

Remuneration Review

New Zealand Edition, Issue 9, Winter 2007



Salary Survey Data Input With CSI MD, Jairus Ashworth

Bigger Is Always Better



One of the differences between various salary surveys available in the market is how survey providers deal with the issue of data input and sampling rules. At CSI, we firmly reject the concept of "sample" in favour of "census". We encourage survey contributors to provide data for every individual in their organisation who matches to a survey position. For example, if you have six hundred call centre consultants, we ask that you provide data for all six hundred of them rather than providing just a small selection of these individuals that are paid at different points within your salary range.

While this approach may involve more work (both on the side of the salary survey provider and contributing organisations) than surveys which ask you to make a random selection or provide the lowest, average and highest paid employees in a job, we believe it contributes immeasurably to the quality and accuracy of survey output. Here are four reasons why we encourage the provision of data for all possible employees from each contributing organisation and why this approach yields great benefits for contributing organisations:

1. Market Reflective Results

Most statistical tests of sampling accuracy describe an inverse relationship between sample size and standard error. As a rule of thumb larger samples equals lower standard error and hence surely that the sample is broadly reflective of the total population surveyed.

2. Ability To Report Accurate Percentiles

Most salary surveys use statistical measures of sample spread in order to reflect the range of salaries paid in the market for a particular role. It is common to report the 25th, 50th and 75th percentiles although increasingly online tools allow you to drill down even further to other percentile points. If survey participants do not enter the full range of salaries paid within a given position during their data input, the survey results will not show the market percentiles accurately and will tend to show a lesser spread. This directly affects survey contributors who rely on the survey results to gain an accurate view of pay at different points in the market.

3. Better Depth Of Data Cuts

When survey contributors provide the full range of employee data within a given role, the survey provider is better able to report on further detail for each position. For example, the differences in rates paid based upon which state or territory individuals are located in or the differences in pay rates according to organisation size can be presented.

4. Accurate Tracking Of Same Incumbent Movements Over Time

In each of our salary survey reports, we record same incumbent salary movements (salary increases for people who have been in the same role for 12 or more months) by matching up the organisation code, position code and individual employee identifier from one survey cycle to the next. If contributing organisations only provide an indicative sample of their employee population within a role then there is a greater chance that from survey to survey different individuals will be entered and the information will not be used within the same incumbent movements database. With staff attrition, promotions and organisations entering and leaving the database in most surveys, only 50-60% of same incumbents can be matched from survey to survey. It is critical that the sampling methodology does not further reduce the size of this database.

Some organisations, on first becoming a contributor to a salary survey, express concern about providing remuneration information for all possible employees within their organisation. When this occurs, we at CSI, take time to explain our philosophy surrounding data input and show the importance of full disclosure of employees' remuneration information for the benefit of *all* contributing organisations. We also ask contributing organisations to remember that data 'swamping' rules ensure that no single organisation can dominate either an individual role or the database and this will ensure the confidentiality of information provided to CSI for inclusion within survey reports.

Important CSI Announcement

The Start Of A Beautiful Relationship

CSI is proud to announce the recent integration of Pivot Consulting into CSI New Zealand.

We believe this is the start of a beautiful relationship.

The CSI/Pivot integration provides an exciting opportunity for CSI to grow the New Zealand business and the team in New Zealand has now expanded to support our new client base.

Rachael Finemore (Practice Manager), is joined by Philippa Youngman (Remuneration Consultant), Janine Irvin (Remuneration Consultant) and Abbe McCauley (Office Manager). The New Zealand office can be reached on +64 9 522 8194.

CSI hosted wine and cheese evenings in Auckland, Christchurch and Wellington to celebrate the "coming together" of Pivot and CSI in July.

Smart Shopping Tips

Purchasing The Right Salary Review Software Solution

This is the second article in a five part series providing tips on what to look for when you're shopping around for the perfect salary review software solution for your organisation ...

There are a number of key design features within quality salary review software solutions that HR practitioners should demand when making their purchase. The first of these features is a consistent organisation or department-wide methodology for making salary review decisions.

Consistency of methodology should be achieved within the software in a number of ways. Here are the design features to look out for when deciding on the right software solution for your organisation:

✓ The software should force users to perform an analysis of data sources used for salary review and examine the flow of the processes used within the organisation during salary review prior to the commencement date of the salary review. This encourages each part of the business to critique and agree the sources of information and flow of processes during

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The Value Of General Industry Pay Market Data

Sources of general industry pay market data are helpful for appropriately determining competitive pay rates for roles that have a transferable skill set across industries or where the pool of talent for particular roles can be drawn from a variety of industry sectors. Such roles are typically found within the finance, administration, marketing, IT, and human resources job families of an organisation and generally make up a significant proportion of an organisation's population.

In a buoyant labour market characterised by employee confidence, high staff turnover levels, talent scarcity and large salary increases, general industry pay market data is particularly relevant to organisations with a vested interest in attracting, motivating and retaining key employees. It allows organisations to see beyond the boundaries and trends within their own industry and gain a wider perspective of what is happening in the broader business market.

HR professionals that can encourage their organisation to position their pay rates competitively within their own industry as well as within the general industry take a more holistic approach to remuneration management. The pay-off should be greater ease with recruitment, talent management and retention.

Anecdotal client reports over the past 12 months indicate that attracting, motivating and retaining staff is one of the top issues concerning HR professionals in the current business environment, CSI is therefore launching their inaugural edition of the New Zealand General Industry Remuneration Report. The report results will be released in October 2007. Data capture for the report is currently underway and any organisation interested in participating in the survey is encouraged to contact Rachael Finemore, Practice Manager on +64 9 522 8194.



Announcing ... CSI's NZ General Industry Remuneration Report

Are you getting the best from your general industry remuneration provider? We encourage you to take a fresh look at your general industry remuneration report and assess whether it measures up to what CSI now offers! Following is an overview of the benefits and features of our brand new general industry remuneration report.

CSI uses technology to make life easy for you:

- Submit your data to CSI's report using RapidRem which is designed to capture remuneration information in a fast, accurate and efficient manner.
- View quality soft copy remuneration tables and report results in (pdf) adobe Acrobat.
- Download market data in the format you require through CSI's online Data Centre.
- All of this technology comes as part of your report subscription!

Roles surveyed include specialist roles within the following job families:

- Senior Executive
- Sales
- Support
- Marketing
- Finance & Administration
- Human Resources
- Research & Development
- Manufacturing
- Information Technology
- Logistics

Position Matching:

- Our position matching methodology and online position descriptions allow HR professionals to involve line managers in position matching and remuneration decisions.

Data Presentation:

- Full position descriptions allow for easy and accurate position matching and identification of roles.
- Detailed remuneration tables presenting all elements of employees' salary packages (base, benefits, performance pay).
- Survey highlights including staff attrition rates, salary market movements and intercity comparisons, etc are reported.
- Additional market data you will receive includes an HR policy report and a comprehensive economic commentary.

Flexible reporting options:

- Soft copy reports – allowing for easy access to report results, data sharing across your HR team and complete portability.
- Hard copy reports – available by request.

Report publication dates:

- 2 reports per year (October 2007 and April 2008) to ensure you always have current data to make informed decisions.

Data Centre™:

- Easy access to remuneration survey data in the format you require, any time - Microsoft Excel™ reports can be viewed and downloaded, including remuneration data tables; compa-ratios (your employees' remuneration against market pay rates for their roles); and data "dumps" of market data for each remuneration item within employees' salary packages.

Superior data integrity and quality:

- We have checks in place at every stage of report production to ensure we provide accurate, defensible and reliable results.
- The report is produced under the guidance of a dedicated remuneration specialist who understands the complexities of the New Zealand pay market.
- Before you submit your data to CSI, you will be prompted by RapidRem to check and correct any errors found in your remuneration data.
- After you submit your data to CSI, your data is analysed by a remuneration specialist to ensure its accuracy before it reaches our report database.

Confidentiality:

- CSI has had a long-standing commitment to respecting the privacy of the information entrusted to it by clients. This commitment has ensured the ongoing success of our business and our clients' ongoing support of our services for more than 20 years. At no time will any data you provide be published or communicated in any form so as to be able to be linked back to your organisation.

More info?

Go to: www.csirem.co.nz/Surveys/NewZealand/NZGeneral/index.htm

Stat Wrap

GDP (annualised Mar 07)	1.0%
CPI (annualised Mar 07)	0.5%
Unemployment (annualised Mar 07)	3.8%
Wages Growth (annualised Mar 07)	3.2%

IT Spot

According to CSI's NZ IT Specialists Survey, employers of IT staff are predicting an average 4.1% salary increase for the 07/08 financial year.

The average salary increase at Total Remuneration Cost for incumbent employees between March 06-07 was 8.6%.

Paid Parental Leave

On the 1st July 2007, the maximum parental leave payment increased by nearly \$20 per week, further supporting families with young children.

The rate increased from \$372.12 per week to \$391.28 per week and applies to all new applicants as well as those already receiving parental leave payments.

Paid parental leave supports new parents at a critical time. With over 60% of women now participating in paid work, paid parental leave is helping to support the choices they are making about their families and their careers.

Under the Parental Leave and Employment Protection Act, the maximum rate is adjusted each year to reflect any increase in average weekly earnings, as determined by Statistics New Zealand's Quarterly Employment Survey.

The increase in the rate as of 1 July 2007 will give working families more money in their pockets, in line with the other policies being introduced by the Government on 1 July including 20 free hours of early childhood education per week, and lower doctor fees and prescription charges for everyone enrolled at a Primary Health Organisation.

As reported by the Department of Labour:
www.dol.govt.nz/news

Organisational Culture & Remuneration Strategy

What's the Connection?



Helen O'Sullivan



Robin Doubé

Helen O'Sullivan and Robin Doubé have recently partnered to promote the benefits of the Grid Leadership Program to individuals and organisations in Australia and South East Asia. The following article discusses the impact remuneration strategy has on organisational culture and provides insight into how the Grid Leadership Program can benefit Australian organisations.

Organisational culture is getting a lot of focus these days. When organisations strive to excel in their performance over a sustained period of time, this vision is typically built around developing a positive and sustaining culture.

Alternatively, when there is a partial or complete organisational failure, there is a heavy focus on the prevailing culture and to what extent this culture contributed to the failure.

Remuneration strategy and practice comes into play in both scenarios as the type and extent of rewards provided reinforce actual culture norms and standards.

As remuneration practice touches every part of an organisation (think of how and what goals are to be measured, how often, how these are communicated to eligible employees and understood by them, goal congruency, the extent and nature of incentive programs both short and long term, individual or team based, competitive practice, legislative requirements etc), it quickly becomes apparent that remuneration specialists need to have a clear understanding of organisational culture, the extent to which the culture will be positive and sustaining and how strongly remuneration practice supports the stated culture.

At its most simple level,

organisational culture is defined as "how we think and do things around here". If there is a need to change the culture, this requires focus on the values and attitudes at the individual and organisational level and how effectively people work together (their behaviour) as a team. As Kurt Lewin indicated, behaviour is a function of the person (values, attitudes) and the environment (culture).

Indications of a strong and sustaining culture are where people contribute effectively by demonstrating the skills of critique and feedback, initiative, inquiry, advocacy, decision making, conflict resolution and resilience.

In other words, open and honest discussions or candour about every aspect of their work. As Jack Welch said, "Lack of candor basically blocks smart ideas, fast action, and good people contributing all the stuff they've got".

Candour results in a culture built on creativity and innovation with objective based discussions where the focus is on "what's right" not "who's right" for "win/win" outcomes. So if "win/win" behaviour is expected as part of the culture, it needs to be rewarded.

Remuneration specialists are constantly sensing the market to ensure there is a clear understanding of competitive practice and trends. Without this effort, there is a risk remuneration practice will be out of touch with the market and lack credibility. This can and will impact on the ability to attract, retain and motivate key staff.

Testing the vibrancy and sustainability of organisational culture can be more challenging as every culture is different. However, by considering the actual values and attitudes in the organisation, it is possible to get a measure of the type of prevailing culture.

For example, are there high levels of mutual trust and respect? Is there ongoing and constructive candour and critique? Is there a constant striving for innovation and a personal commitment to "what's

right" not "who's right"? Are there sound norms and standards?

The challenge for remuneration specialists and ultimately the organisation, is to be able to create a vibrant and sustaining culture and to develop and implement remuneration strategies and practices which support and reinforce this culture.

Readers are invited to take a free online Personal Leadership Values Test. This test will provide the participant with a more detailed understanding of their strongly held values, how this influences organisation culture and provokes consideration for how these values align with demonstrated behaviour - often these are not in sync.

The test is available at: <http://www.gridinternational.com/values2.html>

To discuss this article in more detail or for further information on the Grid Leadership Program, please contact Helen O'Sullivan on +61 3 9663 5044 or helen@grid.com.au or Robin Doubé on 0425 220 899 or rdoube@hotmail.com.

www.grid.com.au

A Little Chuckle About Pay

One day an employee sent a letter to his boss asking for an increase in his salary:

Dear Bo\$\$

In thi\$ life, we all need \$ome things mo\$t de\$perately. I think you \$hould be under\$anding of the need\$ of u\$ worker\$ who have given \$o much \$upport including \$weat and \$ervice to your company.

I am \$ure you will gue\$\$ what I mean and re\$pond \$oon.

Your\$ \$incerely,

Norman \$oh

Norman \$oh

As published on: www.aarons-jokes.com

CSI Welcomes New Clients

- Accident Compensation Corporation
- AMI Insurance
- Sitel New Zealand
- Tenon Limited
- The Quit Group

We look forward to working with you!

Smart Shopping Tips Continued ...

Purchasing The Right Salary Review Software Solution

the review thereby assisting to establish, promote and maintain a consistent approach to making salary review decisions across the business.

- ✓ The software should provide an automatic and sound procedure for recommending salary increases for all employees within the organisation (or department) based on the salary review budget; position of employees within their pay ranges; and employees' performance / competency ratings.
- ✓ The software should facilitate automated access to consistent information that is tailored to various levels within the organisation. For example, Reviewing Managers should see remuneration data for each of their employees; the system's salary recommendations; and the effect of their decisions on their salary budget. Whilst, Approving Managers should see a summary of their direct reports' spend and all data related to employees below their own level in their own department in order to compare positions/grades/performance.

The next article within this series will discuss the second key design feature that HR practitioners should demand when making their software purchase. This feature is 'greater control mechanisms to allow HR practitioners to automatically monitor and guide the progress of the salary review with ease and intelligence'. Should you require this info before the next edition, please be in contact with CSI.



Position Descriptions Online

Within CSI's website, you can freely access position descriptions for all surveyed roles within each of the five New Zealand and twenty-one Australian reports that collectively make up the CSI suite of remuneration reports.

CSI's position descriptions (PD's) provide a detailed understanding of specific roles within a variety of industry sectors as well as common roles within the general and executive markets.

Each PD presents information on:

- What the role is responsible for.
- The position the role typically reports to.
- A list of main activities performed by the role.
- A list of key skills required by employees to perform the main activities.
- The types of internal and external contacts employees in the role would typically interact with.
- The typical years of experience required by employees to competently perform the role.

The online PD's are therefore a very valuable resource and can be used in a multitude of ways, including:

- When purchasing a new remuneration report, to assess whether your organisations' positions match to the surveyed position descriptions. In doing this assessment you can gauge the value of a remuneration report to your organisation.
- To provide access to PD's amongst your HR team and to business managers in your organisation that are involved in the job matching process.
- To gain an understanding of common content of roles within the market when formulating new PD's for your organisation. This should assist with using terminology within the PD which will facilitate the recruitment process.
- To search CSI's position database when you require market remuneration data for a role that is not published in your industry-specific remuneration report.

Access CSI's Position Descriptions

Online Now!

CSI's PD's can be accessed through CSI's website. Go to: www.csirem.co.nz/Surveys, then select the survey you are interested in viewing position descriptions for. Once the survey page has loaded, scroll down to the 'Position Descriptions' links. You can view each PD in a web page or download the position descriptions in an adobe acrobat (.pdf) format.

Pressures In The Recruitment Market

Employment Expectations According To The Hudson Report

The Hudson survey of permanent hiring expectations (www.hudson.com) for the six months to December 2007 recorded positive sentiment. The survey of 1,567 clients showed a positive net effect of 39%. Positive net effects have been recorded across all industries and regions. The results represent an increase of 5 percentage points on the previous survey (January - June 2007). This is the highest level recorded since the survey of July 2005.

Current 'net effect' is arrived at by subtracting the expected decrease in employee numbers from the expected increase in staff levels.

Job Vacancies Levels According To The Job Vacancy Monitor

According to the Job Vacancy Monitor (JVM) (www.dol.govt.nz), there were 7,079 advertised job vacancies measured in May 2007 – almost exactly the same figure as that recorded a year ago. This static growth (0%) was the first time the JVM has not fallen since October 2005. Despite the sustained negative growth in vacancies before the current month, there were still 28% more advertised vacancies in May 2007 than in May 2003. The total number of highly skilled job vacancies increased by 6% in the year to May 2007, whereas skilled job vacancies decreased by 8%. Semi-skilled/elementary vacancies decreased by 1% from the level a year ago.

Employment Outlook According To The Manpower Survey

The Manpower Employment Outlook Survey (www.manpower.co.nz) for the July – September quarter of 2007 was conducted by interviewing a representative sample of 910 employers in New Zealand. All survey participants were asked, "How do you anticipate total employment at your location to change in the three months to the end of September 2007 as compared to the current quarter?" Of the surveyed organisations, 29% said they expect to hire more people; 5% anticipate that their workforce would decline; and 60% expect no change. A further 6% of employers were unsure of their hiring plans for the quarter.

These results compare to the April - June 2007 quarter where 37% of surveyed organisations said they expected to hire more people; 5% anticipated that their workforce would decline; and just over half expected no change (56%) during the quarter.



HR Spotlight

Sarah O'Dowda

HR Manager

Pumpkin Patch

Sarah O'Dowda has always been passionate about people and how and why they behave the way they do. She's now the HR Manager of Australasia's leading children's fashion company. We spoke to Sarah about her work life at Pumpkin Patch.

Describe your role responsibilities ... I'm responsible for HR related issues within NZ including employment relations, recruitment, L&D, policy development and the global remuneration and payroll functions.

Describe two career highlights ... Working for GE in Scotland, Ireland and NZ. I value the experience gained working overseas within different cultures.

My current position! Pumpkin Patch is a NZ success story. Our people are genuine, passionate and talented. I have a role where I can continue to be challenged daily.

Describe your remuneration management philosophy ... Fairness, consistency and transparency. Remuneration is a really emotive issue. Most employees want to know why they're being rewarded the way they are. The more transparent we can make the process the better.

Describe how remuneration management has changed over the past year ... Good, experienced candidates tend to be harder to find and can demand a greater level of remuneration. This hasn't changed our strategy too much but it's meant we place even higher value on our current staff and go the extra mile to keep them motivated and engaged.

Describe something distinctive about yourself ... I'm a keen netballer and my competitive side tends to come out whilst thrashing the other departments when we play inter-company sport.

What advice have you received recently from CSI? ... CSI's consultants assisted us in preparing a retention plan for our Helpdesk team. They provided data on turnover; trends around reasons for leaving; and questions to ask our current team to 'test the water' and see how everyone is feeling. As a result, we've started to develop a retention plan based on what our staff value.

Sarah holds a Bachelor of Arts degree (Psychology) and a Diploma in Business Management.

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