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An Examination of the Awareness and Practices of Human Resource Professionals in how they are measuring the Effectiveness of Employee Reward Practices

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AN EXAMINATION OF THE AWARENESS AND PRACTICES OF HUMAN RESOURCE PROFESSIONALS IN HOW THEY ARE MEASURING THE EFFECTIVENESS OF EMPLOYEE REWARD PRACTICES.

By

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Submission for the Award of Master of Arts in Human Resource Management

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SUBMITTED TO CORK INSTITUTE of TECHNOLOGY

AUGUST 2017
The author hereby declares that, except where duly acknowledged, this thesis is entirely her own work and has not been submitted for any degree in any University or Institute of Technology.

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Date
Abstract

Human Resource (HR) Analytics and the benefits that can be gained from the utilization of such has become a contemporary topic of interest in recent years. To clarify, HR Analytics is simply an evidence based approach to management. The prevalence of globalization and increased market competitiveness has commanded that organizations work more efficiently. The power of the use of HR Analytics in creating these unique business specific efficiencies can no more be ignored, and it has become obvious that Human Resources in its continuous evolution, has placed a greater focus on the business results that existing data can bring them. Consequently, present day business operations necessitate this evidence based approach to management.

This thesis focuses on the practices and capability of multinational organizations based in Ireland in their use of the information available to them specifically with respect to their reward decision methodologies. Due to the nature of the inherent larger size and budgets, as-well as the competitive landscape in which they sit, multinational organizations were chosen as the focus of primary research. In-depth interviews were conducted with seven senior HR professionals in seven different multinational companies that are based in Ireland. The interviews focus specifically on whether these organizations are measuring the outcomes of their reward practices and whether they are making reward decisions based on actual evidence of these outcomes.

The interviews reached comparable conclusions suggesting that reward decisions are based on external factors as precedence. The evidence also concluded that Retention is held a valuable data point in understanding effectiveness of reward. The interviews also reached unanimous conclusions suggesting that these organizations are not utilizing all the tools available to them in understanding the true effectiveness of their reward programs.

Another salient finding illustrated that in some instances, feedback is attained as a re-active strategy as opposed to a succession strategy.
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Chapter 1: Introduction

1.1 Introduction and Background

Evidence based management in the guise of Human Resource (HR) Analytics has become a modern-day topic of interest. The power of HR analytics is substantial and it has become obvious that Human Resources in its continuous evolution has placed a greater focus on the results that data analytics can bring them. This research looks specifically to the practices of organizations in their use of the information available to them in assessing the effectiveness of their reward strategies and reward decisions. The research aims to assess whether organizations are utilizing key internal feedback effectively and to make recommendations. These recommendations seek to assist HR in understanding the true value of their bottom line contribution with respect to reward offerings specifically. Moreover, this understanding, can potentially lend a hand on the road to HR’s place at the top table. Indeed, the ideal is for HR to not only have capability in defining how rewards will be distributed, but to be capable of communicating its efficacy. For example, to know the exact contribution to the bottom line in a given year, and to be able to communicate exactly which element of the rewards are neither contributing to employee performance or satisfaction or assisting with profitability, and to be able to communicate what they intend to do with that information going forward. Indeed, the technology, knowledge and competencies undeniably exist. This research will look to the current awareness and practices of human resources departments in measuring the effectiveness of their reward systems and will seek to provide recommendations for more efficient practice. Some of the questions that the research will seek to answer will be the HR professional’s current school of thought on the issues, as-well as their current practices and justifications for same. A high-level overview of the research points to much evidence to demonstrate that that Human Resources (HR) are not taking full advantage of the resources that are available to them by not measuring the actual effectiveness of their Reward systems. Indeed, the research highlights many complex and significant challenges associated with defining the actual measured outcome of the various rewards that organizations offer to their employees. Chapter 2 contains a summary of many overlapping definitions of Human Resource Management (HRM). One such definition argued by Graham (1978) proposed that the purpose of HRM is to ensure that the employees of an organization are used in such a way that the employer obtains the greatest benefit from their abilities and the employees obtain both material and
psychological rewards from their work. Moreover, it was proposed that bonuses and incentives can help to sustain high performing workplaces if tailored carefully to align with that organizations' own culture (CIPD, 2017). Despite this, it was argued that for reward strategy to be effective, it needs to gain enough information of employees and conduct objective analysis, so that the organization can assess their influences internal and external (Jiang, 2009). The prevalence of HR Analytics now enhances the ability of Human Resources to examine results and effectiveness of strategic organizational initiatives such as how they are rewarding their employees. This research discusses the organizations current practices with respect to this.

1.2 Research Aims and Objectives

It is firstly intended to identify how organizations are rewarding their employees and the methodologies they are employing for their rewards decisions. It is also intended to assess whether these organizations place enough value on the internal data available to them, and whether they are capable of mining this data to the best of their ability for the enhancement of their efficiency and profitability. It is anticipated that the research will present a comprehensive evaluation of current practices with respect to how organizations are measuring their rewards, with specific focus on current awareness of their effectiveness through both direct and, indirect observation. A key element of the study will be to obtain the perceptions of the HR professionals on the issues being addressed by the study.

1.3 Chapter Outline

Chapter 2 contains the literature related to the research. An exploration of the research regarding the importance of measuring reward is employed, as well as current thought and practice on the issue. Chapter 3 explains the research methodology that was employed, as-well as the influences that affect the choice of research design. The adopted research philosophy is defined, and the rationale for choice of this philosophy is explained. Chapter 4 contains the main findings of the study and a comprehensive analysis of these findings is presented. Chapter 5 contains a discussion of the key findings of the study. It also outlines the limitations affecting the study, proposes recommendations for future research and practice, and details overall conclusions.
Chapter 2: Literature Review

2.1 Introduction

This chapter presents an exploration of the research related to the research topic. It begins with an overview of the purpose of Human Resource Management, and sketches numerous comparable and conflicting arguments on the meaning of Human Resource Management. An argument for a strategic approach to Human Resource Management is put forth. There is a link drawn from the research between the benefits of the adoption of a strategic approach to Human Resource Management and employee reward. The benefits of reward practices are highlighted. The relationship between performance management and reward is acknowledged. An examination of the research regarding the importance of measuring reward was employed, as well as current thought and practice on the issue. The chapter closes with an exploration of the challenges associated with organizational ability to measure the effectiveness of their reward practices.

2.2 Human Resource Management: Its Purpose and Definition

Graham (1978) proposes that the purpose of HRM is to ensure that the employees of an organization are used in such a way that the employer obtains the greatest possible benefit from their abilities and the employees obtain both material and psychological rewards from their work. Storey (1995:5) emphasized a similar perspective with respect to the benefits gained for the company from the utilization of employees, by outlining that:

*HRM is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an array of cultural, structural and personnel techniques.*

A more contemporary and inclusive viewpoint is offered by Boxall and Purcell (2003), suggesting that HRM involves all those activities associated with the management of the employment relationship in the firm. Bach (2005) disagreed with this view, arguing that such a broad definition makes it difficult to highlight its distinctive features or values, chart changes in practice or understand controversy surrounding HRM. Bach’s (2005) perspective on HRM argues that employer and employee interests should coincide, the interests of other stakeholders such as employees should be marginalized, and there is a predominant interest within an individual firm
where a focus is on individual employee motivation and aspiration. After some evolution of academic thought on HRM and its role, Bratton and Gold (2007), with an operationally oriented suggestion, defined HRM as a strategic approach to the management of employment relations which emphasizes that leveraging people’s capabilities is critical to achieving competitive advantage. Furthermore, it was noted that this can be achieved through a distinctive set of integrated employment policies, programs and practices (Bratton and Gold, 2007). Buchanan and Huczynski (2004), also illustrated the necessity for process of HRM however, offered a somewhat more comprehensive and strategic viewpoint, proposing an arguable requirement to establish an integrated series of personnel policies that would support organizational strategy. In a similar vein, Burma (2014) positioned it a necessity that the strategic approach to HR issues be addressed in modern organizations. Indeed Salaman et al. (2005:1) asserted that Strategic Human Resource Management (SHRM), has been, and remains one of the most powerful and influential ideas to have emerged in the past twenty-five years in the area of business, also noting:

> Policy makers at government level have drawn upon the idea in order to promote ‘high performance workplaces’ and ‘human capital management’. Within business corporations, the idea that the way in which people are managed could be one of, if not the most crucial factor in the whole array of competitiveness inducing variables, has become a widely accepted proposition during this period.

The CIPD (2017) in relation to the strategic approach, contended that organizations need to define their own unique strategy according to their specific context, culture and objectives; and that this is where HR professionals are instrumental to applying their expertise in understanding organizational circumstances, and designing human capital value chains that reflect stakeholder demands.

2.3 Addressing the Strategic Approach

In relation to the management of its people within a planned and coherent framework that reflects business strategy, the CIPD (2017) outlined the necessity for organizations in understanding the requirements and interests of the full range of its stakeholders – business owners, people,
customers, and the wider society – and building an effective framework of sustainable relationships between them (CIPD, 2017).

Since HRM is a business-driven function, effectiveness depends on a thorough understanding of the strategic corporate direction, as well as the ability to influence key policies and decisions (Indermun, 2014:125).

Armstrong and Baron (2002) proposed that SHRM is an approach to managing human resources that supports long-term business goals and outcomes with a strategic framework. Boxall and Purcell (2003) noted a more definitive observation regarding SHRM when they asserted that it is concerned with explaining how HRM influences organizational performance. Furthermore, it was argued that strategy is not the same as strategic planning. Strategic planning is a formal process that takes place defining how things will be done, while by contrast, that strategy exists in all organizations and even if not articulated, will be emergent of that organizations behaviors and actions (Boxall and Purcell, 2003).

Armstrong and Long (1994) commented that a strategic approach only becomes ‘real’ when it provides the basis for integrated HR strategies which clearly declare the future. Since 1994, a considerable amount of research has been carried out by British and US academics to demonstrate the link between HRM and business performance (Armstrong and Brown, 2001). Guest (1989) maintained a holistic view, concluding that SHRM is fully integrated into strategic planning; that HRM policies cohere both across policy areas and across hierarchies and that HRM practices are accepted and used by line managers as part of their everyday work. In contrast, Schuler and Walker (1990:18) referencing HR strategy, noted a shorter-term focus on business needs, defining it as:

A set of processes and activities jointly shared by human resources and line managers to solve people-related business problems.

Schuler (1992) went on to provide a more definitive and complete concept when he suggested that it is all those activities affecting the behavior of individuals in their efforts to formulate and implement the strategic needs of the business. Wright and McMahon (1992) outlined that organizations have become increasingly enamoured with the concept of strategic management and how both researchers and practitioners in all business-related disciplines have attempted to tie the methods and tools of their discipline to the strategy of the firm. Additionally, they note that though an explicit link is proposed between business strategies and HR practices, strategic intent is viewed
as only one determinant of those practices outlining that some theoretical models virtually ignore business strategy as a determinant of HR practices, focusing instead on determinants that are not the result of proactive decision making (Wright and Mc Mahon, 1992). Armstrong and Baron (2002) noted the key role that HR must play as a business partner in developing integrated HR strategies which support the achievement of business goals. In a similar vein, Klett (2009:280) perceptively emphasized, or alluded to, business appreciation of their employees in the context of SRHM arguing that competitive performance in today’s organizations requires a sufficient consideration of the acquisition, recognition and use of competencies within.

2.4 Reward as a Strategic Level Human Resource Strategy

Jiang (2009) reiterated Browns’ (2001) broad proposal that a reward strategy is ultimately a way of thinking that you can apply to any reward issue arising in your organization, to see how you can create value from it. Armstrong and Murlis (2007) delivered us with a rather more conclusive concept suggesting that reward strategy is a declaration of intent defining the actions an organization intends to take in the long term to develop and execute reward policies, procedures and practices, which will enable it to achieve its business goals and those of its stakeholders. With a similar disposition, Armstrong and Murlis (2007:8) illustrated the importance of collaboration between reward strategy and organizational aims when they proposed that:

*Reward strategy determines the direction in which reward management innovations and developments should go to support the business strategy, how they should be integrated, the priority that should be given to initiatives and the pace at which they should be implemented.*

The CIPD (2017) expressing a practical perspective, assertively summed up the benefits of the relationship between the business environment and reward, proposing that bonuses and incentives can help to sustain high performing workplaces if tailored carefully to align with that organizations’ own culture. Moreover, it was outlined that for nominal results, bonus and incentive plans need to operate as part of an integrated strategy closely linked to business objectives (CIPD, 2017). It was further charted that a reward strategy needs to make clear the aims of the various reward elements, integrate them coherently and tell employees what they can expect to receive when it was noted that:
The success of all such schemes will depend on how effectively performance is defined, managed and ascribed, requiring effective communication and engagement on the part of both employees and line managers (CIPD, 2009:1).

Adding dynamism, Gross and Friedman (2004:8) provided an alternate angle, alluding to an increased awareness on the part of employers in ensuring they capture a Unique Selling Point (USP) in designing their reward systems recognising that:

*Employers are also realising that they can't merely mimic the reward practices of other organizations: A Reward strategy must be deliberately created to support an organization's unique human capital strategy.*

Beer *et al.* (1984) held a focus on the criterion for collaboration, suggesting that for an organization to meet the needs of shareholders there must be a strong relationship between the organization and employees. It could be perceived from *Beer et al.* (1984) that there is a considerable requirement for alignment between what the employee wants, and what the business needs. Indeed, *Beer et al.* (1984) astutely argued that the employees will judge the adequacy of their exchange with the organization by assessing both sets of rewards. With a marginally altered perspective, Bremen *et al.* (2011) submitted that whether a company manages its rewards programs holistically or in discrete functional silos, a total rewards philosophy underscores the value gained. It could be interpreted that Bremen *et al.* (2011) alluded to an overall objective, that the employees can be influenced in a positive way which will have a corresponding effect on customer satisfaction resulting in revenue growth for the organization. Lawler (2003) referred to reward in a holistic sense, distinguishing that it is more beneficial for organization to consider their reward strategy, with regard for the business needs, suggesting that organizations are better off when they provide people with a reward level that leads them to feel at least moderately satisfied. Kreitner and Kinicki (2007) offered similar perspective on this, referencing Maslows (1943) theory of motivation. Maslow (1943) with exceptional foresight proposed that motivation is a function of five basic needs – physiological, safety, love, esteem and self-actualisation. It was further explained that a person’s physiological needs must first be met followed by safety needs and so on up the need hierarchy (Maslow, 1943). Kaplan (2007) with consideration of this theory, proposed that total reward strategy is a holistic approach aligning with business strategy and people strategy; and how it encompasses everything employee’s value in the employment relationship, such as;
compensation, benefits, developments and the work environment. In a similar vein, Fernandes (1998:2) with reference to ‘holistic reward’ labelled as ‘Total Reward’ outlined it as:

the sum of the values, of each element of an employee’s reward package.

Correspondingly, but with further perspective on Fernandes view, Armstrong and Brown (2001), deduced that total reward is the term that has been adopted, to describe a reward strategy that brings additional components, such as learning and development, together with aspects of the working environment, into the benefits package. Furthermore, Worldatwork (2009), the Total Rewards Association of the United States of America, framed these definitions, when they illustrated how total rewards is all the tools available to the employer that may be used to attract, motivate and retain employees, and that total rewards include everything the employee perceives to be of value resulting from the employment relationship. Indeed, Jiang (2009) noted that total reward strategy has been used more and more by managers and scholars as a modern management method. The CIPD (2016) determined that Total Reward has wide-reaching implications for cultural change in organizations, as it can focus, in part, on employee empowerment. Jiang (2009:180) noted the benefits in this linking of business strategy to people strategy with regard total reward pertinentl asserting:

This newly coming management approach acts according to the circumstance, helps with cost savings, brings about maximum return on the rewards strategy adoption, and builds up employment brand, all of which are likely to contribute to both short-term and long-term goals of an organization.

Jiang (2009) also noted that as a reward strategy of effectiveness, it’s able to gain enough information of employees and conduct objective analysis, so that the organization can make wise decisions and assess their influences internal and external.

2.5 Why it’s important to measure Reward?

The CIPD (2016) purported that while both strategic and total reward are fundamentally simple concepts, it can be difficult to translate the approaches into practice or to quantify their impact on individual or organizational performance. Lord Kelvin (1889) advocated that when you can measure what you are speaking about and express it in numbers, you know something about it; but when you cannot measure it, when you cannot express it in numbers, your knowledge is of a
meagre and unsatisfactory kind; it may be the beginning of knowledge but you have scarcely in thought advanced to the stage of science. Almost a century later, Lawler et al. (1980) characterised the value of measurement from an organizational perspective suggesting that through evaluation, organizational effectiveness can be measured in terms of its functioning, problems and achievements from both behavioural and social system points of view. Hernandez (1987) offered more definition with regard measurement claiming that organizational evaluation measures, compares and analyses the coherence between results and specific objectives and between specific objectives and general objectives.

Pertinently, Lupfer (2012) in a web article titled, The Measurable Value of Human Resources, suggested that organizations today are moving faster than ever and too many HR leaders are assuming that what they are doing is working. Indeed, the article revealed study findings that 64 per cent of HR practitioners were actively contributing to the organization, yet only 23 per cent of line managers agreed (Lupfer, 2012). It was further outlined, that it is not sufficient for HR leaders to think they know what is working, they must know what works, how to measure the efficiency and effectiveness of various programs, and be able to prove it to line managers and corporate leadership (Lupfer, 2012). Additionally, it was set forth that while a few organizations possess phenomenal metrics, the clear majority do not, and that measures of work activity, are not the same, as measures of outcome, or performance (Lupfer, 2012). Moreover, Davenport (2006) recognised the renewed importance of evidence based decision making that was born from the decline of the economic climate at that time when he noted that the current economic climate has reinforced the move in recent years toward competing on analytics and fact-based decision making. Correspondingly, Ceplenski (2013) advocated that, by measuring and improving your employee rewards program, you will impact profitability.

Studies indicate that the most frequent problem in organizations today is that they miss the most important component of Reward, which is the low cost, high return ingredient to a well-balanced reward system (Pratheepkanth, 2011). Pratheepkanth (2001:1) further highlighted that:

Research has proven that employees who get recognized tend to have higher self-esteem, more confidence, more willingness to take on new challenges and more eagerness to be innovative.
Indeed, Brown and West (2005) reported links between employee engagement and customer service performance, with employees influenced by reward practices such as variable pay and recognition awards. In a similar vein, Combs et al.'s (2006) meta-analysis includes 92 studies showing a link between HR practices and organization performance. Moreover, Thompson (2000) found that practices that build skills, motivation and ability, including share ownership schemes, broad-bands, competence-based pay, and team rewards were associated with higher organizational performance in the aerospace sector. With respect to organizational performance, Klett (2009) proposed that Performance Management (PM) must intertwine various aspects of business and people management, and that it can assure quality management processes and lead to competitive advantages. Correspondingly, Brown et al. (2011) in a research report on Performance Management, presented findings that common changes and apparent keys to improvement in employee appraisal and development processes included simultaneously focusing more broadly on organizational performance and on initiatives required to support that. The CIPD (2017), with a comparable outlook, defined PM as a holistic set of processes that ensures employees contribute to business objectives. Indeed, Pulakos (2004) advocated the benefits of PM surrounding monetary decisions contending that PM systems can support pay and promotion decisions. In a similar vein, Lawler (2008) believed that linking performance to distribution of salary, bonus and incentives contributes to effective talent management. This follows research on the role reinforcement plays in motivating performance (Lawler, 2000). Furthermore, Nyandema and Were (2014) support theory's that highlight the advantages of linking PM strategy to organizational strategy putting forth that PM is a secure way for assessment which conforms the corporation’s activity to mission, perspectives and purposes and harmonises them.

Organizations such as Nationwide, McDonalds, Standard Chartered Bank and Tesco have replicated such results internally and shown powerful linkages between reward practices, employee engagement and their financial performance (Brown and Reilly, 2009:12).

Brown and Reilly (2009) further suggested that even though research on human capital measurement broadly concludes that organizations share a common prioritization of the importance of evidence-based reward management, and while varied and inconsistent, all operate some type of process, to effect it. Watson Wyatt (2002) presented research that reward policies
had more impact on a company's growth in value than other aspects of HR management, yet somehow competitiveness of base pay explained a mere 0.2 per cent of that growth, with pensions, group and individual incentives, total reward designs and stock ownership having a much more significant impact. Appropriately, Wright (2006) emphasized the importance of measuring reward effectiveness arguing that reward effectiveness research may seem like a lot of work, but if people are the organization’s greatest asset then surely more solid evidence of what reward practices add value and what do not is vital management information.

2.6 Current Thought and Practice in Measuring Reward Effectiveness

The CIPD's (2009) annual reward management surveys reveal that a growing minority of organizations are attempting to systematically assess the effectiveness of their reward practices, however, there has been little growth in recent years in the use of these assessment mechanisms. Indeed, evidence was presented that 46 per cent of respondents were unaware of their total spend on rewards, and only 17 per cent could provide figures for its constituent elements, such as benefits. Less than 25 per cent of organizations use any business data in making their assessment, and less than 20 per cent conduct financial cost-benefit analyses of their reward changes (CIPD, 2009). Additionally, it was found that only 32 per cent assess the impact of reward changes on the staff on the receiving end of them, and only 10 per cent can put a financial cost on their labour turnover (CIPD, 2009). Interestingly, a separate independent WorldatWork study presented corresponding evidence, finding that just 9 per cent of organizations reported that they formally evaluated the return on investment (ROI) of their compensation programs and 62 per cent do not assess their compensation program, either formally or informally (McMullen et al., 2005). Indeed, it is apparent that Milsome (2006) was accurate in noting that when implementing new reward practices, organizations often disregard facts, and act on ideology and casual benchmarking. Optimistically, McMullen and Scott (2014) noted that a later WorldatWork study did in fact find that attempts to use formal ROI measures to evaluate rewards programs had increased to 11 per cent. While this was an unassertive 2 per cent increase, an overwhelming 48 per cent of respondents said they planned to assess rewards programs more rigorously and frequently during the next two to three years (McMullen and Scott, 2014). A UK E-rewards survey in 2009 of rewards and HR professionals highlighted some challenges associated with measuring effectiveness of Reward Systems (E-Reward Survey of Contingent Pay, 2009). The survey found
that reluctance to evaluate pay programs was primarily attributed to lack of resources and time (48 per cent), but also included the lack of information or data (19 per cent), senior-management indifference (15 per cent), organizational changes (10 per cent) and a lack of analytical skills (8 per cent) (E-Reward Survey of Contingent Pay, 2009). McMullen and Scott (2014) noting that Human capital is typically the first or second largest financial expenditure most organizations make, maintained that senior executives have learned that it must be managed strategically and efficiently. It was furthermore noted:

This is, in large part, the driving reason why senior management is asking rewards professionals to justify recommendations for pay increases, incentive plans, employee-benefits programs and investments in nonfinancial rewards such as career development, recognition and organization climate improvement (McMullen and Scott, 2014:7).

McMullen et al. (2014:5) presented comprehensive survey findings with respect to current thought and practice in organizational application of measuring reward systems which indicated that there is a considerable divide between what reward professionals are actually spending their time on, and what CEO’s are demanding offering that:

Reward professionals are spending their time on, benchmarking reward amounts and design, managing compensation fairness and controlling compensation and benefits costs. CEO’s are demanding optimising productivity and cost effectiveness, engaging employees, developing key talent, and aligning human capital and reward with business strategy.

In recent years, rewards professionals are increasingly being asked to provide evidence that rewards strategies, programs and policies do indeed support core human capital objectives, and that the primary method for accomplishing this, is to develop methods, and supporting processes, to assess rewards-program effectiveness (McMullen and Scott, 2014). Further to this, and despite this increased demand for measurement and evidence based approaches, it is quite concerning, that one third of the respondents in a 2014 WorldatWork survey publication, are unconvinced that adequate value will be achieved to justify the investment in assessment of rewards programs (McMullen and Scott, 2014). Pfefller and Sutton (2006) outlined in a Harvard Business Review that it is time to start an evidence-based movement in the ranks of managers. The HR department
will never achieve its full potential until it can demonstrate the role it plays in creating organizational value and its return on investment (Frangos, 2002). Usually, HR’s value is reported from cost savings in the HR process, rather than what HR achieves from a business return on investment, and it is this fundamental lack of business measures to determine what HR brings to the bottom line that is visibly missing (Righeimer, 2000). Previous leading research from the consulting industries cites that 40% of HR executives are asked to sit at the strategy table while 60% play a passive role (Norton, 2001). Indeed, one Harvard study presented evidence that 80% of HR departments lack a strategic planning process that aligns its spending with the organization's strategy (Norton, 2001). Indeed, Davenport (2006) in a Harvard Business Review article noted that organizations are competing more on analytics because they should, as opposed to because they can. It was further noted that despite this being a time whereby organizations in many industries are capable of offering similar products and using comparable technologies, business processes are among the last remaining points of differentiation and that analytics competitors exploit the value from those processes. Correspondingly, Davenport et al. (2010) noted that leading edge companies are increasingly adopting sophisticated methods of analysing employee data to enhance their competitive advantage…If you want better performance from your top employees – who are perhaps your greatest asset and your largest expense – you’ll do well to favour analytics over your gut instincts. With slightly alternate perspective, Barnow and Smith (2004) outlined that, program evaluation and performance management derive from different sources and motives and have deeply committed adherents. Borden (2009) in reference to Barnow and Smiths (2004) note, highlighted uncertainties in suggesting that some in the evaluation community argue that there are risks in drawing conclusions from administrative performance data and this concern is supported by a detailed understanding of data quality and measurement validity issues and that this analysis takes the position that managing very large-scale and far-flung programs involving thousands of staff, millions of customers, and billions of dollars requires comprehensive management information systems. Borden (2009:5) further proposed:

*In other words, tracking and measuring customer flow, services, and outcomes is inherently desirable and even necessary to managing any modern organization. Therefore, the question is not whether we should track customer flow and services and measure performance, but whether and how we should use the data to determine funding, incentives, and sanctions.*
To be successful, Human Resource leaders need to understand their business colleagues, design consistent processes, and measure more than work and cost (Lupfer, 2012). In a similar vein, Armstrong et al. (2009) note that there is an increasing body of evidence indicating that measuring and improving the effectiveness of reward practices has major benefits for employers in our ever-more knowledge and service-based economy. Despite this, Robinson et al. (2008) catalogued a historical weakness of Human Resource Measurement (Armstrong et al., 2009). Karami et al. (2013) confirms previous statistics that a reward management system has a positive and significant effect on employee motivation. Nevertheless, an Institute for Employment Studies (IES) research report on reward effectiveness in 2009 proved Robinson et al. (2008) correct on his point when it detailed that very few UK organizations seem to systematically evaluate and produce robust evidence to justify their reward practices (Brown and Reilly, 2009). Other research, primarily conducted in the United Kingdom, confirms limited focus in rewards program evaluation (Corby et al. 2005). Research by Unum revealed that 50 per cent of businesses have not reviewed their reward packages since 2008 and 41 per cent of businesses say that they introduced or changed benefits based on requests from their employees (Sage, 2017). Congruently, the CIPDs (2016) Annual Reward Management survey report presented evidence that a mere 19% of employers could supply them with data about the spread of pay with their organization. Indeed, the CIPD (2016), based on these statistics pondered some relevant questions such as how employers can work out the effectiveness of their reward spend if they are unable to provide basic pay data. Additional questions raised by the CIPD (2016:2) following these findings were highlighted as:

*At a parochial level, without this and similar reward intelligence, how is the reward function going to be able to demonstrate itself as a strategic function that adds value for the business, rather than as an administrative department? At a strategic level, who will want to invest in a company that doesn’t have the curiosity and the ability to collect and analyse the data that’ll allow it to assess the effectiveness of its reward spend in increasing productivity.*

Firms want to enhance shareholder value, but they measure annual profits. If what is measured is what is rewarded, organizations are likely to see progress in measured performance, even though measured performance may not match intended performance (Van Der Stede, 2009). The 2017 E-Reward survey emphasised that reward professionals have never been under more pressure to
demonstrate the efficacy of the major investments they make in their pay and reward arrangements and the impact of any changes to them, further noting that despite economic conditions, there are still manifestations of key skill shortages, while increasing attention is being placed on 'evidence-based management and management by analytics ideas (E-Reward, 2017). Given the ongoing focus on costs for most employers, it is perhaps worrying that more than a quarter (26%) of respondents say they do not know what their benefits cost their organization. This figure is unchanged since 2013 (E-Reward, 2017).

2.7 Addressing the Challenges Associated with Measuring Reward System Effectiveness

The literature on the impact of reward is extensive (Armstrong et al., 2009). Gerhart and Rynes (2003) noted that compensation is a complex and often confusing topic, and proposed that although compensation costs comprise, on average, 65 to 70 per cent of total costs in the US economy, and are likewise substantial elsewhere, most managers are not sure of the likely consequences of spending either more, or less on employees or of paying employees in diverse ways. Armstrong et al. (2009) noted that this is a time for organizations to take a pro-active stance which considers how best the rewards system can be creatively employed to cope with the new challenges which constantly confront a dynamic organization. They also note that measuring the effectiveness of their reward strategies, initiative and practices is the Achilles' heel of most reward professional's. Armstrong et al. (2009:5) deduced that there are arguable difficulties in the matter of assessment of reward practices stating:

*It is undoubtedly difficult to assess pay and reward practices in many settings.*

Kerr (1995: 13) perceived some previously unaddressed challenges that need to be considered when designing a reward system outlining that managers who complain about lack of motivation in their workers might do well to consider the possibility that the reward systems they have installed are paying off for behavior other than what they are seeking, and further suggesting that:

*A first step for such managers might be to explore what types of behavior are currently being rewarded.*

Correspondingly, a Corby et al. (2003) study presented evidence that pay management and change can often be a highly political process and that an attempt to evaluate this is sure to fail. Indeed, Thompson (1992) designated that few, if any, employers built in a monitoring and evaluation
process as part of the introduction of an IPRP scheme. It was further outlined that this was because most employers did not have clearly articulated objectives for introducing such schemes against which they could measure success or failure. Additionally, little thought appeared to be given to the indicators that could be used to measure the effectiveness of the scheme and the type of information that should be collected (Thompson, 1992). Interestingly, Heneman (2002) deduced that measurement itself should encompass an actual step for implementation that might be incorporated into the design of the strategy when he suggested that the evaluation of the effectiveness of a strategic reward system is often overlooked, but it is an indispensable final step in the process of implementing a compensation program. In a similar vein, Kanungo and Mendonca (1988) advocated a final review stage in introducing new reward systems. An E-Rewards 2017 survey acknowledged the challenges regarding assessment of reward systems, noting that where organizations are taking action to measurement, the numerous approaches, various criteria and several measures used to assess, contribute to difficulties (E-Rewards, 2017). Confidently though, it was further noted that it has been possible to single out some of the crucial factors necessary to ensure that effectiveness reviews are a success and the ultimate goal ‘rewards that stimulate performance and engagement’ is achieved (E-Reward, 2017). Corby et al. (2003) advised that practitioners should take a more realistic view of what is achievable, focusing on evaluation in only a few key areas, rather than compiling a wish list, use existing mechanisms such as employee attitude surveys and human capital reports as far as possible and consider perceptions and qualitative criteria, not just hard cost and business figures. In contrast, Scott et al. (2006) depicted practicality in suggesting a six-step approach, the first to set goals and objectives, followed by identification of evaluation criteria and then selection of an evaluation methodology. The final three steps incorporated collection and analysis of data, interpretation of findings and finally development and implementation of improvement strategies (Scott et al., 2006). An online article in the HR Daily advisor represented similar thoughts advocating the adoption of a systematic process for evaluation reward program effectiveness, utilizing multiple perspectives and rigorous and consistent processes (Ceplinski, 2013:1).

*Use employee opinion surveys and or focus groups to understand how employees and managers feel about fairness in the employee reward program. Monitor the influence of fairness and equity on employee behavior. Assess the operational results that the*
employee reward program is expected to impact, such as turnover and engagement.

Calculate the ROI, program costs, and value added by employee reward programs.

Frangos (2002) highlighted that despite many advances in technology its use as a tool to administer benefits has grown only very gradually over the years, observing the trivial change in the types of technology used to administer benefits in recent years. Frangos (2002) furthermore argued how technology enablement can assist HR with being more strategic. Wethington (quoted by Ceplinski, 2013) with an alternate perspective argued how there is a balance between the quantitative and the qualitative measures, as well as how there is a balance of the perception versus the end results, further noting that you firstly need a measurement tool (Ceplinski, 2013). Pay compensation alone, while merely one element of the overall challenge, brings its own difficulties, highlighted by Wright (2004), quoted Purcell's (2001) argument that no pay system can be effective for more than five years. In contrast Heneman and Judge (2000) discuss the progress in developing some standardisation of pay satisfaction research, however, assert that certain methodological problems remain, arguing that:

It is difficult at present to carry out robust research comparing employees' attitudes to various types of pay systems because such research invariably asks employees to hypothesise how they would react to certain systems, some of which they have not experienced in practice.

Other research conducted by ACAS (1990) and Incomes Data Services (1998) suggests that the most durable pay systems may be the simplest, most easily understood ones. The ultimate question for organizations is how to increase levels of employee effectiveness and thus profitability. This is directly impacted by employee engagement, which is in turn directly impacted by the employee rewards program (Ceplinsky, 2013).

2.8 Conclusion

This chapter explored research relating to this study, it looked at Human Resource Management in the context of its purpose and definition. It outlined various comparable and contrasting arguments from the literature on the meaning of Human Resource Management. It charted an argument for a strategic approach to Human Resource Management. Moreover, it drew a notable connection from the research between the adoption of a strategic approach to Human Resource
Management and Reward. This connection noted the benefits to an organization in utilizing a strategic approach through rewarding its employees. The organizational benefits of reward practices were also deliberated. The relationship between performance management and reward was discussed. This was found relevant as there was much research that indicated the benefits in linking performance to reward practices such as, distribution of salary, bonus and incentives. An exploration of the research with respect to the significance of measuring reward was undertaken, as well as current thought and practice on this topic. This chapter concluded with an exploration of the challenges associated with organizational ability to measure the effectiveness of their reward practices. The next chapter, Chapter 3 presents a discussion of the research methodology employed and the justification for it.
Chapter 3: Methodology

3.1 Introduction

The following chapter outlines the research methodology that was employed while carrying out both primary and secondary research. Methodology is a research strategy that translates ontological and epistemological principles into guidelines that show how research is to be conducted (Sarantakos, 2005), and principles, procedures, and practices that govern research (Kazdin, 1992, 2003a, cited in Marczyk et al., 2005). For this study, the chapter explains the link between theory and research and the other influences which affect the choice of research design. The chapter begins with a clarification of the research question, and the aims and objectives of the study. The research philosophy is defined, and the rationale for choice of research philosophy is explained. The methods adopted for the collection of both Primary and Secondary data are clarified. A discussion is undertaken on the rationale for both qualitative and quantitative theoretical research approaches, and arguments are outlined for each approach. Clarification of the adoption of a qualitative approach is outlined. The motivation for the use of this approach is validated. Moreover, the motivation for the adoption of semi structured interviews is explained. The sample frame adopted for the research is outlined and rationale for choice of the sample is outlined. Details on how access was gained to the sample are also drafted. A discussion is undertaken on the validity of the research and on potential ethical concerns. The chapter concludes with an argument for data analysis and an explanation of how the data has been analyzed for this study.

3.2 Aims and Objectives

This thesis focuses on the practices and capability of multi-national organizations based in Ireland in their use of the information available to them specifically with respect to their reward decision strategies. It is firstly intended to identify how organizations are rewarding their employees and the methodologies they are employing for their rewards decisions. It is also intended to assess whether these organizations place enough value on the internal data available to them, and whether they are capable of mining this data to the best of their ability for the enhancement of their efficiency and profitability. An empirical approach is adopted to carry out this research. It is anticipated that the research will present a comprehensive evaluation of current practices with
respect to how organizations are measuring their rewards, with specific focus on current awareness of their effectiveness through both direct and, indirect observation. Analysis will be conducted using a qualitative approach. To generate data a qualitative approach, drawing questions from the current literature, as-well as face to face interviews, will be employed. Initially the literature will be reviewed. The literature will be explored with a particular focus on current practice and thought, as-well as the current challenges observed with regard measuring effectiveness of reward and the factors that create limitations. Drawing from this analysis, several semi-structured in-depth interviews will be held with senior HR professionals. A key element of the study will be to obtain the perceptions of the HR professionals on the issues being addressed by the study. Verbal permissions will be obtained from all responding organizations. All organizations will be informed that the data gathered for the purpose of the research will be confidential and that they will remain anonymous in all reports. The next section discusses the research philosophy of the study.

3.3 Research Philosophy

Research Philosophy is the overarching term that relates to the development of knowledge and the nature of that knowledge (Saunders et al., 2007). Lincoln (1994) argued that questions of method are secondary to questions of epistemology and ontology. The choice between taking one stance over another could be perceived as somewhat unrealistic in practice. This research report aligns with a philosophy of Pragmatism. Pragmatism argues that the most important determinant of the research philosophy adopted is the research question (Saunders et al., 2007). Indeed Greene (2007) notes that it could be claimed as a middle position. Moreover, Cameron and Price (2009) poise that Pragmatism is of considerable relevance to most business research. It is furthermore argued that pragmatic inquiry tends to use an array of conceptual lenses to look at the usefulness of a concept rather than focussing on the rightness and the consequences of the concepts and inquiry (Cameron and Price, 2009). Tashakkori and Teddlie (1998) suggest that it is more appropriate for the researcher in a particular study to think of the philosophy adopted as a continuum rather than opposite positions. They note that at some points the knower and the known must be interactive, while at others, one may more easily stand apart from what one is studying (Tashakkori and Teddlie, 1998:26). Tashakkori and Teddlie (1998) contend that pragmatism is intuitively appealing, largely because it avoids the researcher engaging in what they see as rather pointless debates about such concepts as truth and reality. In their view you should study what interests you
and is of value to you, study in the different ways in which you deem appropriate, and use the results in ways that can bring about positive consequences within your value system (Tashakkori and Teddlie, 1998).

Braun and Clarke (2006) argue that a clear demarcation of method will be useful to ensure that those who use thematic analysis can make active choices about the particular form of analysis they are engaged in. Similarly, Holloway and Todres (2003) contend that what is important is that as well as applying a method to data, that researchers make their assumptions explicit. This study uses aspects of epistemological research. Epistemology concerns itself with analysing the way human beings comprehend knowledge about what is perceived to exist (Becker and Niehaves, 2007, p1). Epistemological assumptions are assumptions about the nature of knowledge, its presumptions and foundations, and its extent and validity (Nkwake, 2013). The language and concepts used in the report are consistent with the epistemological position of the analysis. The study focusses on the participants responses and logical conclusions are drawn. The next section discusses the methods of data collection employed and justification for such.

3.4 Data Collection

Data was obtained through the extraction of both secondary and primary research. Firstly, the existing literature on the research subject was reviewed. Drawing from this literature review, primary data was gathered from the appropriate human resource professionals. A qualitative approach was employed in the mining of the primary data.

3.4.1 Secondary Research

For many research objectives, the main advantage of using secondary data is the enormous saving in resources in particular your time and money (Ghauri and Gronhaug, 2005). Denscombe (1998) underscored how secondary data generally provides a source of data that is both permanent and available in a form that may be checked relatively easily by others. Secondary Data was collected via a review of the existing literature, so as to establish a theoretical base for the study. A literature review is a critical in-depth review of the research already undertaken (UCD, 2014).

*A literature review should be coherent, critical, contemporary and conclusive* (Cameron and Price, 2009).
The review introduced the topic, defined the concepts and critically discussed the literature. The literature was mostly accessed online and obtained via several sources: books, research papers, business journals, industry studies and published surveys. The college Library was also used to obtain books.

3.4.2 Data Collection: Primary Research

The flexible design which a case study methodology facilitates research in the broadest sense, therefore provides a solid set of empirical data for evaluation (Eisenhardt, 1989). By contrast to qualitative, quantitative research uses a numbers and statistical methods. It tends to be based on numerical measurements of specific aspects of phenomena and it abstracts from particular instances to seek general description or to test casual hypothesis. Indeed, King et al. (1994) argued that quantitative research also seeks measurements and analysis that are easily replicable by other researchers. Rubin and Rubin (1995) and Cohen, Manion & Morrison (2000) pointed out that quantitative research methodologies are a search for both lawlike regularities and principles which are true all the time and in all given situations. Tuli (2010:103) added context arguing the gains of the qualitative approach:

On the other hand, qualitative researchers attempt to understand the complexities of the world through participants' experiences. Knowledge through this lens is constructed through social interactions within cultural settings (Tuli, 2010: 103).

In a similar vein, Popkewitz (1984) asserted that knowledge through this lens is constructed through social interactions within cultural settings and that meanings are found in the symbols people invent to communicate meanings or an interpretation for the events of daily life (Popkewitz, 1984).

According to Tashakkori and Teddlie (1998:17-18), key researchers in mixed methods research have defined a mixed method study as combining:

Qualitative and Quantitative approaches into the research methodology of a single study or multi-phased study.
Zohrabi (2013:1) argued the benefits of the use of mixed methods for collecting data outlining how the procurement that information through different sources can augment the validity and reliability of the data and their interpretation, noting with respect to this augmentation:

*Therefore, the various ways of boosting the validity and reliability of the data and instruments are delineated at length.*

Qualitative research is multi-method, involving an interpretive, naturalistic approach to its subject matter, allowing for phenomena to be interpreted in terms of meanings people bring to them. While some researchers focus on more than one type of research, utilising mixed methods, this study employs a qualitative approach.

An exploratory methodology was undertaken and a qualitative approach was adopted. Qualitative Research refers to collecting, analysing, and interpreting data by in some way observing what people do and say. Denzin and Lincoln (1994) contend that qualitative research involves the studied use and collection of a variety of empirical methods; case study, personal experience, introspective, life story, interview, observational, historical, interactional and visual texts; that describe routine and problematic moments and meanings in people’s lives. Buckley and Naoum (2000) argue that the information gathered in qualitative research can be classified under two categories of research, namely exploratory and attitudinal. Indeed, Holloway and Todres (2003) argued the qualitative approach to be incredibly diverse, complex and nuanced. They further suggested that thematic analysis should be seen as a foundational method for qualitative analysis (Holloway and Todres, 2003).

This approach was justified and validated by the necessity to acquire an interpretation of the opinions and perceptions of the participants. The qualitative approach allowed for a sample to be defined, and scope to probe at and explore respondent’s answers to broad questions. With this method, the researcher can easily extract observations, and in turn interpret the perceptions and opinions of their responses. The data mined is subjective and not quantifiable, however the use of open ended questions, allowed for exploration and insight and therefore this should not weaken the research. The use of theory in qualitative research can be unclear, however theories may emerge from the data gathered. Indeed, Buckley and Naoum (2005) propose that the placement of theory in qualitative research tends to be toward the end. This research explores current practices and thought with respect to the research subject across several organizations, therefore producing
a Case Study approach. Robinson (2002) defined Case Study research as a strategy for doing research which involves investigation of a particular, contemporary phenomenon in its real-life context using multiple sources of evidence. Furthermore, Robinson (2002) outlined that the defining characteristic of a case study is a specific focus on a single or small set of cases studied in its own right.

3.4.3 Semi Structured Interviews

An interview is a purposeful discussion between two or more people (Kahn and Cannell, 1957). Topology was considered and a conscious choice to undertake semi-structured interviews was made. This interview format was deemed appropriate due to the explorative nature of the research. Indeed Biggs (2010) recognised the greater freedom of an unstructured interview with the scope for more information to be drawn out. It must be noted that the limitation of the researcher going off topic was also acknowledged by Biggs (2010). The nature of the chosen case study strategy demanded for the data gathered to be analysed qualitatively. Semi-structured interviews are non-standardised and are often referred to as qualitative research interviews (King, 2004). Walliman (2011) noted that a semi-structured interview is one that contains structured and unstructured sections and has both standardized and open-ended questions. The intention for this exploratory method, was to gain an understanding of the reasons that the organizations in the study were doing or not doing certain things. The depth that can be attained in a qualitative interview can provide scope for insight into the thought process of the sample frame and allow for development and exploration of ideas.

Cameron and Price (2009) propose that the time-consuming nature of question development, access planning, travel and data transcription could be six times greater than the interview itself. In a similar vein, Holloway (2005) points to the limitations of the time-consuming process, but also adds the challenge of the reliability of data as it is based on how people say they might behave and may not be a true reflection in reality. Due to a combination of time and access constraints, seven organizations were elected, and one appropriate representative from each of those organizations was interviewed. For the purpose of the study, the question design for the interviews were emergent of the findings in the literature. Seven senior leaders were selected to represent their respective companies. Consideration of organization type was considered, all respondents represented successful multinational organizations. While a structured interview template was
drafted, scope was used to probe and explore where relevant. Interview questions can be viewed in Appendix 9.1. The researcher is conscious of ensuring that the four features Guba’s (1981) criteria of trustworthiness are considered with respect to the data. Guba proposes four criteria that he believes should be considered for ensuring trustworthiness in qualitative research projects by qualitative researchers in pursuit of a trustworthy study (Shenton, 2003). Guba’s constructs correspond to the criteria employed by the positivist investigator: a) credibility b) transferability c) dependability d) confirmability (Guba, 1981). The next section discusses the justification for and characteristics of the chosen sample frame.

3.5 The Sample and Gaining Access

The study population was defined with the research objective in mind. The research objective was to understand the extent to which organizations are measuring the effectiveness of their various reward programs; and whether they understand the bottom line contribution of their rewards. The sampling method used was purposive. Black (2010) charted that purposive sampling is a non-probability sampling method and it occurs when elements selected for the sample are chosen by the judgement of the researcher. Black (2010) further drew that researchers often believe that they can obtain a representative sample by using a sound judgement, which will result in saving time and money. Roberts (2003) hypothesizes that sampling is the process for selecting an amount of individuals for the study to ensure they are representative of the larger group also referred to as the population.

A representative sample was chosen and a sample frame was defined. A total of seven semi-structured interviews were completed with specially chosen with senior human resource professionals, all of whom were employed in and represented multinational organizations. The sample intends to be representative of these organization types. Justification for sample selection of multinational organizations was emergent of the fact that multinational organizations are of the largest in size. Given this, the revenues in these organizations are higher than most companies and budgets for more complex reward packages are available. In addition, it is generally necessary for them to pay attention to how they are rewarding their employee’s due to their competitive nature. As this is a qualitative study, information rich participants from the sample set of organizations was selected to complete the sample frame, with the intention of purposeful sampling. Explicitly included is a Senior Vice President of HR, a Compensation and Benefits Manager, a HR Director
and various Senior HR Managers. The intention was to measure variables and generalise findings gathered from this representative sample.

The sample population in the research is comprised of a total of seven senior human resource leaders, all of whom represented multinational organizations. It is of interest to the research to note the industry representation of the sample. The themes that emerged reflect similarities in reward practices and perceptions within specific industries. Most of the sample (43%) represented Medical Devices, with 28.5 per cent of the organizations representing the Computer Software industry. The remainder of the sample was an even distribution of 14.25% each representing Consumer Products and Recruitment & Managed Services industries respectively.

![Sample Industry Representation](image)

*Figure 3.1 Sample Industry Representation (Author, 2017)*

Consideration is taken for non-response, which is a common limiting factor that could potentially create bias with this method of data collection. To avoid single source bias, the researcher reached out to 14 multinational organizations in Cork and selected the 7 that responded to take part in the research. These participants were high profile in their respective organizations and with restricted calendars, and so all were thanked accordingly for their time. The next section outlines the consideration of ethics and validity for the study.

### 3.6 Validity and Ethics

Oliver (2010) noted that it is important to consider ethics early in the project. Resnik (2011) offered further clarity with respect to the issue of ethics, arguing that in the context of research, ethics can be considered as a method, procedure or perspective for deciding how to act and for analysing complex problems. To ensure validity of the research, care was taken regarding the procedures
utilized. All data was obtained and retained in accordance with Data Protection legislation. The names of the participants that were interviewed, as-well as the names of the organizations they represented, are only known by the author of the study and one supervisory staff member of the study, and are saved in a password protected file. The face to face interviews were recorded on a mobile device, and transcribed. Both the audio files and the transcriptions are saved in a password protected file with no reference to the title of the study. Web-ex was used for the telephone interviews and again, both the audio files and the transcriptions are saved in a password protected file. Wiles (2013) put forth that anonymity is the primary researcher process for protecting the identity of participants. All participants were advised that their identities would be protected, as-well as advised of the process for data collection. All participants were given background to the study and offered the opportunity to cease participation. Oliver (2010) advised that this level of informed consent sought to reassure the participant of the ethical approach to the study, and to encourage free speaking without fear of consequence. Interview questions were predominantly standardised to avoid researcher bias. All participants were offered a copy of the completed research for their respective organizations as a thank you for their participation. The next section discusses the thematic data analysis that was undertaken for the study.

### 3.7 Data Analysis

Foss and Waters (2003) and Mertler (2006) advocated that for the first step of data analysis, the researcher should read and reread, writing down the emerging categories in a form of a paraphrase, phrase, heading or label that describes what the respondents try to say and the researcher think of important. Taylor (2017) aptly labelled this process data coding. Moreover, with further context, Mertler (2006) clarified that basically, data coding is the process of data reduction. The process of coding and analyzing qualitative data is a critical part of the dissertation process (Foss and Waters, 2003). It involves linking the data in a thematic manner. A thematic approach was used for this study. This is done through a process of disassembling and reassembling the data (Ezzy, 2002). The qualitative data was gathered though the facilitation of in-depth interviews by the researcher, and each interview was recorded. The voice recorder application on the Samsung Galaxy-S5 was used to record the interviews. As it was not feasible to complete all the interviews face to face, WEBEX was used to complete some of them. This is a teleconferencing tool that has a recording.
setting. The interviews were later transcribed verbatim, and transcriptions were checked against the tape for accuracy. The transcriptions can be viewed in the Appendix section.

As a first step in conducting the thematic analysis of the transcribed data, responses were organized into headings and themes to allow for analysis. To do this, the researcher applied a process, whereby for each individual interview question, pieces of paper were cut up with responses from each participant and answers were categorized by topic and by organization. Responses were organized into headings and themes to allow for ease of analysis and identification of emerging or dominant themes. As the interviews were semi-structured, some responses fell outside the scope of the structured questions. The responses to the structured questions set out key themes, while other responses were linked to appropriate themes. The organization of the data assisted in mining common themes and presenting a research argument. The researcher was conscious of delving into the data to establish themes and to find meaning, rather than just reporting the findings. Braun and Clarke argue that thematic analysis offers an accessible and theoretically-flexible approach to analysing qualitative data (Braun and Clarke, 2006). King (1998) recommends the construction of a template comprising of a hierarchical arrangement of potential codes, noting the necessity to amend this template as new ideas and new ways of categorization are detected in the text. In this study, the original themes did not really evolve during the research process. The method of constant comparison (Glaser and Straus, 1967) was used to seek meaning from the interview data. Straus and Corbin (1990) identified some key techniques for the coding of data such as analysis of words, phrases or sentences. Each data item has been given equal attention in the coding process. Themes have not been generated from a few vivid examples, but instead the coding process has been thorough, inclusive and comprehensive. All relevant extracts for each theme have been collated. Themes have been checked against each other and back to the original data set. Themes are internally coherent, consistent, and distinctive. Data has been analysed and interpreted and meaning has been extracted. The analysis and data are aligned with each other.

3.8 Conclusion

This chapter focused on the connection between the literature and the findings. The justification for the use of philosophical and methodological approaches was explained. The chapter also clarifies the reasons for using semi-structured interviews, as well as providing an understanding of the audience and reason for their selection. The data collection process was explained. The next
chapter, chapter 4 will introduce the findings of the study and provide an in-depth analysis of these findings.
Chapter 4: Findings and Analysis

4.1 Introduction

This chapter provides collation, summary and analysis of the data collected. The findings of the study will be presented in this chapter. The research intended to assess how organizations are rewarding their employees and the methodologies they are adopting for their reward practices. It is also intended to assess whether these organizations place enough value on the internal data available to them, and whether they are mining this data to the best of their ability for the enhancement of their efficiency and profitability. The research intends to understand the awareness and practices of human resource professionals in measuring the effectiveness of their respective employee reward practices.

The first section in this chapter will present the current practices of the participating organizations with regard reward packages offered, their adopted methodologies, their awareness of employee wants or needs, and their practices with respect to measurement and observation of internal data points. The data will be discussed and analysed according to the themes that have emerged in each section. The second section contains an analysis and discussion on the actual organizational capability with respect measurement of reward effectiveness. The issue of technological capability is addressed. Additionally, reward review and analysis practices and are outlined and discussed. The perceptions of the respondents with respect to measurement of reward packages, and an analysis of their general opinions is also deliberated. The chapter will conclude with a summary of opinion on some of the issues related to the research topic.

4.2 Current Practices: Methodologies, Awareness and Measurement

The following section discusses the themes that emerged with respect to the current reward practices in multinational organizations based in Ireland. The main themes that emerged are highlighted, analysed and discussed.

4.2.1 Reward Packages Offered: Awareness of Employee wants or needs and Methodologies Employed in Reward Decisions.
All respondents clarified that they employ an offering of a breakdown of base pay and bonus as the main components of their reward packages, however a clear majority of the participants also noted an additional offering of numerous benefits and stock options.

\textit{basic salary, bonus, private healthcare, stock options, share participation, canteen} (Organisation 1, 2017).

As discussed in Chapter 2, Bremen \textit{et al.} (2011) argued that whether a company manages its rewards programs holistically or in discrete functional silos, a total rewards philosophy underscores the value gained. This is significant as it can be interpreted that the employees can be influenced in a positive way which will have a corresponding effect on customer satisfaction resulting in revenue growth for an organization. Even though all the organizations in the sample are successful multinational organizations, the data reflected that some industries may have greater capability to offer more when it comes to rewards. Just one of the organizations in the sample, whom represented the Recruitment Industry did not seem to have the same capability when it came to rewards. They placed greater weight on the intangibles noting base pay and performance based commission as the only monetary elements offered to their employees.

\textit{Base Pay and Commission. I'm taking about the two main things, the tangibles rather than the soft stuff that we've done} (Organization 7, 2017).

The other industries, who represented medical device, and various information technology organizations, appeared to have a greater capability to offer better and more. Two conclusions could be drawn from this. The first, that the recruitment industry just simply doesn’t have the resources to offer complex reward packages. The second, that medical devices and information technology industries need to be more and more competitive so they can attract and retain the talent that they require. It could be interpreted that the reason for this would incorporate elements of both these conclusions. As outlined in Chapter 2 by Kaplan (2007), total reward strategy is a holistic approach aligning with business strategy and people strategy, and encompasses everything employees value in the employment relationship, including compensation, benefits, developments and the work environment. Additionally, and to echo Kaplans (2007) argument, the fact that most of the respondents had an offering of more than just one or two components to their reward package signifies that they do in fact have an awareness of how their employees may value their rewards.
When questioned whether employee wants or needs are taken into consideration when deciding on reward packages, most of the respondents detained that they offered fixed reward packages with the only variable being individual contribution bonus. Indeed, only one of the respondents even acknowledged the question posed with respect to the alignment of employee wants or needs.

*Every employee would want more and say they needed more, but we look at it based on the market and then people’s contributions, and then we reward accordingly* (Organization 5, 2017).

It was discussed in Chapter 2 that Beer *et al.* (1984) held a focus on the criterion for collaboration, suggesting that, for an organization to meet the needs of its shareholders there must be a strong relationship between the organization and its employees. A perception could be drawn from this that there is a considerable requirement for alignment between what the employee wants, and what the business needs. Indeed, as further highlighted in Chapter 2, Beer *et al.* (1984) argued that employees will judge the adequacy of their exchange with the organization by assessing both sets of rewards. It could be drawn from Beer *et al.*’s (1984) argument that it may be good practice to at least give thought to this concept. Despite this, the manner with which the respondents answered this question reflected that little observation is made with respect to individual employee wants and needs when deciding on reward packages. It could be concluded therefore, that once a reward package has been decided on, this will remain fixed. This is significant given that organizations should by now, recognize the fact that beyond traditional health-care plans and pensions, employees now expect a broader choice of benefits that align with or reflect their changing needs and lifestyles. If an employer can meet these expectations, they are giving themselves an opportunity to differentiate themselves in a competitive market for talent. It must be acknowledged, however, that even if just a minority, some of the respondents did allow for flexible benefits where they could.

*We would often implement a flexible benefits solution, which still aligns with the overall framework but is very competitive locally. So, it allows for local adaptation particularly around the benefits side* (Organisation 2, 2017).

It was refreshing to see that there was some awareness of the importance of this, even if the organizations were somewhat restricted in what they could flex. The two organisations that did allow for flexible benefits where they can, both indicated that justification for this based on market
influence. It could be drawn from this, that while an awareness exists to consider employee wants or needs in design of rewards offered, that the business needs are still prioritized. This could be due to budgetary restrictions. Given this, it is not surprising that all the respondents seemed to place priority on business objectives from an external influence perspective. This corresponds with the CIPD (2017) submission as discussed in the Chapter 2, that for nominal results, bonus and incentive plans need to operate as part of an integrated strategy closely linked to business objectives. While we do know that market competitiveness is a crucial factor with respect to defining cost analysis for business operations; the evidence still points to a considerable lack of awareness and action with respect to consideration of employee wants or needs. This is concerning, as it indicates that organizations are potentially not providing the level of security or employee choice that they potentially could offer, as-well as not differentiating themselves as effectively as they potentially could. As discussed in Chapter 2, the CIPD (2017) outlined the benefits of the relationship between the business environment and reward and proposed that bonuses and incentives can help to sustain high performing workplaces if tailored carefully to align with that organization’s own culture. Indeed, it was highlighted in Chapter 2, that Gross and Friedman (2004) alluded to an increased awareness on the part of employers in ensuring they capture a Unique Selling Point in designing their rewards, when they proposed that employers are also realising that they can’t merely mimic the reward practices of other organizations, and that a reward strategy must be deliberately created to support an organization’s unique human capital strategy. Despite this, the overruling evidence does not support this concept. This in effect demonstrates that academic thought may not be fully aligned with what practitioners are actually doing, and that potentially academic thought is not practical in reality. Moreover, an assumption could be taken that reality is circumstantial and therefore, organizations in their variable contexts can be opportunistic with respect to this by paying more attention to their respective unique human capital. Despite this, there is overwhelming evidence in reality, that the main justification for reward decisions is dependent on external influences. The full suite of respondents admitted that they utilize global and local benchmarking against market competitiveness and global influences as their main methodology in deciding on the value of their reward packages.

_We use market rates to determine where we should peg salaries, what the increases should be to the salary ranges every year because the markets move at different rates, inflation is different in different countries. Sometimes the currency fluctuation causes_
us to do things differently because people lose purchasing powers (Organisation 5, 2017).

This evidence aligns with the discussion in Chapter 2, where Robinson et al. (2008) proposed that very few UK organisations seem to systematically evaluate and produce robust evidence to justify their reward practices. In a similar vein, as discussed in Chapter 2, Millsone (2006) asserted that when implementing new reward practices, organizations often disregard facts, and act on ideology and casual benchmarking. Overall, there seemed to be trivial awareness of the necessity to consider internal data when it came to methodologies and justification for reward decisions. This echoes the findings from the existing literature.

The compensation and benefits team do regular analysis of the market and do benchmarking to align (Organisation 6, 2017).

The fact that the organizations do not prioritize the assessment of internal data in making reward decisions indicates that they may be failing in being as effective as they could be. The utilization of internal data can not only assist an organization in making decisions that are relevant to their own individual culture, but, it can also assist in their capability to differentiate themselves from their competitors. Many observations could be made as to why external influences are prioritized over internal, all of which are worthy of further investigation. One noteworthy perception that could be drawn here is that these organizations potentially don’t believe in the value that can be achieved from the analysis of internal data. The question as to ‘why this may be?’ can be considered here. As discussed in Chapter 2, Robinson et al. (2008) conceptualized a historical weakness of human resource measurement. Robinson et al.'s. (2008) argument has certainly been verified here, given the lack of attention placed on other data points in conjunction with market influences. It could be deduced that human resource professionals are not in fact aware of the advantages of a more holistic reward decision process. An alternate assumption could be that human resource professionals don’t have the capability to carry out accurate assessment when it comes to the utilization of other data points. Irrelevant of causes, it must be acknowledged that the methodologies employed by the participants do indeed reflect symptoms of weakness, which is concerning.

4.2.2 Measurement: Methods / Data Points Employed
As discussed in Chapter 2, McMullen and Scott (2002) asserted that in recent years, rewards professionals are increasingly being asked to provide evidence that rewards strategies, programs and policies do indeed support core human capital objectives, and that the primary method for accomplishing this, is to develop methods, and supporting processes, to assess rewards-program effectiveness. One of the participating organizations confessed to having no awareness of anything that they do to measure the success or effectiveness of their reward packages.

*I actually am not aware of anything that we've done in that area explicitly to measure the success or effectiveness* (Organization 6, 2017).

This could be attributed to a perception of uncertainty that adequate value will be achieved to justify the investment in assessment. As outlined in Chapter 2, McMullen and Scott (2014) clarified concerning survey findings that one third of respondents in a 2014 study hold this very belief. A clear majority of the respondents did however assert that they look to employee retention as one of their methods of measurement.

*I suppose a big indicator would be retention, and we watch the labour turnover rate and I am conscious that currently in Ireland with a 6.2% unemployment rate, that has a bearing on how tight the market is as-well* (Organization 3, 2017).

Interestingly, the one organization that confessed to not doing anything explicitly to measure effectiveness of rewards, did attribute their low retention rates to their compensation philosophy.

*Our turnover is quite low and we believe that's attributed to our compensation philosophy as one of the factors because people become invested in the company because they become owners and they have their stock assessed over a longer period of time so they tend to stay and at the end of the day the better the stock prices for the company the better it is for the employee* (Organization 6, 2017).

It is palpable that value is indeed placed on retention and attrition rates, and that this is utilized as a key method of evaluation across the full spectrum of the responding organizations. This is positive, as it corresponds with discussion in Chapter 2, advised by Worldatwork (2009), that total reward is all the tools available to the employer that may be used to attract, motivate and retain employees. It can be concluded from this that these organizations possess an understanding of one of the intended purposes of reward, namely, the retention of their employees. Additionally, it can
be assumed that the value of the use of retention as a data point is recognized. A variation of other data points were also revealed as additional methods of measurement, namely employee feedback surveys, individual contribution and value add, labour market trends, attraction of potential employees, offer decline rates and gross profit. The respondents as a whole placed disparate levels of value on the various data elements. Many assumptions could be drawn from this. One such hypothesis being, that practices are emergent of historical practices within each organization. If this hypothesis were to be true, there could be positives and negatives drawn from this. One such positive, that the organizations are just doing what has worked for them historically, however a negative could be that they are not seeking out new and potentially beneficial data sources as a method of measurement.

We do employee surveys and then we do focus groups, so we ran a number of focus groups last year actually on the effectiveness of the current reward package and also assessing the desirability or otherwise of actually flexing some elements of it (Organisation 1, 2017).

This is encouraging and echoes the school of thought discussed in Chapter 2, argued by Pfleffer and Sutton (2006) that it is time to start an evidence based movement in the ranks of managers. Frangos (2002) argument, as discussed in Chapter 2, that the HR department will never achieve its full potential until it can demonstrate the role it plays in creating organisational value and its return on investment. The manner with which organisations are and can measure the effectiveness of their reward packages is significant for many reasons. As highlighted in Chapter 2, Righeimer (2000) pointed out how HR’s value is usually reported from cost savings in the HR process, rather than what HR achieves from a business return on investment, and how it is this fundamental lack of business measures to determine what HR actually brings to the bottom line is visibly missing. Given the lack of attention with respect to internal data points, an assumption could be made that strategic planning is lacking to a certain degree. This aligns with the literature that HR departments lack a strategic planning process that aligns its spending with the organization’s strategy. Given that the literature outlined the importance of analysing employee data to enhance competitive advantage, we could interpret from this evidence that there are insufficiencies in their practices with respect to this analysis. While the evidence reflects some awareness with respect to the importance of measurement, it can’t be denied that the level of awareness is to some extent inadequate.
Indeed, practices with respect to other data points were also queried. The sample were questioned explicitly whether they are in a practice of completing exit interviews. More than half of the respondents admitted to not completing exit interviews with their employees. From this section of the sample, half did disclose that they would leave it up to local practice, with one respondent confessing that they would indeed need to look at this data where they saw pain, i.e. if a lot of employees were leaving at once.

I wouldn’t, we do try but it’s generally left up to local practice. Often where we do it is generally where we see pain and we use that data. So, if we had a case in Ireland at the moment with 2% attrition we may or may not do it and no one will ask for that information. Where it tends to raise its head is if you lose a lot of employees it’s a problem area, your going to tend to review that data (Organisation 2, 2017).

This highlights that the information that can be gained through an exit interview can be highly valuable to management, and potentially a fundamental data point. An interesting point to note here is that while an organisation can view this information as valuable, there is potentially a perception that the data is only useful in times of pain. The fact that the data is only viewed useful as a re-action strategy as opposed to a succession strategy is concerning. While less than half of the sample inferred that they are in a practice of completing exit interviews, just a quarter advocated that they exploit this data through analysis, and actually feed it back to the business regularly. Refreshingly one organization outlined how they actually feed-back this data to the recruitment team to allow for full cycle visibility and faster learnings. It was encouraging to see that this level of awareness was there with at least one of the organizations in the sample. This is a real example of how an organization can differentiate themselves and create competitive advantage through business process.

With respect to employee feedback surveys, less than half of the respondents said that they utilize broader engagement surveys annually, with one organization noting that they would do this sometimes less often than annually. Some of the respondents purported that they don’t do anything formal with respect to feedback surveys.

Don’t do anything officially (Organization 7, 2017).

The respondents that did engage their employees in feedback surveys were asked if their employee opinion feedback surveys were reward specific and all responded that they were not reward
specific, but broader engagement with some reward specific questions. This could be due to a lack of resources and the fact that feedback related to other areas is also appreciated and sought. One organization did note that they did a focussed conjoint survey two years ago though where they asked employees about their benefits programs, and to value them against one another so that they could assess which were the most important ones and which had the highest impact or yield. Another organization highlighted the formality of surveys, noting,

*I think people are surveyed out if that makes sense* (Organization 4, 2017).

This organization placed immense value on gaining as much individual feedback as possible through one to ones, to assess what would really resonate with each individual employee. They also note that it is necessary to keep an ongoing ear to the ground to understand individual employee needs. While this opinion could be perceived as ‘the ideal’, it seems to contrast bluntly with the practices of the rest of the organizations. This raises the question as to whether it is in fact practical in reality. The one organization who utilize feedback surveys either annually or less often perceived that in general no employee will ever say they get paid too much, but that the feedback on reward packages is generally positive.

Overall there seemed to be varying levels of awareness and value placement with respect to attaining employee feedback through regular surveys. Due to the fact that most of the organizations are not attaining regular employee feedback through surveys, an assumption could be made that the organizations are not fully understanding the true effectiveness of the rewards that they are offering. As outlined in the literature, Lawler et al. (1980) characterised the value of measurement from an organizational perspective suggesting that through evaluation, organizational effectiveness can be measured in terms of its functioning, problems and achievements from both behavioural and social system points of view. There appears to be a divergence between the practices of these organizations and what Lawler et al. (1980) suggests could be effective for them. In fact, the practices seem to align with Lupfer (2012) as discussed in Chapter 2, that that organizations today are moving faster than ever and too many HR leaders are assuming that what they are doing is working. There could be several reasons why assumptions are being made, however the fundamental point as discussed in Chapter 2, by Ceplenski (2013), is that by measuring and improving your employee rewards program, you will impact profitability. We can perceive that these organizations are potentially not placing enough value on the internal data
available to them. This could be because they are not capable of mining this data to the best of their ability for the enhancement of their efficiency and profitability. The next section contains analysis and discussion related to the capability factor.

4.3 Measurement of Reward Effectiveness: Practice, Opinion, Capability and Feasibility

The following section contains an analysis and discussion on the actual organizational capability with respect measurement of reward effectiveness. The issue of technological capability is addressed, and reward review and analysis practices and are outlined and discussed. The perceptions of the respondents with respect to the actual feasibility of measurement of reward packages, and an analysis of their general opinions is also deliberated.

4.3.1 Review/Analysis of Data: Technological Capability

As discussed in Chapter 2, Frangos (2002) argues that despite many advances in technology, its use as a tool to administer benefits has grown only very gradually over the years, observing the trivial change in the types of technology used to administer benefits in recent years. It was furthermore mentioned in Chapter 2 by Frangos (2002), that technology enablement can assist HR with being more strategic. More than half of the respondents felt that they did not have the technological capability required for feasible measurement with respect to rewards. Of the minority that claimed they did have the technological capability required, some additionally charted that even so, there is probably always more that they could do.

Yes I think so, but I think there's always more we could do (Organization 5, 2017).

Interestingly, some of the respondents appeared to place little value on data analytics, as they believed that at a local level it couldn’t do much for them.

I would say data analytics isn’t going to do much for us given the size of our organisation in Cork. I would say we know our people well enough to know where we need to respond and where we need to be proactive. The HR analytics might have currency in a bigger organisation but I think we know our people well enough to know where we need to make intelligent decisions (Organization 3, 2017).
The evidence supports arguments from the literature that despite technological advances, its use as a tool with respect to reward practice is not as prevalent as it could or potentially should be. Moreover, as discussed in Chapter 2, Davenport (2009) proposed that despite this being a time whereby organizations in many industries are capable of offering similar products and using comparable technologies, business processes are among the last remaining points of differentiation and that analytics competitors exploit the value from those processes. Even though just under half of the respondents claimed to have the technological capability required for feasible measurement of reward practice, it is apparent that this capability is not in fact being maximised. Given Davenport's (2009) argument on how business processes are now an imperative point of differentiation whereby value can be exploited from analytics, it is disappointing that the evidence showed little to no awareness of this value. None of the respondents inferred in any way to the potential benefits of technology with respect to reward practises. In summary, it can be induced that an increased awareness of the benefits that can be gained from the use of technology with respect to reward practises could be beneficial, and potentially, a vital differentiator for organizations.

4.3.2 Review/Analysis of Data: Reward Review Practices and Opinion

Most of the sample advocated that they review their reward packages annually against the market. It was clear from the respondents answers that external market data is the most crucial factor that is looked at in this annual review and that adjustments are made in line with market analysis rather than internal data.

_We do an annual review for all of our reward packages and we are always looking at the design elements and every year we look at the market base and make adjustments accordingly based on the market on an annual basis_ (Organization 5, 2017).

It was disappointing to see that not all of the respondents are taking internal data into consideration in this review. This could be attributed to market competitiveness. Despite these market pressures, an assumption could be taken that the benefits of drawing from internal data are not fully impressed into the minds of practitioners. This could be because they don't see the alignment of the overall perspective to the business needs. An alternate cause of this, maybe that they feel it takes too long
to analyse this data, they don’t have the resources for it, and that the outcome won’t be significant enough to justify the analysis in the first place.

*Our adjustments are more focussed on market data rather than internal feedback*  
(Organization 1, 2017).

One of the organizations noted that they have been forced to make adjustments to their reward packages more frequently than every six months at one point in time, due to market competitiveness.

*Yes, definitely, our adjustments are more focussed on market data. I will give you an example, a competing company came into cork and they were offering massive salaries for sales engineers, we had to quickly make the decision to amend the salaries for that particular group... It just became really competitive*  
(Organization 4, 2017).

As outlined in Chapter 2, Jiang (2009) notes that as a reward strategy of effectiveness, it’s able to gain enough information of employees and conduct objective analysis, so that the organization can make wise decisions and assess their influences internal and external. We could construe from Jiang’s argument that better decisions can be made when business influences are looked at holistically, and decisions are taken based on both the internal and external business influences together. Even though, yes, it is clear there are external pressures affecting decisions, it is also apparent that these organizations can potentially make even better decisions, if they place more value on looking at the data as a whole when it comes time for reviews.

One organization didn’t explicitly say when the last time they made changes was, but instead responded that they are currently embarking on a levelling process to ensure that positions globally are aligned with local rates. Another organization noted that changes are mainly just re-visiting salaries, and are on-going and heavily influenced by market competitiveness.

*I think in particular since 2015 the market was becoming more and more competitive so we would have regularly revisited salaries to align with the market and just created around sign on bonuses stuff like that so that would have been on-going*  
(Organization 4, 2017).

They provided an example, that since 2015 they have had to replace themselves from a mid-level payer to a top-level payer for certain positions to attract and retain those key employees. As
outlined in Chapter 2, E-Reward (2017) survey findings illustrate that reward professionals have never been under more pressure to demonstrate the efficacy of the major investments they make in their pay and reward arrangements and the impact of any changes to them. Despite this, some of the respondents noted that no changes to the structure of their reward packages had been made in at least four years. Just under half of the respondents said that the last time they made changes to their reward packages was either last year, or at the beginning of this year. Interestingly one of the organizations noted that while they make changes annually based on market review, their structure remains unchanged but the perception from the employees is that it is different.

They would change on an annual basis based on inflation, when your market value would change. So the structures not changing but the perception from employees is that it is (Organization 2, 2017).

Some of the practices of these organizations align with the findings of research by Unum (Sage, 2017) as outlined in Chapter 2, that 50 per cent of businesses have not reviewed their reward packages since 2008. It is concerning that the primary data gathered exposes comparable practices with respect to review and changes.

It must be acknowledged that even though a tiny minority of the sample, who happen to offer flexible benefits, spoke about their increased awareness of review of their benefit program every few years to figure out what should be augmented, and where things can be scaled back. They noted their awareness to differentiate themselves from others on the market to become more competitive and felt that one way of doing this was through their flexible benefits. They gave an example of more parent friendly offerings, such as paternity leave. There is overwhelming evidence from the sample that when changes are made, they are mostly justified by external influences, and a reaction to market competitiveness.

In summary, there is overwhelming evidence suggesting that external influences are prioritized when it comes to review of reward packages. An assumption could be made that the lack of internal data being obtained could be a contributing factor to the fact that regular changes are not being made to reward packages. The evidence also suggests that organizations are potentially acting on ideology or historical practice. This corresponds with argument from Milsome (2006), as outlined in Chapter 2, that when implementing new reward practices, organizations often disregard facts, and act on ideology and casual benchmarking. It was also outlined by McMullen and Scott (2014)
in Chapter 2, that attempts to use formal ROI measures to evaluate rewards programs was a mere 11 per cent which was a rise from previous studies on the matter.

4.3.3 Opinion: Feasibility of Review/Analysis of Data

The respondents, where questioned on whether they thought that regular review and analysis of reward packages was feasible and all agreed that it was feasible to a certain extent. This was probed further and variety of opinions emerged. One of the organizations felt that some elements are feasible for review, noting that they wouldn’t review things like pension and other benefits regularly.

Yes, so what we do every year is we look at everyone’s pay, but we don’t sit down every year and look at the pension and bonus. We don’t do that every year, again it is what you mean by reward package. We only look at healthcare, bonus and base pay annually. The rest isn’t reviewed regularly (Organization 1, 2017).

Disappointingly most of the other organizations again didn’t reference internal data points in their answers, and seemed to place more focus on the review being based on external influences, such as market competitiveness.

Yip, that needs to be done at a minimum. In some countries, if they are very volatile in what I’ve mentioned around the inflation, devaluation etc. we will look at that on a more regular basis. Some examples of that at the moment would be Egypt, possible south Africa and Ukraine so we have to have more frequent monitoring of those countries as they are very volatile (Organization 2, 2017).

I thinks yes, I don’t think we need to do it more frequently as the markets don’t move that rapidly. I think we need to just be nimble in places where we see competition and an example of that right now we are seeing competition for cloud engineering skills in 4 or 5 particular employees and we are doing some work right now to understand to do we need to react more quickly and think different because of the number of exception requests that we are seeing and when people are competing against close companies (Organization 5, 2017).
The participants responses suggest a considerable lack of awareness regarding all the factors that can be taken into consideration in these reviews. This could be due to time or resource constraints. Even so, it must be noted that priorities are always made when it comes to business processes. This fact, suggests that value placement with respect to existing and potentially vital information is too low. This could be due to the complexity that comes with holistic measurement i.e. taking both internal and external factors into consideration when deciding if the reward system is effective, or needs amending. Indeed, it was outlined in Chapter 2, by Armstrong et al. (2009) that measuring the effectiveness of their reward strategies, initiative and practices is the Achilles' heel of most reward professionals. Furthermore, as also outlined in Chapter 2, Armstrong et al. (2009:5) deduced that there are arguable difficulties in the matter of assessment of reward practices stating that it is undoubtedly difficult to assess pay and reward practices in many settings. In an effort to address these difficulties directly, respondents were asked whether in their opinion the true effectiveness of reward packages can measured or whether it is too complex of an issue.

I would gravitate towards the latter and the phrase, cake once eaten is forgotten. I think at times individuals may not appreciate the full package of benefits. For example, one person might want extra salary, the manager might want to support that and I may raise the question what about the 10000 we are spending on the master’s program and the time off they are giving them (Organization 3, 2017).

No, I think it can. It just needs to be simplified into what the elements are and what desired impact we are looking to have, but I think if that’s defined then it definitely can be measured (Organization 4, 2017).

No, I think it can be really measured, I wouldn’t say that we’re the best at it or we have the refinement, but people will often use compensation as a proxy for something else that they don’t tell you as well so I think you have to have multiple sources to confirm (Organization 5, 2017).

I think there are too many variables it’s really hard to attribute the success of one area to a particular method that you’ve used or system that you’ve used. I think its an important factor but I don’t think you can attribute high performance to a reward system. I do think it does encourage people but I think people will perform well because of their own innate ability or their passion to work with the company or their
motivation in their career. It's not all driven by monetary or rewards (Organization 6, 2017).

While responses were mixed, general opinion suggested that while it this is a complex issue, and there numerous variables, fundamentally, measurement it possible. Responses also suggest that potentially it is easier to measure some elements than others. We could also derive from some of this opinion that organisations potentially need to spend more time clarifying objectives and refining their processes to become better at it. This is a positive thought process and aligns with argument as outlined in Chapter 2, by Armstrong et al. (2009) that this is a time for organisations to take a pro-active stance which considers how best the rewards system can be creatively employed to cope with the new challenges which constantly confront a dynamic organization. In summary, the evidence suggests that there are challenges with respect to organizational practices and capability with respect to the measurement of the effectiveness of their reward programs. Academic research however, argues that redress for these challenges is possible. It was discussed in Chapter 2, by Scott et al. (2006) how a six-step approach can be applied in this redress. Likewise, the adoption of process, with respect to evaluation of reward program effectiveness was also argued in Chapter 2, by Ceplinski (2013), noting similar thoughts advocating the adoption of a systematic process for evaluation reward program effectiveness, utilizing multiple perspectives and rigorous and consistent processes.

4.4 Summary of Opinion

This section contains a summary of overall opinion with respect to the research subject. All respondents were asked a series of closed questions. The below charts reflect a collation of the opinion that was gathered under themed headings. It is proposed that the themes project current organizational thought on the measurement of reward packages.

4.4.1 Time Constraints on Measurement of Reward Packages

A minority of the respondents perceived that measuring reward packages is a waste of time, with just over a quarter holding a belief that it takes too much time.
Because we don't explicitly measure our rewards, we use loads of different pieces of information, I would think that no, it wouldn't be worth the time (Organisation 6, 2017).

As outlined in Chapter 2, E-Reward Survey of Contingent Pay (2009) presented findings that reluctance to evaluate pay programs was primarily attributed to lack of resources and time with an astounding half of these survey respondents noting this to be a principal challenge. Given the e-reward survey findings, it was encouraging to see that most of the participants in this study felt that measurement is worthy of the time it takes. However, it must be highlighted that despite this, other data gathered didn’t reflect actions or practices to match this belief.

If you were to really hone in on it I think it would take too much time, but if it was just looking at part of the puzzle as an information piece I think it’s useful to have (Organisation 6, 2017).

This highlights a potential gap here between idealism and reality. We can assume from this, that while organizations potentially believe in the idea of measurement, that again this isn’t practical, as other evidence reflects a lacking in the level of application potentially required for true effectiveness.

![Time Constraints on Measurement](image)

Figure 4.1 Time Constraints on Measurement of Reward Packages (Source, Author)
4.4.2 Cost Awareness of Measurement of Reward Packages

As discussed in Chapter 2, McMullen and Scott (2014) noted that human capital is typically the first or second largest financial expenditure most organisations make and that senior executives have learned that it must be managed strategically and efficiently. All participants were asked whether their organizations had an awareness of the actual costs associated with annual review. Three of the organizations responded that they do have an awareness of these costs, one organization responded that they kind of did, one organization responded that they didn't know if there were costs associated, and that it is the add on processes that take more time. One organization responded that they had no awareness of the costs associated.

*No, we haven't investigated the costs associated, I think you would have to dedicate way too much time than you would actually get a return on investment* (Organisation 6, 2017).

While just a minority of respondents believed that the cost's associated with measurement of reward packages was too high, only a quarter admitted to having investigated the costs associated, and almost half said that they do not include or prioritize measurement when it comes to annual budgeting. This data reflects a stark contrast to the literature, and we could assume from this that human capital is not being managed as strategically and efficiently as it could be. It was furthermore noted by McMullen and Scott (2014) in Chapter 2, that this is in large part, the driving reason why senior management is asking rewards professionals to justify recommendations for pay increases, incentive plans, employee-benefits programs and investments in non-financial rewards such as career development, recognition and organization climate improvement. It could be argued that the literature reflects that it is imperative that organizations understand the actual costs associated with measurement of reward effectiveness. Moreover, that it is vital for organizations to go a step further and ensure that these costs are included as a priority when it comes to annual budgeting. The evidence supports an observation that there is certainly scope for improvement with respect to both these ideals.
4.4.3 Employee Feedback

As discussed in Chapter 2, Davenport et al. (2010) outlined that leading-edge companies are increasingly adopting sophisticated methods of analysing employee data to enhance their competitive advantage, noting that if you want better performance from your top employees, who are perhaps your greatest asset and your largest expense, you’ll do well to favour analytics over your gut instincts. While most of the respondents said that they both obtained and analysed employee feedback, more than half admitted to not acting on this data.

*I can’t say for sure it is acted on, but Managers are asked to provide actions on the data gathered* (Organisation 2, 2017).

Just over a quarter explicitly agreed that they didn’t act on feedback obtained, while another quarter said that they might act on it. It could be interpreted that these organisations potentially only act on feedback in reaction mode, or where they feel necessary.

*If it’s acted on? It depends* (Organisation 5, 2017).

This reflects a lack of strategic planning on the part of the respondents with respect to feedback obtained, as the evidence supports a deficiency in actions taken from feedback attained. The
question must be posed here, how can Human Resource professionals be truly effective and highly efficient if they are not utilizing all the data available to them. In addition, one of the respondents admitted to not actually obtaining any formal feedback from their employees.

_Not enough obtained explicitly, don't have a formal survey (Organisation 6, 2017)._ 

We can draw from this that the organization does not prioritize or value the opinion of their employees enough, which is a weighty cause for concern. An obvious discernment could be that an employee that is not listened to may not be happy, nor engaged, nor productive, nor retained in their workplace. As discussed in Chapter 2, Jiang (2009) distinguished that for a reward strategy to be effective, it needs to gain enough information of employees and conduct objective analysis, so that the organisation can assess their influences internal and external. A question must be raised as to how objective analysis can be carried out without the attainment of information from employees. We could conclude from the literature, that reward effectiveness cannot in fact be obtained while employee feedback is not being obtained.

![Employee Feedback Chart](source)

*Figure 4.3 Employee Feedback (Source, Author)*
4.4.4 Assumptions and Value Placement

Most of the respondents held that there are assumptions made with regard the success of their reward packages.

*There has to be a certain element of assumptions when they are putting together the packages* (Organization 7, 2017).

A perception could be taken that assumptions are made because of a lack of resources on the part of the organization. An alternate perception could be that this is this due to a lack of awareness on the benefits of evidence based management. Similarly, we could conclude that this could potentially be just down to a lack of belief in the value of measured data.

As discussed in Chapter 2, the CIPD (2016) argued that while both strategic and total reward are fundamentally simple concepts it can be difficult to translate the approaches into practice or to quantify their impact on individual or organisational performance. Indeed, and likewise we could draw an alignment with the literature that it is just difficult to translate approaches into practice or to quantify impact on individual or organisations. Given this, it wasn’t surprising that a lot of the respondents also confessed that it is assumed that the reward system is effective if employees are performing well.

*Yes, assumptions are made, potentially, because if employees are performing well they are staying with the organisation and they are not leaving so ya, there may be an assumption like that, but performance can be driven by a number of other factors as-well – economy, governmental factors* (Organization 4, 2017).

It could be interpreted from this data that reward decisions are based on assumptions, rather than evidence, re-iterating previous arguments. As discussed in Chapter 2, Lord Kelvin (1889) advocated that when you can measure what you are speaking about and express it in numbers, you know something about it; but when you cannot measure it, when you cannot express it in numbers, your knowledge is of a meagre and unsatisfactory kind. Furthermore, as discussed in Chapter 2, Lawler (1980) suggested that through evaluation, organizational effectiveness can be measured in terms of its functions, problems and achievements. This data suggests that organizations aren’t utilizing the data available to them as efficiently as they could be, but instead they are just guessing and assuming. This raises further questions, one such being, as to whether in reality they have the
capability to base their decisions on data and evidence or not. As mentioned in Chapter 2, Van der Stede (2009) delineated that firms want to enhance shareholder value, but they measure annual profits; if what is measured is what is rewarded, organizations are likely to see progress in measured performance, even though measured performance may not match intended performance. It was mentioned in Chapter 2, that Lawler (2008) notes that linking performance to distribution of salary, bonus and incentives contributes to effective talent management. More than half of the respondents felt that there is more or somewhat more value placed on performance based rewards by the organization, while just one of the organizations didn’t agree that there is. It could be perceived that reason that the majority of the respondents placed more value on performance based rewards is two-fold. Firstly, because it is easier to measure individual contribution, and secondly because these types of rewards are based on added contribution. As mentioned in Chapter 2, Lawler (2000) outlined research on the role reinforcement plays in motivating performance and supported theories that highlight the advantages of linking Performance Management strategy. Indeed, as mentioned in Chapter 2, Were (2014) supported theories that Performance Management is a secure way for assessment which conforms the corporation’s activity to mission, perspectives and purposes and harmonises them.

Assumptions and Value Placement

![Assumptions and Value Placement](Source, Author)
4.5 Conclusion

This chapter presented the themes that emerged from the data collected. The evidence was delineated, and where relevant, correlations and disparities to existing research were highlighted and discussed. The next chapter will present the key findings from the study and the meaning and significance of the findings will be discussed.
5.0 Conclusion

5.1 Introduction

The research intended to assess multinational organizations based in Ireland with respect to their practices and awareness in how they are measuring the effectiveness of their reward programs. The evidence gathered addressed this topic in a general sense and specifically assembled data regarding these organizations’ awareness of employee wants or needs, and their practices with respect to measurement and observation of internal data points. Additionally, discussion was undertaken on the actual organizational capability with respect measurement of reward effectiveness. Furthermore, the perceptions of the respondents with respect to measurement of reward packages, and an analysis of their general opinions was assembled and discussed.

This chapter contains a discussion on the key findings of the study. The first section contains the key findings of the study along with discussion on the meaning and relevance of the findings. Where there is correlation to previous research, this is acknowledged and highlighted in the discussion. Alternative explanations for the findings are also explored and discussed. The third section acknowledges some of the limitations to the study. The fourth section details recommendations for future research. In addition, recommendations for practice are proposed in this section. The chapter concludes with a summary of the significance of the research.

5.2 Key Findings

This section provides clarification of the key findings of the study. Interviews reached comparable conclusions suggesting that reward decisions are based on external factors as precedence. The evidence also concluded that Retention is held a valuable data point in understanding effectiveness of reward. The interviews also reached unanimous conclusions suggesting that these organizations are not utilizing all of the tools available to them in understanding the true effectiveness of their reward programs. Another salient finding illustrated that in some instances, feedback is attained as a re-active strategy as opposed to a succession strategy.

5.2.1 Reward decisions are based on external factors as precedence.

This evidence aligns with the literature as outlined in Chapter 2, where Robinson et al. (2008) proposed that very few UK organisations seem to systematically evaluate and produce robust
evidence to justify their reward practices. Likewise, as discussed in Chapter 2, Millsome (2006) asserted that when implementing new reward practices, organizations often disregard facts, and act on ideology and casual benchmarking. The evidence echoed findings from the existing literature as it suggested a trivial awareness of the necessity to consider internal data when it came to methodologies and justification for reward decisions. This is significant because the utilization of internal data can not only assist an organization in making decisions that are relevant to their own individual culture, but it can also assist in their capability to differentiate themselves from their competitors. While we can recognize that market competitiveness is a crucial factor with respect to defining cost analysis for business operations; the argument must be postured as to whether this is enough and how viable this process as a standalone methodology can be, especially with consideration of longer term strategies. Moreover, the evidence indicates that organizations are potentially not providing the level of security or employee choice that they potentially could offer, as-well as not differentiating themselves as effectively as they possibly could. Given that the prevalence of globalization and increased market competitiveness has commanded that organizations work more efficiently, this is perturbing and in stark contrast to efficient practice as noted in the literature. Indeed, it was also outlined in Chapter 2, by Gross and Friedman (2004) that an increased awareness on the part of employers in ensuring they capture a Unique Selling Point in designing their rewards, when they proposed that employers are also realising that they can't merely mimic the reward practices of other organizations, and that a reward strategy must be deliberately created to support an organization's unique human capital strategy. Despite this, the prevailing evidence does not support this concept. This in effect demonstrates that academic thought may not be fully aligned with what practitioners are actually doing, and that potentially academic thought is not practical in reality. Moreover, an assumption could be taken that reality is circumstantial and therefore, organizations in their variable contexts can be opportunistic with respect to this by paying more attention to their respective unique human capital. The utilization of internal data can not only assist an organization in making decisions that are relevant to their own individual culture, but, it can also assist in their capability to differentiate themselves from their competitors. Many observations could be made as to why external influences are prioritized over internal, all of which are worthy of further investigation. One noteworthy perception that could be drawn here is that these organizations potentially don't believe in the value that can be achieved from the analysis of internal data. The question as to 'why this may be?' can be
considered here. As discussed in Chapter 2, Robinson *et al.* (2008) conceptualized a historical weakness of human resource measurement. Robinson *et al.'s.* (2008) argument has certainly been verified here, given the lack of attention placed on other data points in conjunction with market influences. It could be deduced that human resource professionals are not in fact aware of the advantages of a more holistic reward decision process. An alternate assumption could be that human resource professionals don’t have the capability to carry out accurate assessment when it comes to the utilization of other data points. Irrelevant of causes, it must be acknowledged that the methodologies employed by the participants do indeed reflect symptoms of weakness.

5.2.2 Employee Retention is held a valuable data point in understanding effectiveness of reward.

It is palpable that value is indeed placed on retention and attrition rates, and that this is utilized as a key method of evaluation across the full spectrum of the responding organizations. This is positive, as it corresponds with discussion in Chapter 2, advised by Worldatwork (2009), that total reward is all the tools available to the employer that may be used to attract, motivate and retain employees. It can be concluded from this that these organizations possess an understanding of one of the intended purposes of reward, namely, the retention of their employees. Additionally, it can be assumed that the value of the use of retention as a data point is recognized. This could be due to the fact that retention is a more obvious data point, and retention and attrition rates can be extracted easily by the business. It could also be due to the fact that there is an acute level of awareness on the part of the business on the high cost that comes with attraction and recruitment of individuals with key skills.

5.2.3 Organizations are not utilizing all of the tools available to them in understanding the true effectiveness of their reward programs.

This could be attributed to market competitiveness. Despite these market pressures, an assumption could be taken that the benefits of drawing from internal data are not fully impressed into the minds of practitioners. This could be because they don’t see the alignment of the overall perspective to the business needs. An alternate cause of this, may be that they feel it takes too long to analyse this data, they don’t have the resources for it, and that the outcome won’t be significant enough to justify the analysis in the first place. As outlined in Chapter 2, Jiang (2009) notes that as a reward strategy of effectiveness, it’s able to gain enough information of employees and conduct objective
analysis, so that the organization can make wise decisions and assess their influences internal and
external. We could construe from Jiang’s argument that better decisions can be made when
business influences are looked at holistically, and decisions are taken based on both the internal
and external business influences together. Even though, yes, it is clear there are external pressures
affecting decisions, it is also apparent that these organizations can potentially make even better
decisions, if they place more value on looking at the data as a whole when it comes time for
reviews. As outlined in the Chapter 2, E-Reward (2017) survey findings illustrate that reward
professionals have never been under more pressure to demonstrate the efficacy of the major
investments they make in their pay and reward arrangements and the impact of any changes to
them. Despite this, some of the respondents noted that no changes to the structure of their reward
packages had been made in at least four years. Some of the practices align with the findings of
research by Unum (Sage, 2017) as outlined in Chapter 2, that 50 per cent of businesses have not
reviewed their reward packages since 2008. It is unsatisfactory that the primary data gathered
exposes comparable practices with respect to review and changes. Given the lack of internal data
being obtained, an assumption could be made that organizations are potentially acting on ideology
or historical practice. This corresponds with argument from Milsome (2006), as outlined in
Chapter 2, that when implementing new reward practices, organizations often disregard facts, and
act on ideology and casual benchmarking. It was also outlined by McMullen and Scott (2014) in
Chapter 2, that attempts to use formal ROI measures to evaluate rewards programs was a mere 11
per cent which was a rise from previous studies on the matter.

As discussed in Chapter 2, Frangos (2002) argues that despite many advances in technology, its
use as a tool to administer benefits has grown only very gradually over the years, observing the
trivial change in the types of technology used to administer benefits in recent years. It was
furthermore mentioned in Chapter 2 by Frangos (2002), that technology enablement can assist HR
with being more strategic. The evidence supports arguments from the literature that despite
technological advances, it’s use as a tool with respect to reward practice is not as prevalent as it
could or potentially should be. Moreover, as discussed in Chapter 2, Davenport (2009) proposed
that despite this being a time whereby organizations in many industries are capable of offering
similar products and using comparable technologies, business processes are among the last
remaining points of differentiation and that analytics competitors exploit the value from those
processes. Even though just under half of the respondents claimed to have the technological
capability required for feasible measurement of reward practice, it is apparent that this capability is not in fact being maximised. Given Davenport's (2009) argument on how business processes are now an imperative point of differentiation whereby value can be exploited from analytics, it is disappointing that the evidence showed little to no awareness of this value. None of the respondents inferred in any way to the potential benefits of technology with respect to reward practices. In summary, it can be induced that an increased awareness of the benefits that can be gained from the use of technology with respect to reward practices could be beneficial, and potentially, a vital differentiator for organizations.

5.2.4 In some instances, some feedback is attained as a re-active strategy as opposed to a succession strategy.

Where organizations were not utilizing exit interviews as a standard business process, these same organizations, they also admitted that they would may need this information, i.e. if a lot of employees were leaving at once. This highlights that the information that can be gained through an exit interview can be highly valuable to management, and potentially a fundamental data point. An interesting point to note here is that while an organisation can view this information as valuable, there is potentially a perception that the data is only useful after they see pain.

5.3 Limitations

The researcher was exposed to certain limitations in conducting the study. One such limitation was the small sample size frame. This limitation was owing to a combination of both time constraints from the researcher and, the ability to access the desired participants respectively. The time-line adopted to conduct the research was a period of twenty weeks. With respect to time constraints, the researcher was working full-time in normal employment, which meant that the research could only be completed outside of these working hours. This fact restricted the time available to gather primary data. The research required information rich participants, namely Senior Human Resource Managers and Directors from multinational companies with demanding schedules. This was a limiting factor, as access could only be gained from seven out of the fourteen that were contacted. In addition, as the researcher is a Human Resource professional, the researcher was conscious of own bias in the design of interview questions and analysis of answers so as not to be clouded by own opinion to prevent influence of interpretation.
5.4 Recommendations

This section outlines recommendations for future research. In addition, recommendations for practice are proposed in this section.

5.4.1 Recommendations for future research

The researcher recommends that further research be undertaken with a larger sample size so as to ensure better accuracy in evidence.

The researcher recommends that this research should focus on the actual challenges that these organizations are facing that may be disabling their ability to implement measurement steps with respect to the effectiveness of their reward programs and how they are looking at internal data when doing so.

5.4.2 Recommendations for practice

The researcher recommends that HR have clearly articulated objectives for introducing reward packages against which they could measure success or failure.

The researcher recommends that HR give thought to the indicators that could be used to measure the effectiveness of reward schemes and the type of information that should be collected.

The researcher recommends that a realistic view of what is achievable be taken, with a focus on evaluation in only a few key areas, that existing mechanisms such as employee attitude surveys and human capital reports are used as much as possible and perceptions and qualitative criteria are considered in conjunction with hard cost and business figures.

The researcher recommends that HR build in a monitoring and evaluation process as part of the introduction of a reward package and that measurement itself encompass an actual step for implementation that might be incorporated into the design on the strategy.

The researcher recommends that managers explore what types of behaviour are currently being rewarded.

The research recommends that consideration of technology tools for enablement of data mining be engaged.
5.5 Conclusion

The power of the use of HR Analytics in creating unique business specific efficiencies can no more be ignored, and it has become obvious that Human Resources in its continuous evolution, has placed a greater focus on the business results that existing data can bring them. It was discussed in the report that despite this being a time whereby organizations in many industries are capable of offering similar products and using comparable technologies, business processes are among the last remaining points of differentiation and that analytics competitors exploit the value from those processes. Consequently, present day business operations necessitates this evidence based approach to management.

This research highlighted the current awareness and practices of multinational organizations based in Ireland in their use of the information available to them specifically with respect to their reward decision methodologies. The interviews reached comparable conclusions suggesting that reward decisions are based on external factors as precedence. The evidence also concluded that Retention is held a valuable data point in understanding effectiveness of reward. The interviews also reached unanimous conclusions suggesting that these organizations are not utilizing all of the tools available to them in understanding the true effectiveness of their reward programs.

The essence and purpose of the research, was to argue the organizational need for the adoption of a pro-active stance which considers how best their reward systems can be creatively employed to cope with the new challenges which constantly confront a dynamic organization. Furthermore, the research intended to propose recommendations for practice that would enable these efficiencies, based on both the primary and secondary findings. It is intended that these recommendations be utilized by organizations as a guideline and implemented where applicable into business process.

As outlined in the introduction of the report, the ideal for HR is not only to have capability in defining how rewards will be distributed, but to be capable of communicating it’s efficiency. For example, to know the exact contribution to the bottom line in a given year, and to be able to communicate exactly which elements of the rewards are neither contributing to employee performance or satisfaction or assisting with profitability, and to be able to communicate what they intend to do with that information going forward. Indeed, the technology, knowledge and competencies undeniably exist. The intention is that the findings can raise the awareness in HR
departments on the importance of understanding the effectiveness of their reward offerings and that the organizations can put some of the recommendations into practice.
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Appendices

Organization 1

What does your organisation's total reward package encompass?

Basic Salary, Bonus, Private healthcare, stock options, share participation, canteen

Is it fixed or are there variations to align with specific employee needs or wants?

It's pretty much fixed, the bonus varies but everything else is pretty much fixed

What methodologies does your organisation use to decide on your total reward packages?

We do annual benchmarking, we've a grading system, we do benchmarking at the national level across the three sites in Ireland and then we adjust and then we have a compensation management system so we would do our reviews annually so we would also look at offers and resignations in the previous 6 months and see what impact that's having on our internal benchmarking.

When was the last time your company made changes to their total reward packages?

Last year

What methods of measurement does your organisation currently use in assessing the effectiveness of your reward programs?

So we do surveys and focus groups

Would that be employee surveys and employee focus groups?

We do employee surveys and then we do focus groups, so we ran a number of focus groups last year actually on the effectiveness of the current reward package and also assessing the desirability or otherwise of actually flexing some elements of it.

Does your organisation complete exit interviews with all of your employees?

Yes. We analyse this feedback and present it monthly so we look at the main factors so at the moment if I look at our exit interviews 17% of our leavers are actually leaving due to transportation issues, 12% are leaving due to pay and reward issues or perceived pay and reward issues, others are leaving for personal reasons, so we break it down and every month we do an update on it.

How often do you review the reward packages?
Base pay we look at the three times a year – we look at it before we go into our annual review, we run sessions with our departmental managers before we go into our annual review cycle and we look at every employee in those functions and we actually say we who are the ones if they were to hand us a resignation in the morning well gosh we need to counter offer, so we look at that. we look at how we could redistribute our reward or is our compensation in terms of the number of people level appropriate can we find a way to refund retaining people who have more experience or are more valuable, so we do that 3 times a year.

Would you say your adjustments are more focussed on that market data rather than internal feedback?

Our adjustments are more focussed on market data rather than internal feedback Do you use employee feedback surveys as a method of evaluation

Yes, we use the exit surveys. Our employee engagement surveys we run every two years, but now we’ve started to run one with UCC on alternating years so we actually have one every year.

With regard the engagement surveys you did do, were they a broader engagement survey or were too specific to rewards?

Broader Engagement

How regularly would you get employee feedback?

Annually

Do you believe that your organisation has the technology required for feasible measurement of your reward systems?

Yes, absolutely

Do you think annual review and amendments of rewards offered is feasible?

Yes, so what we do every year is we look at everyone’s pay, but we don’t sit down every year and look at the pension and bonus. We don’t do that every year, again it is what you mean by reward package. We only look at healthcare, bonus and base pay annually. The rest isn’t reviewed regularly

Do you know what the costs associated with doing this are?
Kind of

Who's responsibility is it to ensure that reward systems are enhancing performance and organisationally profitability?

HR Director and Comp and Bens

Do you have a comp and bens department/specialist?

Yes we have a comp and bens team – a manager and a specialist.

Can the effectiveness of reward systems really be measured accurately or are there too many factors/is it too complex?

What do you mean, is it because it's down to different circumstances and different individuals value different elements of the reward package are valued differently? But we know that for example that private healthcare is highly valued by everybody and we know that bonus is highly valued by everybody so those two we can a regular eye on but pension for example is difficult to evaluate

So would you say you have an understanding of the components that your employees do value and you will focus on that?

Yes, Market forces are to be reviewed annually as-well

What do you believe is the most crucial factor in measurement of Rewards from the following 3 categories? Happy & Engaged Employees or High Performing Employees or Good Retention/Attrition rates

I would not sacrifice any one of those over the other

Is measurement a waste of time? No

Does it take too much time? No

Is it worthy of the time it takes? Yes

Is it too costly? No

Have you investigated the costs associated? No, but to be fair, we do for some elements

Is evaluation prioritised in annual budgeting?
Yes, we will not do our annual budget without doing our benchmarking and evaluation every year.

Are there assumptions made with regard the success of rewards?

No, we don’t make assumptions, we use data to determine.

Is employee feedback attained on a regular basis? By regular I mean annually at least.

Yes, annually.

Is it analysed? Yes, we review our attrition every month with the directors onsite.

Is it acted on? Yes.

Is there an assumption that the reward system is effective if employees are performing well?

No.

Is there more value placed on performance based rewards?

No, bonus and merit are linked to performance but pension and private healthcare and those kinds of benefits are not. Yes, performance based rewards are valued, when you say performance it is not just about high performance, it is also about those steady eddies that are invaluable in any business.

Organization 2

What does your organisations total reward package look like / encompass?

Base-pay, bonus, benefits.

Is it a fixed reward system or are there variations to align with specific employee needs / wants?

So, in general we follow the global framework, so there is that kind of centralisation there, but there is a lot of flexibility around particularly market practices, so we would often implement a flexible benefits solution, which still aligns with the overall framework but is very competitive locally. So it allows for local adaptation particularly around the benefits side.

What methodologies does your organisation use to decide on your total reward packages?

We would be looking at market competitiveness, and we would pitch different items to be at different places in the market. We like to excel as a medical device company, particularly around...
the wellness side and the careers side so there is probably a bigger focus on the intangible side than our competitors.

*When was the last time your company made changes to their total reward packages?*

So at a global level it probably would have been last year after a big acquisition, so when the acquisition happened it more or less doubled in size so there made huge amount of changes to the reward package there because essentially you are aligning two companies and you know benefits is probably done more on a country level so terms and conditions so they could be changing quite often. Annually after a market review, take allowance like in the middle east. They would change on an annual basis based on inflation, when your market value would change. So the structures not changing but the perception from employees is that it is.

*What methods of measurement does your organisation currently use in assessing the success or effectiveness of your rewards programs?*

We would have 3 primary measurements, one would be our assessment of our own practices against the market, so that’s against market benchmarking data, the second one is we would do internal metrics for rewards, which would base on like our recognition utilisation, we would also look at our comp ratios, our gender analysis, our career development metrics where we are positioned in each of the countries. And finally, employees fill out a survey, we do an annual pull survey, it’s a broader engagement survey but there are some reward questions on that as-well.

*Does your organisation complete exit interviews with all of your employees?*

I wouldn’t, we do try but it’s generally left up to local practice. Often where we do it is generally where we see pain and we use that data. So, if we had a case in Ireland at the moment with 2% attrition we may or may not do it and no one will ask for that information. Where it tends to raise its head is if you lose a lot of employees it’s a problem area, you’re going to tend to review that data.

*How often do you review the reward packages?*

On an annual basis against the market

*Would you say your adjustments are more focussed on that market data rather than internal feedback?*
We take internal data into account. Our primary feed is the local market data, but we would also check locally as-well just to get a feel and we would be looking at attrition data. We would look at some macro-economic data in the country as-well such as inflation, currently devaluation, unemployment levels, GDP levels, so all of that will be taken into account particularly when deciding on the salary for a country.

*Do you use employee feedback surveys as a method of evaluation?*

Incorporate into broader engagement surveys. It's a broader question around engagement and rewards is definitely a part of that.

*With regard the engagement surveys you did do, were they a broader engagement survey or were to specific to rewards?*

Broader

*How regularly would you get employee feedback?*

Annually

*Do you believe that your organisation has the technology required for feasible measurement?*

Good question, we probably do with regard the employee feedback, but we probably have a bit to go yet on our KPIs, internal KPIs, comp ratios etc. not totally fluent yet.

*Do you think annual review and amendments of rewards offered is feasible?*

Yiap, that needs to be done at a minimum. In some countries, if they are very volatile in what I've mentioned around the inflation, devaluation etc. we will look at that on a more regular basis. Some examples of that at the moment would be Egypt, possible south Africa and Ukraine so we have to have more frequent monitoring of those countries as they are very volatile.

*Do you know what the costs associated with doing this are?*

I don't know if there are costs associated, so there are annual processes which are pretty much rigid processes where you look at all companies together and it's the add on processes that probably take more time and that's literally then down to the expertise of the local rewards partner.

*Whose responsibility is it to ensure that reward systems are enhancing performance and organisationally profitability?*
So, it is down to the Rewards partner, but ultimately the business. Rewards will act as the consultant. One of the biggest reward elements for the business will be sales compensation so that would have a huge input to that and rewards would act as a consultant. But if your talking about local benefits, that may be reward driven with input from the business and approval from the business.

*Can the effectiveness of reward systems really be measured accurately or are there too many factors/is it too complex?*

It’s very complex, but the better you measure the more accurate your results will be. So I don’t think we’ve got to...we’ve done some research here that says in terms of satisfaction with the rewards package it can be driven as much by knowledge of the rewards package than it can be about how actual good they are versus their competitors. So, when you increase knowledge you automatically increase satisfaction, so a huge amount of work doesn’t need to be putting into buying the best benefits programs but needs to be put in communicating those effectively. So that was a certain metric that helped drive our total reward strategy and put a huge emphasis on communication.

*What do you believe is the most crucial factor in measurement of Rewards from the following 3 categories? Happy & Engaged Employees or High Performing Employees or Good Retention / Attrition rates.*

Ultimately stage one is the final part, ah, attraction/retention. That’s the fundamental. When you look at the objectives of a reward system, its to attract retain motivate, and engage as well. So that’s step one. It needs to be doing that at a minimum or else you have a serious issue. The whole productivity and engagement, to me they are very much linked, like the productivity is like the motivation and the engagement is the last element as that’s when people put in additional effort or discretionary effort for the sake of the company. So I would say that they go in those phases, so you need to have your foundation in attraction retention, and then the productivity around the motivation and then the employee engagement. But there is a huge amount of other factors that drive employee engagement, not just rewards and we have to be very conscious of that.

*Is measurement a waste of time? No*

*Does it take too much time? No*
Is it worthy of the time it takes? Yes

Is it too costly? No

Have you investigated the costs associated? Yes

Is evaluation prioritised in annual budgeting? No, because we had a system upgrade and that was put on hold.

Are there assumptions made with regard the success of rewards? Yes, because ultimately you have a finite amount of resources and you will look at priorities. So higher priorities will come up vs those

Is employee feedback attained on a regular basis? By regular I mean annually at least. Yes

Is it analysed? Yes

Is it acted on? I can’t say for sure it is, but Managers are asked to provide actions on the data gathered.

Is there an assumption that the reward system is effective if employees are performing well? Yes, potentially, because if they are performing well they are staying with the organisation and they are not leaving so yea, there may be an assumption like that, but performance can be driven by a number of other factors as-well – economy, governmental factors.

Is there more value placed on performance based rewards? For different professions. So there is a greater line of sight for sales people that you can measure results on so I think the answer there is yes.

Organization 3

What does your organisation's total reward package look like / encompass?

Two Groups of Employees Directs and Indirect. The production Operators are indirect – Basic Wage, Shift Premium, Pension and Health insurance cover, and a bonus structure built into the working life that’s driven by several factors and that could equate to 18/20% on top of their wage. There’s also direct employees - Base Pay, Benefits (Health Insurance, Pension), Bonus, Company Shares

Is it a fixed reward system or are there variations to align with specific employee needs / wants?
There are variations in terms of the indirect population, with a minimum of 10% performance related bonus per annum, increasing to 15% depending on the seniority of the role, up to 25% and in some instances beyond.

_What methodologies does your organisation use to decide on your total reward packages?_

It's a global system, but as we speak we are looking to become more aligned, let me explain that, we are looking to reach a point where, and this is probably significant in the context of the merger, where there was 2 systems being integrated together, so you have a situation where you have a need to have the accountant in the US comparable with the accountant in France, with the only variation being with the local rates...I.E comparable roles would be valued similarly – we are working towards this consistency and equity – it is really a legacy issue from the merger.

_Were the last time your company made changes to their total reward packages?_

I would say that we are currently embarking on a levelling process as we speak. Essentially, I am visiting all of the employees here in Ireland to determine that we a competitive with the market and that there is relativities between the roles here and elsewhere in the company, again going back to the example of the management accountant, he or she the role where possible, if it's comparable in the US its graded accordingly and paid relative to the local market. Adjustments will be made to align.

_What methods of measurement does your organisation currently use in assessing the success or effectiveness of your rewards programs?_

I suppose a big indicator would be retention, and we watch the labour turnover rate and I am conscious that currently in Ireland with a 6.2% unemployment rate, that has a bearing on how tight the market is as well.

_Does your organisation complete exit interviews with all of your employees?_

Yes

_How often do you review the reward packages?_

I would say annually, as we approach the business cycle, as we approach year end, if we wanted to make adjustments to individual salaries, I might call it SMA money, that's my abbreviation for strategic market adjustment. We build that into individuals pay plans for the following year. The
budget year ends in December with pay out for indirect employees in Q1 and we are also developing a profit sharing scheme for all employees.

Would you say your adjustments are more focussed on that market data rather than internal feedback?

It’s a combination of that, but equally the individuals’ contribution. So there is a merit principal built into the decision making. So, for example, a number of people here in Ireland, based in Ireland. They actually have global roles, or they have developed into global roles, so in order to keep up with the market there would be changes to reflect those additional responsibilities.

Do you use employee feedback surveys as a method of evaluation?

Yes,

With regard the engagement surveys you did do, were they a broader engagement survey or were to specific to rewards?

They would be general, but part of it would include that.

How regularly would you get employee feedback?

At least once a year, if not twice a year.

Do you believe that your organisation has the technology required for feasible measurement?

I would say data analytics isn’t going to do much for us given the size of our organisation in cork. I would say we know our people well enough to know where we need to respond and where we need to be proactive. The HR analytics might have currency in a bigger organisation, but I think we know our people well enough to know where we need to make intelligent decisions.

Do you think annual review of effectiveness and annual amendments is feasible?

Yes, and I mean I wouldn’t necessarily tie it to annual, just in the last week now, there has been individual adjustments made and there is more in the pipeline, so we are being very proactive. We are not tied to an annual cycle, I think it’s about making intelligent decisions at a point in time.

Do you know what the costs associated with really looking in to the effectiveness of the reward systems are? Does the business have an awareness?
If I understand the question we are very mindful of the tight labour market, we are very mindful that the people that are here are employable and becoming more employable, and we are approaching it in two aspects, we are hiring in new talent with the expectation that they are bringing something new and extra to the business but equally the business we are supporting career progression proactively with career planning processes and also we are very mindful of recruiting from within if it makes sense.

Whose responsibility is it to ensure that reward systems are enhancing performance and the organisational profitability?

Ultimately every manager, but me, the Senior HR Manager would have responsibility across the business to ensure there is consistency and equity.

Do you have a Comp and Bens department or team?

Globally yes, locally not, but we do purchase salary surveys.

In your opinion can the effectiveness be really measured or are their two many factors is it too complex?

I would gravitate towards the latter and the phrase, cake once eaten is forgotten. I think at times individuals may not appreciate the full package of benefits. For example, one person might want extra salary, the manager might want to support that and I may raise the question what about the 10000 we are spending on the master’s program and the time off they are giving them.

What do you believe is the most crucial factor in measurement of Rewards from the following 3 categories? Happy & Engaged Employees or High Performing Employees or Good Retention / Attrition rates

I think the first, happy engaged is the most crucial. I think especially here in Ireland we have come a long way towards getting to where we are with regard engagement. We have worked hard to come to this point.

Is measurement a waste of time? No

Does it take too much time? No

Is it worthy of the time it takes? Yes

Is it too costly? No
Have you investigated the costs associated with review? No

Is evaluation prioritised in annual budgeting? No

Are there assumptions made with regard the success of rewards? Yes

Is employee feedback attained on a regular basis? Yes

Is it analysed? Yes

Is it acted on? Yes

Is there an assumption that if the reward system is effective, employees are performing well? Yes

Is there more value placed on performance based rewards? No

**Organization 4**

*What does your organisation's total reward package encompass?*

Depending on role, but salary, health insurance, pension, obviously for sales roles, reward was tied in, and then for all roles there would have been a global company performance, and then on top of that there was lots of bells and whistles sports and social, bike to work schemes, subsidised canteen. We actually, summarised all of this into an EVP, Employee Value Proposition, you know which kind of showed all of those areas, so there was a lot in there.

*Is it a fixed reward system or are there variations to align with specific employees needs/wants?*

It would have been mostly fixed except for sales again where there would have been variability based on sales performance.

*What methodologies does your organisation use to decide on your total reward packages?*

There was a couple of things, I think am you know right fit came in, you know sales people are programmed to be driven and motivated by money so some of the design around their total rewards so we would have very much factored that in. And then for everything else, we are very open about the fact that we were originally a p50 payer, we would literally have paid in the middle of the market whereas, we had to move this to p75 because we felt that the market had moved on and we felt there were too many other competing companies for the same talent so we were very open with candidates and internally that was the space that we moved to so that was very much market driven.
When was the last time your company made changes to their total reward packages?

It was an ongoing basis, I know I mean I think particular since 2015 the market was becoming more and more competitive so we would have regularly revisited salaries and just created around sign on bonuses stuff like that so that would have been ongoing.

What methods of measurement does your organisation currently use in assessing the success or effectiveness of your rewards programs?

Again, I think that kind of depended on whether somebody was in sales or not. So, if someone was in sales the measurement there I suppose well actually we call it contribution management. So yea it is literally about the difference value add that somebody made to the company versus doing their job, so for sales people decisions around total rewards are very much based on their selling ultimately but for non-sales people am it would have been very much linked to you know we used to do a talent assessment every six months on, I suppose again the level at which people were operating and the contribution and value add that they were making to the organisation so it was very much based on again that contribution versus performance.

Does your organisation complete exit interviews with all of your employees?

Definitely, actually, we give them to the recruiters so that they would very quickly pick up if someone was leaving the organisation the insight into the role and the manager and anything that needs to be quickly stitched into the back filling of the role would be picked up so it was quite a nice kind of loop that can be quickly closed, because most of the time it’s not and the recruiters don’t have this information, and sometimes that disconnect occurs where the learnings aren’t quickly picked up or addressed.

How often do you review the reward packages?

Every six months, in line with doing the talent assessment and looking at how people are getting on and are there any retention risks. So, I would say it was definitely looked at every 6 months, but there were times where there were changes made in between particularly based on competition and talent.

Would you say your adjustments are more focussed on that market data rather than internal feedback?
Yes definitely. I will give you an example, a competing company came into cork and they were offering massive salaries for Sales Engineers, we had to quickly make the decision to amend the salaries for that particular group as they literally were all getting calls every six weeks. As well, a lot of people from another competing company were coming to us and then moving back to their original company. It just became really competitive. It wasn't about being disingenuous about total rewards at the expense of other companies but it was just a line where one had to do the right thing for the company.

Do you use employee feedback surveys as a method of evaluation?

We do a Global survey, but my personal approach is as much as possible to do one to ones, as you get a whole lot more out of those as to how people are getting on, how they feel they are being managed, how they feel they are being developed or not, are they thinking about leaving. So we would regularly, and I suppose that's part of my role now, I suppose with other companies they think more on one on one because I think people are surveyed out if that makes sense.

With regard the engagement surveys you did do, were they a broader engagement survey or were too specific to rewards?

Yea, they were broader engagement. There would have been some questions on reward in there, but broader engagement survey. I am doing HR consulting with a different company, and when I went in there, I did 2 hour one to ones with everybody in the company between Cork and Dublin and I really would have been getting into detail with people as to what would motivate them personally from a recognition point of view so I really think that reward and recognition needs to become much more individual and not so much group think. So, for instance if someone is really into fancy restaurants meals out would particularly resonate with them but if someone else likes spa treatment’s that’s the way to go with them. It's about finding out what will resonate with them.

How regularly would you get employee feedback?

Well it would be ongoing. Trying to constantly pick up what’s on people’s minds. I do think you can go formal with survey’s and focus groups but I think the ongoing ear to the ground is necessary.

Do you believe that your organisation has the technology required for feasible measurement?

Am, no

Do you think annual review and amendments of rewards offered is feasible?
Yes, I know there is a lot of debate, I do think, actually in my organisation the two are very much linked, so when the talent assessment is done it is utilised to make the most informed decisions on reward increase or not. So, it is done twice a year, but I think at least annually is a good time to do something robust but more often is better.

*Do you know what the costs associated with doing this are?*

Yes, it is definitely measured and obviously people would be conscious of the revenue limits. So yes.

*Whose responsibility is it to ensure that reward systems are enhancing performance and organisationally profitability?*

HR Management

*Do you have a comp and bens department or specialist?*

In cork no, but we did hire someone in the UK recently. No, it would have been stitched into the HR agenda.

*Can the effectiveness of reward systems really be measured accurately or are there too many factors / is it too complex?*

No, I think it can. It just needs to be simplified into what the elements are and what desired impact we are looking to have, but I think if that’s defined then it definitely can be measured.

*What do you believe is the most crucial factor in measurement of Rewards from the following 3 categories? Happy & Engaged Employees or High Performing Employees or Good Retention / Attrition rates*

I would have highly productive as number one, the retention number 2 and happy number 3. And that’s not that I don’t think happy employees are important but I think that if there is more focus on productive then happiness by default will follow.

*Is measurement a waste of time? No*

*Does it take too much time? Yes*

*Is it worthy of the time it takes? Yes*

*Is it too costly? No*
Have you investigated the costs associated? No

Is evaluation prioritised in annual budgeting? No

Are there assumptions made with regard the success of rewards? Yes

Is employee feedback attained on a regular basis? Yes

Is it analysed? Yes

Is it acted on? Yes

Is there an assumption that the reward system is effective if employees are performing well? No

Is there more value placed on performance based rewards? Yes

Organisation 5

What does your organisation's total reward package encompass?

Base Model, we peg to local markets and then peg to where we want to be against our competition, so with VMware we tend to focus the 75th % of the market for our R&D organisations and then we peg the 60th of our business end. So that’s base and we have bonus or variable package, we do a global program and we use the base and the OTE to actually reflect the actual market. Then within sales for instance your remuneration is based on your contributions how much you sell and we do the same thing then the bonus structure for non-sales is also moderated by the company’s performance and your own individual contributions. We have equity and that is not necessarily used at all levels and is used differently by countries. So again, its partially market based by what would be standard in that market and that what would be standard for those kinds of jobs and so we look at participation rates, how many number of people would participate at that given level and then the value that we would give and again those are long term incentives versus market base so they are someone’s potential more or less. Those are the three major components and then we also have spot bonuses. I suppose you could consider benefits as a piece of that too and increasingly we are trying to leverage or differentiate ourselves on the benefits we provide versus what the rest of the market is.

Is it a fixed reward system or are there variations to align with specific employee needs/wants?

It’s fairly fixed. Every employee would want more and say they needed more but we look at it based on the market and then people’s contributions and then we reward accordingly. The benefits
things there is some flexibility and people can pick and choose how they want to because some people will need more of something and less of something – the US is an example where we have some fluctuation in the kind of medical packages we provide. And so people can choose the levels of cover they want. On a compensation and remuneration side not so much.

*What methodologies does your organisation use to decide on your total reward packages?*

Two things. We look at the design of the program on a global basis, we want the design to be similar across the globe and then we use market rates to determine where we should peg salaries, what the increases should be to the salary ranges every year because the markets move at different rates, inflation is different in different countries. Sometimes the currency fluctuation causes us to do things differently because people lose purchasing powers.

*When was the last time your company made changes to their total reward packages?*

From a design perspective, we really haven’t changed much of the design at least since I’ve been here and I’ve been here 4.5 years. We have changed things like equity coverage, so participation and the value delivered we’ve changed and that’s based again on affordability and the guidance from our board of directors. Things like that. We review our benefit program every years to figure out what we should augment where we can scale back and I think some of that is driven locally. Increasingly we are trying to say what are we trying to do as a company – so we are currently trying to focus on more parent friendly offerings that give parents leave for instance to fathers instead of just mothers. And try to do things that would make us more competitive or differentiate us from what others are doing in the market.

*What methods of measurement does your organisation currently use in assessing the success or effectiveness of your rewards programs?*

One scientific and one less scientific. The less scientific is the retention of our employees and the attraction of potential employees. So, do people leave because they don’t feel like their compensation or remain is what is could be should be or what they could get elsewhere. And then how many people don’t join when they are given an offer – what’s our decline rate because of compensation reasons.

*Does your organisation complete exit interviews with all of your employees?*
We do a survey for all employees; it's a standard survey globally. We don't do exit interviews. We do in some countries where they find it beneficial but it's hard to standardise that answer.

*How often do you review the reward packages?*

We do an annual review for all of our reward packages and we are always looking at the design elements and every year we look at the market base and make adjustments accordingly based on the market on an annual basis.

*Would you say your adjustments are more focused on that market data rather than internal feedback?*

I think it's a combination of the two, we look at the market every year and if the market has moved, we may need to move with it. We look at when people are joining if they are commanding a premium and we're creating internal inequities so last year for instance we did a market adjustment because we knew that people who had been here and especially 3 to 5 years had fallen behind what newer people had gotten so we did a market based adjustment again in specific businesses and specific countries where we needed to bring up that market base.

*Do you use employee feedback surveys as a method of evaluation?*

I guess we do because we do get feedback on rewards and comp programs and benefit programs. In general no one ever says I get paid too much, but in general I think the feedback is positive with regard our packages and we have used conjoint surveys which we did this is the US two years ago - we asked them about their benefits programs and benefits can be retirement and things like that as well and we asked them to value them against one another so we knew which were the most important ones and which had the highest impact or yield if you kind of take from here and give to here is it more impactful.

*With regard the engagement surveys you did do, were they a broader engagement survey or were to specific to rewards?*

Broader Engagement

*How regularly would you get employee feedback?*

I think only annually or less often.

*Do you believe that your organisation has the technology required for feasible measurement?*
Yes I think so, I think there’s always more we could do.

Do you think annual review and amendments of rewards offered is feasible?

I think yes, I don’t think we need to do it more frequently as the markets don’t move that rapidly. I think we need to just be nimble in places where we see competition and an example of that right now we are seeing competition for cloud engineering skills in 4 or 5 particular employees and we are doing some work right now to understand to do we need to react more quickly and think different because of the number of exception requests that we are seeing and when people are competing against close companies.

Do you know what the costs associated with doing this are?

Yes, this is budgeted for.

Who’s responsibility is it to ensure that reward systems are enhancing performance and organisationally profitability?

SVP HR, Head of Comp and Bens and Chief People Officer

Can the effectiveness of reward systems really be measured accurately or are there too many factors/ is it too complex?

No, I think it can be really measured, I wouldn’t say that we’re the best at it or we have the refinement, but people will often use compensation as a proxy for something else that they don’t tell you as well so I think you have to have multiple sources to confirm.

What do you believe is the most crucial factor in measurement of Rewards from the following 3 categories? Happy & Engaged Employees or High Performing Employees or Good Retention / Attrition rates

I think all here are priority, I wouldn’t prioritise here. Attrition and retention are sort of two angles on the same- that’s an outcome measurement. Engagement is more of a leading indicator – I would spend more time addressing a leading indicator because when people have left it’s too late.

Is measurement a waste of time? No

Does it take too much time? It takes only as much time as you want it to take, so no I guess

Is it worthy of the time it takes? Yes
Is it too costly? No

Have you investigated the costs associated? Not in depth, no

Is evaluation prioritised in annual budgeting? Somewhat

Are there assumptions made with regard the success of rewards?

Yes, I think there are assumptions made that reward programs are important, and are a critical part of our success. There assumptions on whether they are successful. I think the assumptions were that reward programs can drive outcomes, that its worth investigation and understanding and knowing and adapting them because you can’t change the outcome whether its productive, engaged, retained,

Is employee feedback attained on a regular basis? By regular I mean annually at least.

Yes, annually

Is it analysed? Yes

Is it acted on? It depends

Is there an assumption that the reward system is effective if employees are performing well?

No, not necessarily. You want this to be true, i.e. that the reward system is effective.

Is there more value placed on performance based rewards? Yes

Organization 6

What does your organisations total reward package look like / encompass?

We have a total compensation philosophy where we would include base pay, bonuses and stock

Is it a fixed reward system or are there variations to align with specific employee needs / wants?

There are variations and they would generally tend to tie in with performance.

What methodologies does your organisation use to decide on your total reward packages?

The compensation and benefits team do regular analysis of the market and do benchmarking to align.

Is this your main justification for deciding what your reward systems are going to look like?
Yes, that’s an element of it like looking at the market and obviously whatever else is out there compared to other companies in similar sector. And then using the company’s philosophy itself so one of the things that wave implemented is stock and the reason we use stock to have the employees take more ownership in their role, because the stock is more of a retention strategy and the rewards would vest over time so it generally tends to retain people and create a culture of ownership in the business.

*When was the last time your company made changes to their total reward packages?*

I’ve been in the company four years and it’s been the same. It changes based on reviews of the market and our overall compensation packages may be increasing but the philosophy remains unchanged.

*What methods of measurement does your organisation currently use in assessing the success or effectiveness of your rewards programs?*

I actually am not aware of anything that we’ve done in that area explicitly to measure the success or effectiveness. One of the things that I guess is a direct correlation when you put it together, is our turnover is quite low and we believe that’s attributed to our compensation philosophy as one of the factors because people become invested in the company because they become owners and they have their stock assessed over a longer period of time so they tend to stay and at the end of the day the better the stock prices for the company the better it is for the employee.

*Does your organisation complete exit interviews with all of your employees?*

No

*How often do you review the reward packages?*

Annual review of the monetary value, but the compensation philosophy never changes.

*Would you say your adjustments are more focussed on market data rather than internal feedback?*

Yes

*Do you use employee opinion feedback surveys as a method of evaluation?*

In a way. We have regular employee forum meetings and that’s an opportunity to gather feedback from employees. Because some of the rewards that we do aren’t necessarily intrinsic rewards.
Some of the rewards we do would normally be employee discounts or discounts with other establishments in the local area, or there might be health insurance, life insurance as well as a benefit.

*With regard the engagement surveys you did do, were they a broader engagement survey or were to specific to rewards?*

Broader.

*How regularly would you get employee feedback?*

Don't explicitly, general employee forums.

*Do you believe that your organisation has the technology required for feasible measurement?*

Yes 100%, we create and sell technology I'm confident that we do.

*Do you think annual review and amendments of rewards offered is feasible?*

Yes.

*Do you know what the costs associated with doing this are?*

No, because we don't specifically set out to measure this. We have lots of data points that we use across the business for many reasons and we do strongly believe that our low attrition is down to having a strong reward system.

*Whose responsibility is it to ensure that reward systems are enhancing performance and organisationally profitability?*

The Comp and Bens team initial responsibility to ensure that they are competitive on the market and favourable against other companies but it's also the responsibility of the HR director to make sure that it is driving engagement amongst the employees and that we are providing a good system.

*Can the effectiveness of reward systems really be measured accurately or are there too many factors / is it too complex?*

I think there are too many variables it's really hard to attribute the success of one area to a particular method that you've used or system that you've used. I think its an important factor but I don't think you can attribute high performance to a reward system. I do think it does encourage people...
but I think people will perform well because of their own innate ability or their passion to work with the company or their motivation in their career. It’s not all driven by monetary or rewards.

What do you believe is the most crucial factor in measurement of Rewards from the following 3 categories? Happy & Engaged Employees or High Performing Employees or Good Retention / Attrition rates

Happy and engaged is the most important. I think everything else follows form there. Obviously, the company has to ensure that they are paying well for the jobs that they are doing but if you are going to focus on your engagement and that your workforce is happy and have job enrichment and they have their basic needs everything else will flow from that.

Is measurement a waste of time?

I think you need to have an understanding. I wouldn’t go putting too much time into it because there are so many factors that are involved in an employee’s happiness and engagement in a workplace, I think that’s one element of it. But I wouldn’t dedicate a whole lot of time and resources in that one area.

Does it take too much time?

If you were to really hone in on it I think it would, but if it was just looking at part of the puzzle as an information piece I think it’s useful to have.

Is it worthy of the time it takes?

Because we don’t explicitly measure our rewards, we use loads of different pieces of information, I would think that no, it wouldn’t be worth the time.

Is it too costly? Yes

Have you investigated the costs associated? No, I think you would have to dedicate way too much time than you would actually get a return on investment.

Do you think that this is something that your comp and bens team wouldn’t have done in- depth as- well?

I don’t think so, the way they look at it is they would look at other companies to check are we competitive and are we rewarding well in comparison to other companies, and there would be that due diligence but that’s about it really
Is evaluation prioritised in annual budgeting?

Yes

Are there assumptions made with regard the success of rewards?

There has to be a certain element of assumptions when they are putting together the packages.

Is employee feedback attained on a regular basis? By regular I mean annually at least.

Not a formal survey that we use but we would gather feedback thought various forums and some of our recognition would be intrinsic – praising, thanking them for a job well done then sharing their best efforts with other peer groups among other things.

Is it analysed? Not enough obtained explicitly, don’t have a formal survey.

Is it acted on? No

Is there an assumption that the reward system is effective if employees are performing well?

No, we tend to not tie them together it probably does have some impact but I wouldn’t tie them together.

Is there more value placed on performance based rewards?

Our compensation pay is very much directly correlated to performance and its weighted then.

Organization 7

What does your organisation total reward package look like / encompass?

Base Pay and Commission. I’m taking about the two main things, the tangibles rather than the soft stuff that we’ve done.

Is it a fixed reward system or are there variations to align with specific employee needs / wants?

It’s fixed

What methodologies does your organisation use to decide on your total reward packages?

I’m taking about the two main things, the tangibles rather than the soft stuff that we’ve done, so as not to over complicate it. So, if I talk about base salary and commission we look at what’s our organisational strategy, what behaviours are we looking to drive and then obviously take account of what the competition are doing

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When was the last time your company made changes to their total reward packages?

The start of the year.

Is this something you would do annually or was it because of changes to the market or what was the justification?

We would do it annually to reflect any changes, or any focuses that we are looking to drive to ensure that we've got the right behaviours. So if I give you an example, I know I've talked about the commission and the base salary, but if I look at the annual awards, now we've got a much heavier focus on candidates but last year we had no recognition for a consultant that gave the most outstanding service to our candidates and that is a huge focus for us and that is something that we are looking to bring in more of this year. So it's not completely rewriting it, its tweaking it to make sure that it still fit for purpose.

What methods of measurement does your organisation currently use in assessing the success or effectiveness of your rewards programs?

Retention and GP

Does your organisation complete exit interviews with all of your employees?

Not all no

Would you more so complete exit interviews with employees that have longer tenure or more senior or is it something that's just not prioritised?

It's a random selection resource, it's not prioritised.

How often do you review the reward packages?

Annually

Would you say your adjustments are more focussed on that market data rather than internal feedback?

Attrition / Retention are part of the review also

Do you use employee feedback surveys as a method of evaluation?

Not officially
So that the feedback that you do attain, un-officially, is it like informally asking managers how they feel their teams are doing, whether they are engaged etc....the unofficial feedback that you are getting – is that feedback analysed and acted on?

Yes, it was an agenda point at the last meeting, so we are taking on the feedback and looking at the current initiatives that we have and if there is anything else we can include or exclude.

*How regularly would you get employee feedback?*

Not officially

*Do you believe that your organisation has the technology required for feasible measurement?*

No

*Do you think annual review of effectiveness and annual amendments is feasible?*

Yes

*Do you know what the costs associated with this are?*

Yes

*Whose responsibility is it to ensure that reward systems are enhancing performance and the organisational profitability?*

HR Director

*In your opinion can the effectiveness be really measured or are their two many factors is it too complex?*

I think it can be measured, there are some softer sides to it, but yes, I think fundamentally it can be measured.

*What do you believe is the most crucial factor in measurement of Rewards from the following 3 categories? Happy & Engaged Employees or High Performing Employees or Good Retention / Attrition rates*

Engaged, because if you’ve got an engaged workforce by token of that you’ve got a retained and a performing workforce.

*Is measurement a waste of time? No*
Does it take too much time? No

Is it worthy of the time it takes? Yes

Is it too costly? No

Have you investigated the costs associated? Yes

Is evaluation prioritised in annual budgeting? No

Are there assumptions made with regard the success of rewards? Not assumptions, no

Is employee feedback attained on a regular basis? By regular I mean annually at least? No

Is it analysed? Yes

Is it acted on? Maybe

Is there an assumption that the reward system is effective if employees are performing well? No

Is there more value placed on performance based rewards? Yes