

Page

2

#### Why reward needs to change

#### A new model for thinking about reward 8

Some practical ideas for making reward work better 13

# Why reward needs to change

#### How the Romans did it . . .

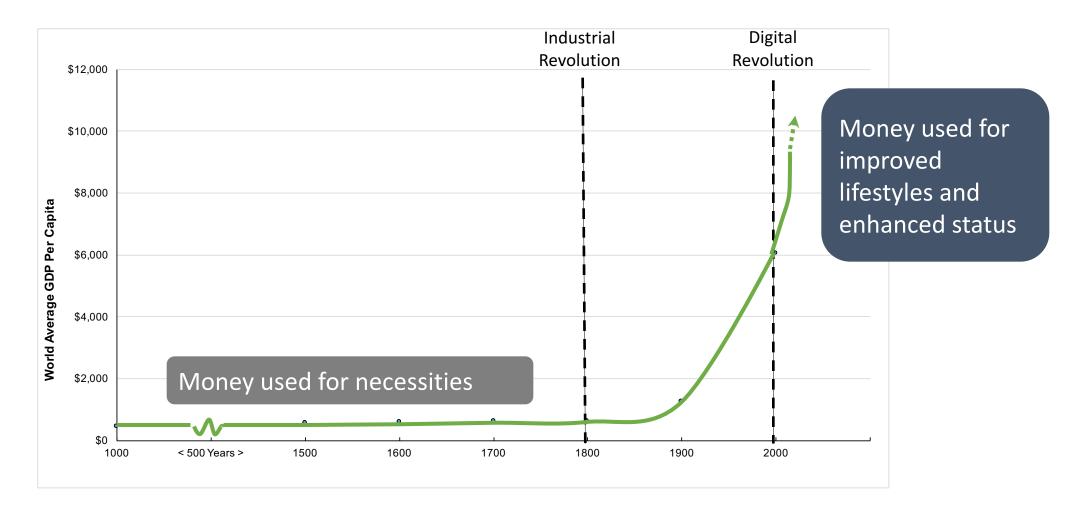


Payscales for different grades of Roman soldier in Auxiliary unitsCohors - Infantry unitsAla - Cavalry units

PAY SCALE (X basic pay)	COHORS RANK (infantry) in ascending order	AMOUNT (denarii)	ALA RANK (cavalry) (in ascending order)	Amount (denarii)
1 X caligati – 'rankers'	<b>Pedes</b> infantryman	188	<b>Gregalis</b> ala cavalryman	263
<b>1.5 X</b> sesquiplicarii 'one-and-half-pay men'	<b>Tesserarius</b> corporal	282	<b>Sesquiplicarius</b> corporal	395
<b>2 X</b> duplicarii 'double-pay men'	<b>Signifer</b> centuria standard-bearer <b>Optio</b> centurion's deputy <b>Vexillarius</b> cohort standard-bearer	376	<b>Signifer</b> turma standard-bearer <b>Curator</b> decurion's deputy <b>Vexillarius</b> ala standard-bearer	526
Over 5 X	<b>Centurio</b> (n) centuria commander <b>Centurio princeps</b> chief centurion <b>Beneficiarius</b> deputy cohort commander	940 +	<b>Decurio</b> benefici = turma commander <b>Decurio princeps</b> chief benefici <b>Beneficiarius</b> deputy ala commander	1,315 +
50 X	<b>Praefectus</b> or <b>Tribunus</b> cohort commander	9,400	<b>Praefectus</b> or <b>Tribunus</b> (ala commander)	13,150

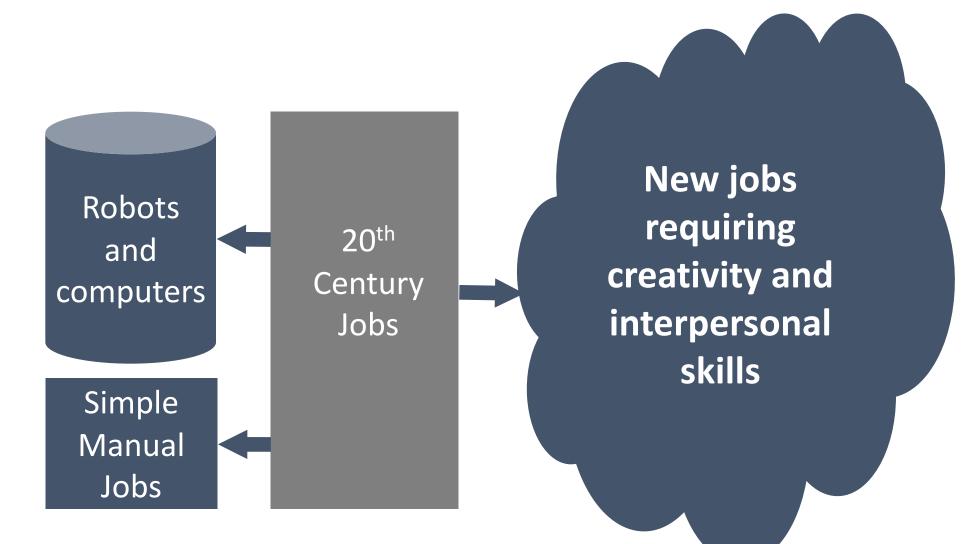
Infantry *Cohors* were divided into *centuria* (centuries) of 80 men under the leadership of a *Centurio* (Centurion) Cavalry Ala were divided into *turma* of 60 men and their horses under the leadership of a *Decurio* (Decurion)

### Money is changing



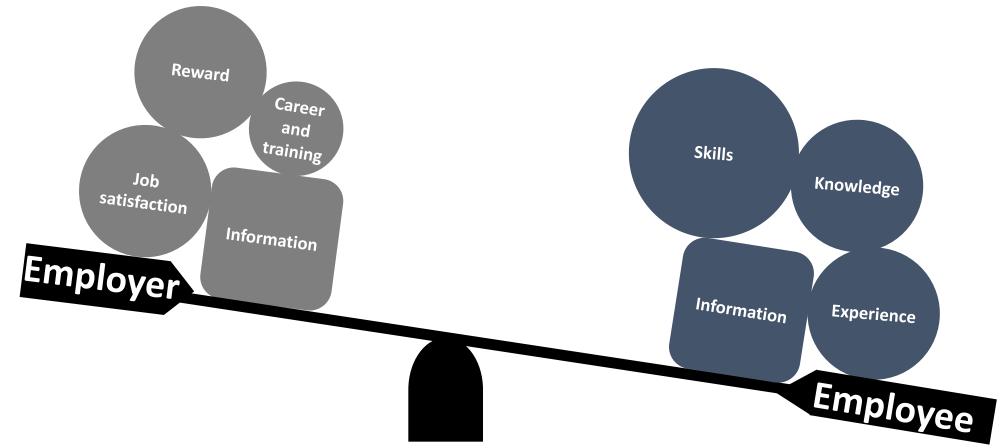
The GDP numbers are from the "Maddison Project" based on the work of the economist Angus Maddison.

#### Jobs are changing

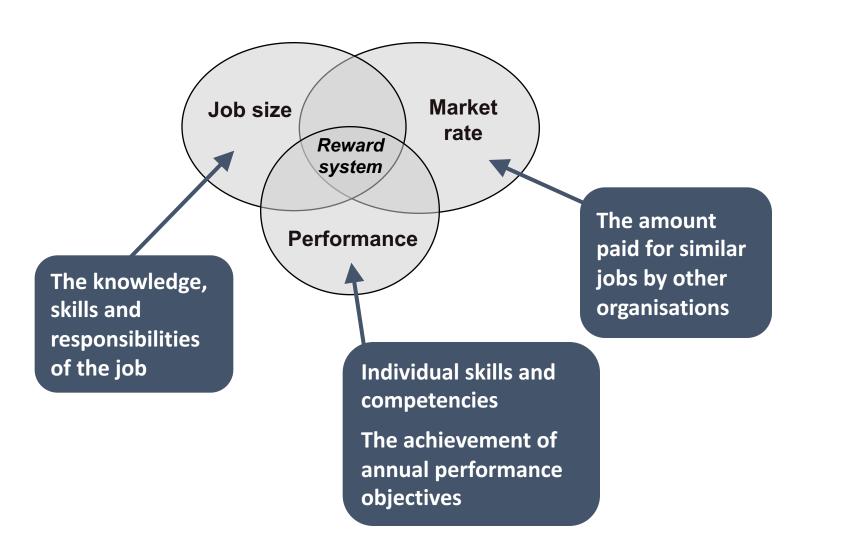


© Daniel Hibbert

#### The employment relationship is changing



### How reward is managed



#### **Private sector**

- Marked practice
- Pay review processes linked to budgets
- Bonuses

#### **Public sector**

- Job evaluation
- Pay increases linked to predefined pay scales
- Generous pension and benefits

# A new model for thinking about reward

# How do people feel about what they are paid?

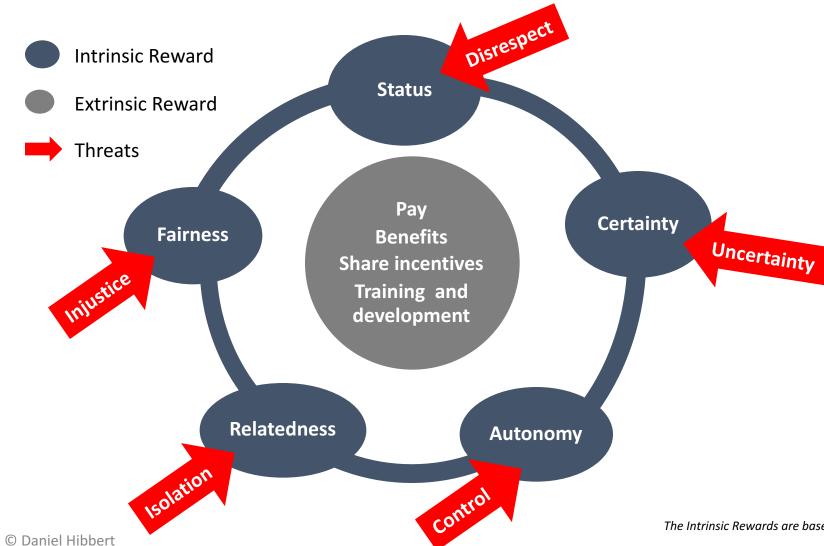
OR

# **Safe -** Positive and indifferent

#### Threatened!

© Daniel Hibbert

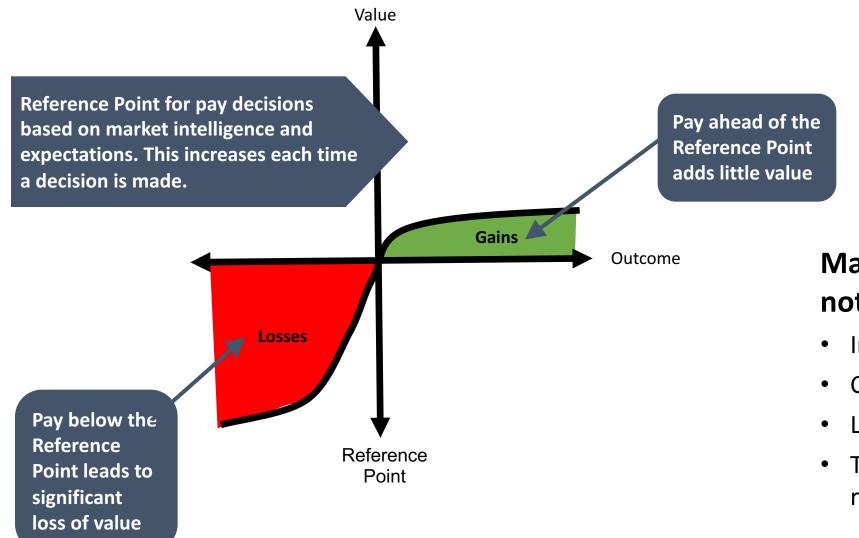
#### Intrinsic and extrinsic reward



#### **Extrinsic rewards**

- Work best when employees don't think about them
- Must optimise intrinsic rewards, and
- Should **never** be a threat to intrinsic rewards

#### How the "market" for pay works



Market rates of pay do not capture

- Individual contribution
- Complex and unique jobs
- Location
- The value of intrinsic rewards

#### Reward cannot be managed like a clock





- The impact of reward programmes is not proportionate to the effort or money that goes into them
- Reward is part of complex ecosystem in which intrinsic and extrinsic reward need to work together

# Some practical ideas for making reward work better

#### Four ideas for better reward management

- 1. Pay structures based on the type of job
- 2. Be clear about the purpose of performance pay
- 3. Manage employee expectations
- 4. Small things to move the cloud

#### 1. Pay structures based on the type of job Talent Model Pay structure

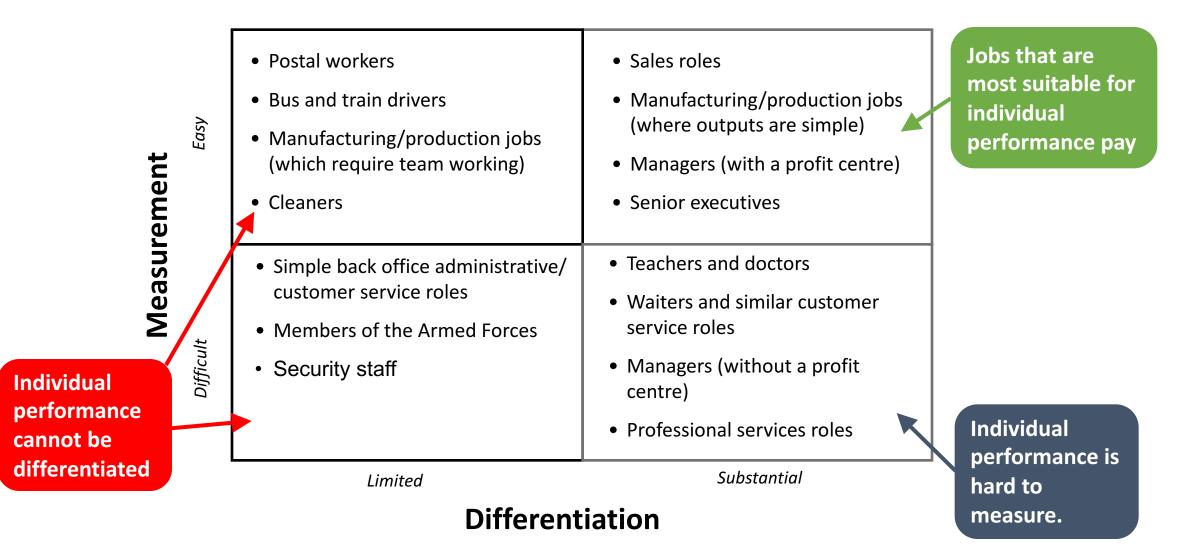
Career model	Long-term career opportunities are available for those who develop within the career path
Market model	Skills are available and long-term career opportunities with the employer are limited
Retention model	The job requires specialist skills that are not readily available in the external market Low starting pay that increases incrementally as the employee gains in expertise in the job
Contribution model	The job is flexible/broadly defined and the capabilities of the employee have a big impact on the results achieved

## 2. The purposes of performance pay

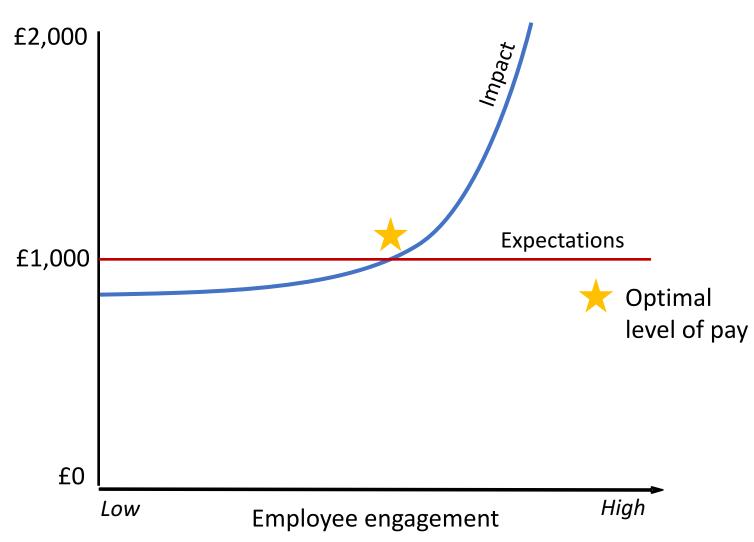
- 1. Reflect market practice and recruit and retain talent
- 2. Align reward with organisational performance and communicate priorities
- 3. Reward employees fairly, based on their individual contribution
- 4. Create an incentive for improved performance



## Rewarding individual contribution



#### 3. Manage employee expectations



- The Reference Point in Prospect Theory is derived from employee expectations
- The optimal reward decisions are those that meet or narrowly exceed expectations
- Managing employee expectations is as important as managing the reward itself

#### 4. Small things to move the cloud

- Give employees choice where possible
- Use discretionary recognition schemes
- Get rid of small inequities
- Enable line managers to talk about reward

## **Questions?**



#### Contact

**Daniel Hibbert** 

Email:Daniel.Hibbert100@gmail.comTel:07711 599496