



## CASE STUDY



# REWARD IN A COMPETITIVE MARKET

## About Us

We are boutique HR consulting firm helping organisations build and scale up their capabilities to attract, motivate and retain talents to win in their respective markets.

We are fuelled by the belief that a people-centric organisational culture, astute adoption of technology, evidence-based decision-making, and a strong talent pipeline help organisations create competitive advantage.

We are borne out of a passion to guide organisations unleash the full potential of their people and future-proof their business - and we believe that technology is a game changer and a critical enabler in sustaining an organisation's success.

Our interventions focus on six interrelated elements of effective organisation design, i.e., strategy, structure, process, talent, reward, and technology.

## Context

"Our salaries and compensation packages are not competitive enough and we are losing our seasoned engineers, seriously impacting our business operations!" - the line managers chired. The managers from this organisation's Research & Development function were facing challenges and pressure in trying to build this strategic unit and they were adamant that the company's compensation structure had fallen off the pace vis-à-vis competitors.

This company operated in a market that had a comparatively skilled and affordable workforce which attracted international companies to set up shop in the country. With more companies vying for the same talent pool, a classic case of demand and supply had ensued. The market had heated up to such an extent that one of the competitors had affixed a banner disclosing the starting salary of an engineer. Clearly, it was critical for the company to increase the salaries of its engineers to remain competitive and stop the retention issue - the line managers argued.

# The Challenge

The frustration from line managers was palpable as their call for action had not been heeded. The company already participated in remuneration and benefits surveys and the reward structure was being adjusted on an annual basis to ensure it remained competitive. If this was indeed the case, why then were their more seasoned engineers walking out the door because of compensation?

This situation was leading to increased distrust in both the survey data and in HR. Surely the market was moving much faster than what the survey provider could keep up with, putting its reliability and validity into question - the data did not support what the line managers felt was the actual market reality.

This issue directly impacted the business' strategic plans of building specific R&D capabilities in that market. So, the HR team was keen to address this issue as it sought to build its credibility with the business amidst the function's own HR transformation journey to elevate itself more as a strategic partner. But without supporting evidence, securing approval at Group level to sanction a significant change in the pay structure was proving to be challenging, the HR team sought assistance to address the following questions:

- Is our pay structure competitive?
- If so, what is driving the turnover amongst our seasoned engineers and,
- How can we address the issue?

## **External & Internal Equity**

**External equity looks at how individuals / companies evaluate pay relative to individuals or companies on the market whilst internal equity refers to comparison within the company across individuals in the same job, band, grade, and/ or level.**

# Solution

In addressing the first question, it was imperative to establish the credibility of the data being sourced through the third party to ensure buy-in and acceptance of any subsequent analysis.

To do so, we worked with the survey provider to gain a better understanding of (a) their methodology, (b) the characteristics and relevance of the sample, (c) the robustness of the data, i.e., whether there was any weighted influence from any participating organisations or any abnormal dispersion in the data set. The conclusion from that review was that there was a significant, valid, and reliable sample size for that role.

If the data was valid, then were other organisations also experiencing similar challenges? We approached organisations competing for the same talent pool to answer this question. Whilst acknowledging competition for that type of talent, those organisations did not indicate the need for extraordinary adjustments to their pay structures.

Having established the reliability and validity of the survey data, we analysed the competitiveness of the company's total remuneration and establish whether there were potential differences in market positioning and pay mix. Our analysis indicated that the company's total remuneration and pay mix were in line with its stated philosophy and strategy. We also established that the company's pay ranges were broad enough to attract talent across the full market range.

So why was the company losing seasoned talent? To answer that question, we turned our attention to how individuals were placed in their respective pay ranges relative to their experience, age, performance history (over 5 years), tenure in role and in the organisation etc. That analysis revealed that the salaries of seasoned engineers with consistently 'Good' to 'High Performance' had indeed not kept pace with their younger peers. The issue was not with the data but with how pay and internal equity had been maintained over time.

Armed with those insights, the HR team, working with line managers, was able to justify the need for extra-ordinary funding for out-of-cycle pay adjustment to appropriately position employees in their pay range. The risk of turnover due to pay had been mitigated!

## Want to learn more?

If you want to know more about how we can help your organisation address your reward challenges, visit our website [www.prometheans.mu](http://www.prometheans.mu) or send us an email on [info@prometheans.mu](mailto:info@prometheans.mu). We would be happy to discuss and explore how we can be of assistance.