

## Strategic HR Reward Dialogue #3/2024 – Key Takeaways

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Please find below some insights from our most recent conversations with HR executives of leading multinationals and growth companies.

### Topic 1: Differentiated reward strategies – any new concepts and for who?

- In tight labor markets, multiple channels may be used and Employee Value Propositions “tested” to attract & retain staff. Many firms claim they pay competitively, regularly benchmark salaries, offer great benefits - but so what? Stock can be an effective, low-cost reward element but may not work for everyone. E.g., in production, operations/logistics, catering/hospitality services, people may prefer cash, as they worry about how to pay their rent, potential school fees, bills, afford a living. Reward strategy must, thus, consider the nature of the business and jobs as well as employee profiles required.
- Where and how much to invest into people should be a strategic decision informed by the desired impact. E.g., a growing business may consider how many additional openings a higher reward spend for certain employee segments and sites may yield. But, a firm’s operating model, legal entity structure & governance system may support or hinder more tailored rewards.
- For low skill jobs pay may, however, not always be the key attraction & retention factor. The appeal of the offer may be in the potential “life changing opportunity”. While the employment contract may be temporary initially, with pay close to the minimum wage, strong performers may be offered job rotations after a certain period (6-12 months). These will expose staff to new areas, allowing them to build new skills, explore their strengths and interests. Further offer elements may be company-sponsored language tuition or education/courses to earn a degree, certificate or license, basic insurance cover, mobility / housing support, free drinks or meals, purposeful extra paid time off.
- Firms getting the basic hygiene factors right for the targeted candidate pool may find attraction & retention less challenging - even in scarce talent markets.



This may include: An authentic and healthy, not extreme, work culture, supportive leaders and colleagues, clarity of the “employment deal”, job-related tasks and expectations as well as feeling like a valued “family” member.

### Topic 2: Flexible work policies – how are they adjusted post pandemic?

- During the pandemic, many firms allowed staff in jobs that did not require being on site to work from home or any safe, accepted place. While remote working was quite common already for knowledge workers in Technology, particularly in U.S. Multinationals, it was less usual in other sectors and cultures. Flexible working is, however, not just about where work is delivered from but also about when it is due to take place. Policies may vary widely.
- Research has shown that flexible work policies can have a positive effect on productivity. They may further allow to gain access to new talent pools. But there are also risks that need to be managed. E.g., despite all the new collaboration & co-creation tools, breakthrough innovation, learning & development may happen more naturally if people are physically together. Also, full remote staff may find it harder to bond or build a network, thus, feel more isolated. This impacts retention, e.g., voluntary turnover is up for staff recruited during the pandemic. This has led to a renewed focus on onboarding. The firm’s culture may become diluted over time or less evident as well.
- With the war for talent, many firms have invested massively into modernizing offices, making them almost “feel like home”. Return-To-Office (RTO) policies will seek a return on the investment made, however, some trade-offs may be required. In firms with primarily office-based staff “for a reason”, the C-suite may ask everyone back in and expect people managers to lead by example. Whatever the deal, clear messaging is key to retain employee morale.
- “Workations” are a more recent, highly appreciated benefit allowing staff to work for a restricted period (e.g., up to about a month) from a vacation destination. Destinations may need to be approved, or may be pre-approved based on an AI-operated, legal-/compliance-driven traffic light system for country combinations.

