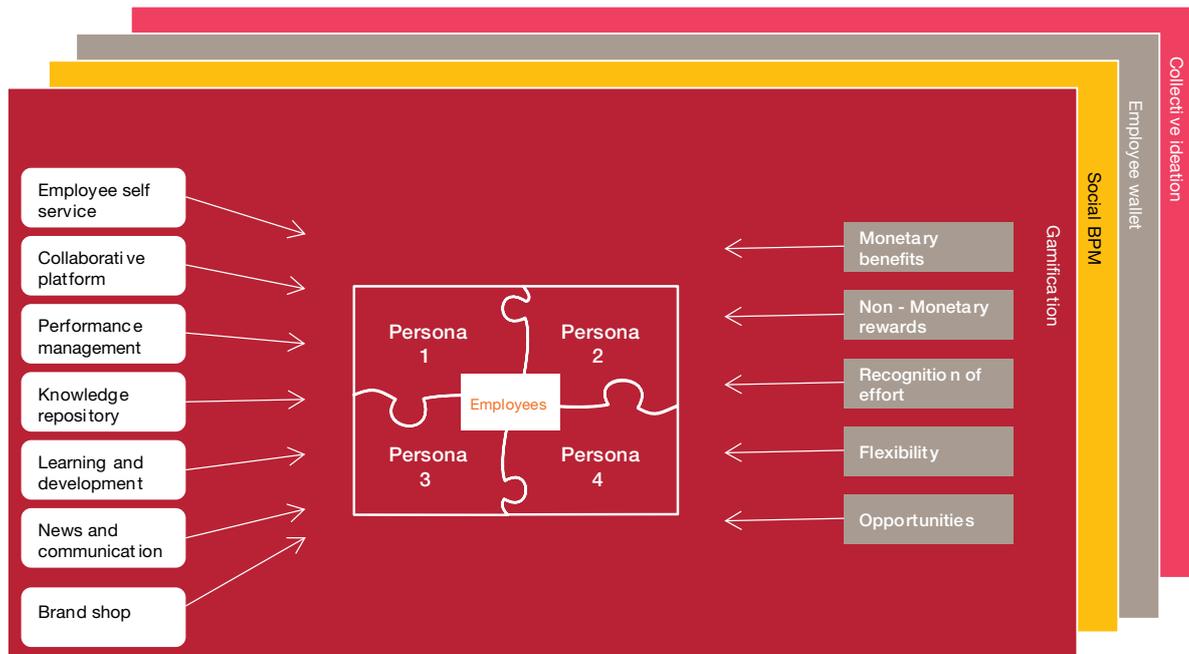


Combining to form the people oriented architecture

The below architecture shows the linkage of the employee services and the total rewards to the employees filtered through personas. This model is designed on the basis of one or multiple concepts which are designed to increase employee engagement.

Using this people oriented architecture; organisations can bring out the focus points which will provide the most impact when designing a service as well as keeping the employees engaged using an innovative methodology.

Architecture blueprint

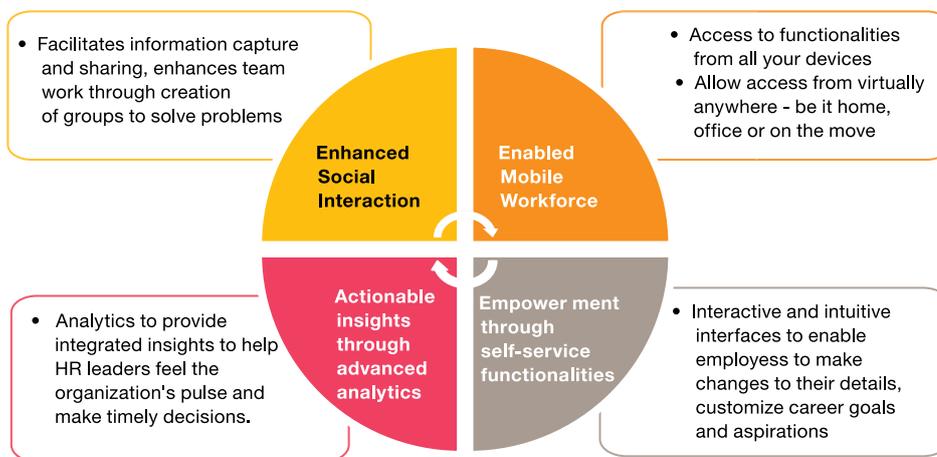


Building the technology platform

Building a sound technology platform requires significant expertise, structured approach and innovative thinking. It should increase productivity by enabling social collaboration to help accelerate innovation, generate ideas, enhance interactions, and improve access to organisation-wide expertise, thus eliminating re-inventing-the-wheel syndrome.

The platform should allow on-the-go access of HR functionalities through mobile and smart devices, thereby allowing the organisation to fully capitalise on its digital presence. To ensure participation, platforms should have self service functionality that will keep the employees engaged and connected. The platform should have advanced analytic capabilities for the HR to gain a strategic lever to monitor key HR metrics and make informed decisions before concerns become crisis.

Technology enablement



06

Case study

“Employees who believe that management is concerned about them as a whole person - not just an employee - are more productive, more satisfied, more fulfilled. Satisfied employees mean satisfied customers, which leads to profitability.”

Anne M. Mulchahy, CEO, Xerox Corporation

PwC's employee engagement platform: Evolution

PwC's employee collaboration platform evolved through a number of cycles and is still on-going.

Earlier

Initially, it just aggregated different systems and provided links in a single place with most of static content. Employees needed to search through the entire portal to find relevant information.



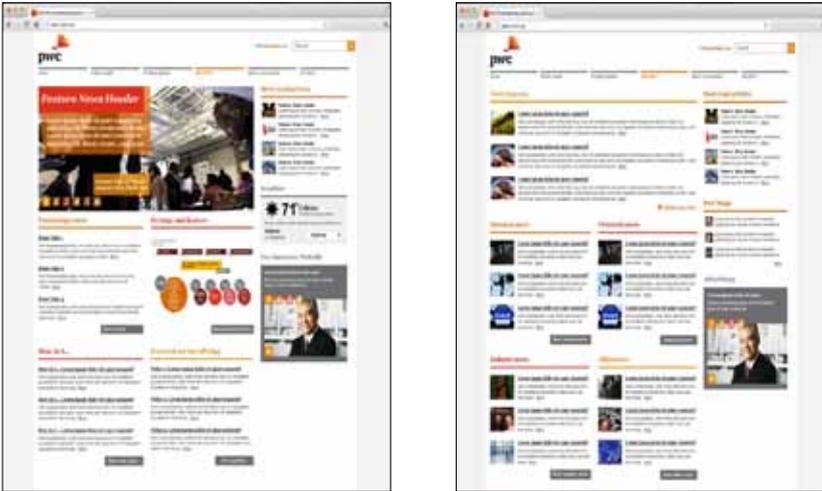
We moved to

Later, it evolved into a more personalised interface which showed information and dashboards relevant to the individuals. Functionalities like the L&D system were integrated into the same platform. This is where the persona based approach was applied. Based on the employee classification, personalised sections were introduced. Employees could intuitively notice the sections which were relevant to them.



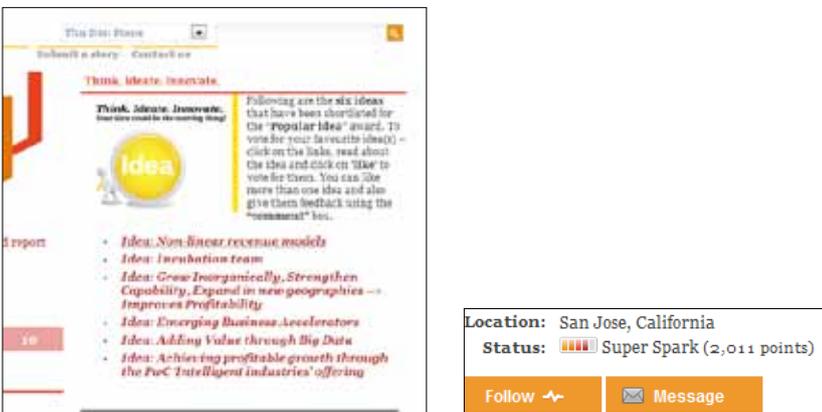
We have evolved further

The success of the platform majorly results from the continuous cycle of revision and employee feedback. It is not just any other portal, it is a platform that the employees use for the engagement it provides and the benefits that follow as a result.



Once the base collaborative features were decided, focus shifted to innovative ideas to engage the employees.

The 'Ideate' section encourages employee participation to bring out new business models and to gather opinions from the employees. This supports the total rewards programme where people are rewarded with both monetary as well as non monetary rewards.



The collaboration platform 'Spark' has introduced a number of concepts from gamification in terms of earning points, receiving badges and competitiveness by comparing an employee with his or her peers.

The concept of social BPM is still evolving but PwC's collaborative platform provides sections for wikis or forums where employees can collaborate on their deliverables.



It is not necessary to choose a single concept to implement the total rewards strategy, neither to choose all concepts. It is essential that whatever concept is chosen, it should fit itself with the services offered and should be personalised according to the employee groups.

Notes



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