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Strategic HR Reward Dialogue #1 / 2019 – Key Takeaways

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Here are some Key Takeaways from our quarterly strategic HR Reward dialogue held with HR executives of leading multinationals and growth companies.

1. Topic: Agile Enterprise, Project-based Structures and Job Levels / Evaluation

Why have some companies abolished job levels and job evaluations?

- Companies need to be more agile and flexible today to survive
- Analytical job evaluations consume too much resource and time
- HR often seen as the "police" of the organization
- Work is organized differently today
- Employees must take more personal responsibility for their careers

What needs to be considered?

- Abolishing or simplifying job levels requires lead time to ensure stakeholder buy-in (incl. social partners, where applicable), decouple benefits and perks, unlearn established practices and behaviors, etc

How were reactions to the change?

- Management felt a big relief, social partners may have a strong interest depending on the staff concerned, employees were frustrated with the existing system and appreciated the change

What are possible middle ground options?

- Job and career frameworks to promote different career paths and refocus employees on their development needs
- Critically reviewing internal communications around jobs and levels
- Supporting employee rotations to promote long-term employability

2. Topic: High Performing Organization and Performance Assessment / Performance Rating

Are systems for annual or semi-annual performance appraisals still useful in increasingly fast paced times, or do they just tie up important resources?

- A continuous performance dialogue is already today reality in many organizations, including use of different feedback channels and simplified performance assessment processes / less bureaucracy
- Cloud-based engagement and feedback tools are used to gather real-time feedback, mitigate risks, and steer action
- Corporate leadership changes (e.g., new CEO) often lead to changes in leadership culture
- More selective use of variable pay with individual objectives, stronger link to company result / profitability
- More standardized base pay for certain job functions
- Increased use of recognition awards (monetary and non-monetary) to accompany more frequent feedback and create "moments that matter" across functional and geographic boundaries
- Recognition awards are often controlled via point systems to offer employees choice; service awards may be integrated
- Extra budget for recognition awards varies, can be significant; administration via appropriate platforms; simplified approvals
- Depending on how recognition is used, it can set expectations
- Distribution of recognition awards should not be used to analyze team or individual behaviors