

# Remuneration Review

Australian Edition, Issue 28, Autumn 2008



Important CSI Announcement - With CSI MD, Jairus Ashworth

New HR Policy Report

## Integration of CSI into Hewitt Associates

The Hewitt logo consists of the word 'Hewitt' in a white, serif font, set against a dark blue rectangular background.

In March, we announced the acquisition of CSI by Hewitt Associates. There are many benefits in the coming together of the two companies for clients of CSI and Hewitt and for our two organisations, and we are very excited about the possibilities that lie ahead of us. We have many complementary strengths and our company values and approach to taking care of our clients are very much aligned.

It's common in an acquisition for two companies to say nice things about each other for the record. In this case the admiration is genuine and deep. Hewitt and CSI people are "cut from the same client-oriented cloth". Hewitt shares CSI's passion for listening closely to clients to understand their needs and objectives and

working with them to develop solutions that support their strategic directions.

Both firms have grown from small beginnings in Australia and New Zealand and have been successful as a result of a genuine commitment to putting the customer first in our decision-making and constantly striving to provide the best possible experience and outcomes for our clients.

We share the same values and goals: to be the leading service provider; sustained growth through superior client satisfaction; and continued personal growth for our people. We believe in treating our clients, people and suppliers with dignity and respect, ethical behaviour, honesty and integrity, teamwork and collaboration and excellence through the delivery of quality and innovation in all our work.

Our new combined organisation under the Hewitt brand now places us in a unique position in the Australia and New Zealand market as the only HR consulting firm with integrated analytics offerings across compensation, engagement and human capital applications. As a result, the suite of services we can offer our clients is much broader, enabling you to come to one supplier for all of your HR consulting needs.

The Hewitt Associates company vision is to 'make the world a better place to work' and we look forward to collaborating with you and our new colleagues to make this a reality. We are currently working on integrating our two organisations and if you have any questions or comments about this please feel free to contact me on (02) 8440 6500.

I would like to personally thank you for working with us for some or all of the past 23 years. We hope to continue working together long into the future.

### About Hewitt Associates

For more than 65 years, Hewitt Associates has provided clients with best-in-class human resources consulting and outsourcing services. Hewitt consults with more than 3,000 large and midsize companies around the globe to develop and implement HR business strategies covering retirement, financial and health management; compensation and total rewards; and performance, talent, and change management.

Many of the world's leading organisations depend on Hewitt to:

- Help them attract, engage, retain, and reward talent
- Build management capability and develop sustainable leadership programs
- Shape and streamline solid HR management foundations aligned to business strategy
- Create and manage benefit programs that extract maximum value from their investment
- Manage the challenges of mergers, new business set up, sourcing, and other big change events
- Deliver HR administrative activities efficiently and effectively, freeing them to focus on their core business
- Develop comprehensive, single-source solutions that improve their bottom line

For more detailed information on the services available, visit [hewittasia.com](http://hewittasia.com)

## Retention Policy & Practice Report 2008

Employee retention is one of the biggest challenges facing organisations in the current employment environment. This report will provide you with valuable insight to help you address attraction, motivation and retention of employees in your organisation.

The report features data from 173 organisations in Australia and 38 organisations in New Zealand across a range of industries. It presents you with the latest data on staff attrition levels and outlines what approaches Australian and New Zealand organisations are now taking for each of the five key factors of an integrated 'total rewards' framework, including:

- Market competitive remuneration
- Benefits - financial benefits (eg. cars, laptops), and non-financial/'soft' benefits (eg. an informal work environment)
- Work-Life Balance - benefits and plans that allow employees to achieve a better balance between their work commitments and out-of-work commitments
- Performance & Recognition - recognising and rewarding exceptional performance with financial and/or non-financial rewards
- Development & Career Opportunities - the professional and personal development of employees, including formal and informal training

The report also addresses how organisations measure the success of these five areas of their total reward strategies in retaining employees. It includes in-depth case studies from two Australian organisations and two New Zealand organisations outlining in detail their policies in relation to remuneration, benefits, work/life balance, performance and recognition and career development.

For further information on this or other CSI Policy & Practice Reports please contact:

Sydney:

Paul Wright on +61 2 8440 6500

Melbourne:

Nigel Gray on +61 3 9607 1361

NOW AVAILABLE IN BRISBANE AND PERTH

## How to Use Salary Surveys

Are you getting the most out of your salary survey subscription?

The How to Use Salary Surveys training course will provide you with a comprehensive understanding of how to work with and interpret remuneration data. A number of practical exercises will help reinforce the subject matter and you will leave feeling comfortable and confident working with and gaining insights from the in-depth data you receive in salary surveys.

### Course Outcomes

Attendees will walk away with a detailed working knowledge of the role of remuneration in corporate strategy; salary survey theory and how to apply it in practice; data input methodology and interpretation analysis; and key supporting survey principles.

The course is an interactive learning session (each participant will have access to a PC), including a practical overview of CSi's data input tool, RapidRem, followed by a review of CSi's various survey outputs including Data Centre.

### Who Should attend?

This course is aimed at HR and remuneration professionals working at the Analyst level. Attendance may extend to any role that requires a thorough knowledge of survey methodology and data interpretation skills.

### Duration

8.30am - 5.00pm

### Cost

\$990 including GST and meals. Discounts apply for organisations registering 3 or more attendees.

### Dates & Locations

16th May 2008 - Melbourne

21st May 2008 - Sydney

23rd May 2008 - Brisbane

30th May 2008 - Perth

For further information contact Taryn Timm, Client Support Consultant, +61 2 8440 6500 or [ttimm@csirem.com.au](mailto:ttimm@csirem.com.au).

## Purchasing The Right Salary Review Software Solution

This is the final article in our 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 design features within quality salary review software solutions that HR practitioners should demand when making their purchase.

The first of these critical features were discussed in past editions of this newsletter and include:

- A consistent organisation or department-wide methodology for making salary review decisions
- Control mechanisms for HR practitioners to automatically monitor and guide the progress of the salary review
- Time saving and automation devices

The last important feature to look for is automated mechanisms to facilitate enhanced communication with, and empowerment of, reviewing managers. You can assess whether the salary review software you are planning to buy includes this feature by considering the following suggestions.

A salary review software solution should be intuitive for both HR and business end users. If during the review, communications between HR and the business are primarily focused on how to use the software and how to access information within it, then the purpose of implementing a salary review solution has not been realised.

It is therefore vital to receive a full demonstration of the software from your service provider prior to entering any purchase agreement. The demonstration should be given by the service provider from the perspectives of the HR team as well as reviewing and approving managers so that you can be sure the software is straight-forward and easy to use.

A salary review software solution should also automate all of the administrative processes usually undertaken by the HR team.

This ensures HR practitioners become advisors to the business throughout the review rather than process and policy 'policemen' and/or data entry administrators.

By allowing HR practitioners to interact with the business at a more strategic level, there is greater opportunity for reviewing managers to be fully supported through the process and for HR to impart their specialist remuneration knowledge to ensure the success of the review.

In addition, a salary review software solution can also empower reviewing managers by providing them with the facility to personalise review letters to their employees and automatically generate hard copies at the touch of a button. By providing this functionality, reviewing managers are encouraged to own the decisions they have made and be active participants in the outcome of communications with employees.

By ensuring your salary review software provides the above mentioned functionality plus the

features discussed earlier in this series, you will streamline salary review processes and arm your business with all the intelligence they need to assist with making the review a success. This will increase your organisation's return on investment (ROI), ensure the review process is perceived by all parties to be fair and equitable, and increase the credibility of your HR Function.

To receive a full copy of this series of articles or to discuss your salary review with a CSi consultant, please contact:

Sydney:

Paul Wright on +61 2 8440 6500

Melbourne:

Nigel Gray on +61 3 9607 1361

### Are you shopping for a salary review solution?

CSi's Remuneration Decision Assistant (RDA) is a sophisticated online remuneration solution that incorporates the design principles discussed in this series of articles. Visit [www.csirem.com.au](http://www.csirem.com.au) and click on Software for more information.

## Results of Superannuation Survey



Earlier this year CSi conducted research to understand the effects on Australian organisations of the legislative changes to superannuation which will come into effect on July 1, 2008.

The results of the study indicate that a large number of companies will be affected both financially and administratively to some degree by these

changes, and the vast majority have already assessed the impact the changes will have on their organisations and their employees.

The perception is that the changes will be harder from an administrative perspective than from a financial one, and that these administrative changes will be actioned during a separate process from a standard remuneration review.

The approach to dealing with additional costs is mixed, although the most common option is to pay extra superannuation on top of the employees' current package. Regardless of the approach to bearing the extra costs, the overwhelming majority of employers are keen to ensure the changes are thoroughly and clearly communicated to any staff that will be affected.

To receive a complimentary copy of the report contact Christine Rulli on (02) 8440 6500 or via email at [crulli@csirem.com.au](mailto:crulli@csirem.com.au)

# Opportunity to be named a Best Employer in Australia & New Zealand



Now that we have joined forces with Hewitt Associates we can offer you the opportunity to take part in the 2008 Hewitt *Best Employers in ANZ* study which is now in its seventh year.

Partnering with AFR BOSS magazine and the Macquarie Graduate School of Management (MGSM), the Hewitt *Best Employers in ANZ* study is the largest employee research project conducted in Australia and New Zealand.

The study provides a definitive benchmark for participants to measure their effectiveness in providing a workplace that engages their employees and delivers value through people. It gives insight into how organisations can achieve a real competitive advantage through their people and explores what makes organisations competitive in the labour market.

The study also recognises Hewitt *Best Employers* — organisations selected by a panel of judges (chaired by Professor Roger Collins from MGSM) after reviewing a comprehensive range of data that participants provide — including an employee opinion survey, a review of people practices, and information about the organisation provided by its leader.

## What do past participants say?

“Corporate Culture is defined within SalesForce as the sum of each of the employees’ attitudes.

Most observers now accept that staff engagement and commercial performance are tightly linked. For our enterprise to compete willingly and prosper it’s important that every individual who comes to a SalesForce workplace—likes doing so. If they love it even better. Passion is a wonderful motivator.

During our first eight years we talked about our unique SalesForce culture and suspected that we were creating a good working environment. Our involvement for the last four years in the Hewitt *Best Employers* survey has allowed us to know that we are creating a great work environment.

Hewitt feedback has allowed SalesForce management to understand the correlation between individual employee attitudes and the work environment which has allowed us to fine tune and improve some good ideas.”

## Kevin Panozza, CEO, SalesForce

*2006/07, 2005 and 2004 Winner and Hewitt Best Employer 2003 and 2001*

“American Express is proud to be recognised as one of Australia’s *Best Employers* for the last three years. The receipt of this citation assists us in attracting a diverse range of candidates to ensure we continue to provide unsurpassed service and premium value to our clients and customers. Just as important is the terrific insight the survey provides to the current engagement and future needs of our team members. This information enables American Express to create an environment in which our talented team members will thrive and hence retain.”

## Michelle Thomson, Vice President of Human Resources in Australia, New Zealand and the South Pacific, American Express

*2006/07, 2005, 2004 and 2003 Hewitt Best Employer*

“Nokia Australia has actively participated in the Hewitt *Best Employers* studies since its inception in 2000. We have won Best Employer in Australia five times and this demonstrates our continued success as an attractive employer for both existing and future talent. The feedback and metrics that Hewitt provides also gives us real insight into our employee morale.”

## Katrina Lindsay, Human Resources Manager, Nokia

*2006/07, 2005, 2003, 2001 and 2000 Hewitt Best Employer*

“The Hewitt *Best Employers* survey gave us valuable feedback on what our employees feel are positive and negative impacts on engagement. We can then act upon this information to ensure we continue to increase employee capabilities and attract and retain talented individuals.”

## Paul Bassat, Joint CEO, seek.com.au

*Highly Commended in 2006/07, 2004 and 2003 and received ‘Special Commendation for Consistent Improvement’ in 2005*

“The award has been beneficial to our business. It has enabled us to improve the management of our people, has introduced new business relationships and raised our profile. We took part to check that we do deliver on the promise of our Carson Culture to our people. We will again participate in the Hewitt *Best Employers* process with the aim of continued development.”

## Owen Judge, Director, Carson Group

*2006/07 and 2005 Hewitt Best Employer*

Surveying for the 2008 Hewitt *Best Employers in ANZ* study is taking place between 21 April and 20 June 2008. Registrations are open until 20 May 2008, so to participate or for more information phone Paul Wright at CSI on (02) 8440 6500 or visit [www.bestemployersanz.com](http://www.bestemployersanz.com).

## CSI Welcomes New Clients

- A-Dec Australia
- ADRA Australia
- AMPY Email Metering
- Austereo Pty Ltd
- Australian Volunteers International
- Baptist World Aid Australia
- BG Group
- Blackmores Ltd
- Blueprint Management Group
- Bombardier Transportation
- Brian Nizette & Co
- Campbell Page
- Campbells Brothers Ltd
- Caritas Australia
- Chanel Australia P/L
- Compumedics Limited
- Computershare
- Coomes Consulting Group
- CSG Services
- Day of Difference Foundation
- Deacons Law Firm
- Diabetes Australia - Victoria
- Douglas Partners Pty Ltd
- Empired Limited
- Empower Masterpay Pty Ltd
- Esri Australia
- Harrison Manufacturing
- Hitachi Construction Machinery Australia
- International Womens Development Agency
- ISIS Group Holdings
- Lady Gowrie Child Centre
- Litmus Group Pty Ltd
- Lochard Ltd
- Marie Stopes International Australia
- Meat & Livestock Australia Ltd
- Motherwell Marketing Pty Ltd
- MPN Group
- Norman Disney & Young
- Northrop Consulting Engineers
- Odyssey House Victoria
- Oxford University Press
- Paul Davis Rajalingham Consulting Engineers
- PBS Property Group
- Pioneer Hi Bred Australia
- Pitt & Sherry
- Planit Software Testing
- Red Hat Asia Pacific
- Sage Micropay
- Steensen Varming
- Stockland Corporation Limited
- Tracey Brunstrom & Hammond
- Tulgeen Disability Services
- TV1
- Vasey RSL Care
- Victorian Managed Insurance Authority
- World Vision Australia
- WorleyParsons

We look forward to working with you!



## Pressures In The Recruitment Market

### Employment Expectations

The Hudson survey of permanent hiring expectations ([www.hudson.com](http://www.hudson.com)) for the April to June 2008 quarter, reveals a slowing in the escalating optimism shown by Australian employers over the last two years.

A net positive 37.9% of the 7,195 employers surveyed indicated an intention to increase their permanent staff levels over the coming three months.

The softening in employer optimism has been experienced to various degrees in most parts of the country. ACT employers indicated the largest decline, with sentiment falling 13.4 percentage points to its lowest level in over four years, a positive 24.9%. This result is almost certainly due to the Federal Government's decision to review Commonwealth Government Departments and cut government spending. In WA also, employer sentiment fell 11.5 percentage points reflecting a forecast levelling of the state's soaring economic growth.

### Executive Demand

The E.L. Consult Executive Demand Index ([www.elconsult.com](http://www.elconsult.com)), an indicator of executive employment trends, has risen a massive 44% in February 2008 compared with the previous month. "This increase comes after five months of falls and was directly related to the long running Federal elections and the instalment of a new government during which many employers put their senior management hiring plans on hold as they waited on the outcome." said Mr Grant Montgomery, Managing Director of E.L. Consult who produce the E.L. Index.

All sectors produced strong demand increases in February 2008, however, the increases were most prevalent in Information Technology, Marketing and Management. New South Wales and South Australia recorded the strongest gains.

### General Recruitment Trends

The Olivier Internet Job Index ([www.olivier.com.au](http://www.olivier.com.au)) recorded just a small increase of 0.73% seasonally adjusted bringing the Index to 414.88. Over the last quarter since December 2007, overall demand has fallen 3.76% seasonally adjusted.

The Index also showed that due to the ongoing shortage of skilled workers, companies are employing graduates to fill the gap, with graduate recruitment up 30.15% since March 2007.

## Stat Wrap

GDP	3.9%
<i>(annualised December 07 trend figure)</i>	
CPI	4.2%
<i>(annualised March 08 trend figure)</i>	
Unemployment	4.0%
<i>(annualised March 08 trend figure)</i>	
Wages Growth	3.8%
<i>(annualised November 07 trend figure)</i>	
<a href="http://www.abs.gov.au">www.abs.gov.au</a>	

## IT Spot

According to CSI's IT Specialists Survey, employers of IT staff are predicting an average 4.0% salary increase for the 08/09 financial year.

The DEEWR ICT Vacancy Index fell by 3.7% to 335.6 over the four weeks to mid April 2008, and is 3.5% lower than in April 2007. The three Australian ICT online recruiting sites included in the ICT Vacancy Index averaged around 25,000 vacancies in the four weeks to mid April 2008 (although it should be noted that ICT positions may be advertised on more than one site).

In April 2008, the largest number of ICT online vacancies was in New South Wales (13,100), followed by Victoria (6,000) and Queensland (2,400).

## Skilled Vacancies

The Skilled Vacancies Index (SVI) ([www.workplace.gov.au](http://www.workplace.gov.au)) decreased by 2.2% in March 2008 to 95.5 (November 1997 = 100). Vacancies fell for all three occupational groups: Professionals (down by 2.6%), Associate Professionals (down by 5.4%) and Trades (down by 1.7%). In annual terms, the SVI is 6.8% lower than in March 2007.

In March 2008, the largest falls in skilled vacancies compared to the previous month, were recorded for Queensland (down by 4.2%), New South Wales (down by 4.1%) and Victoria (down by 2.9%). Over the same period, increases in skilled vacancies occurred in the Northern Territory (up by 0.8%) and Tasmania (up by 0.3%).

Over the year to March 2008, falls in skilled vacancies were recorded in New South Wales and Queensland (both down by 14.7%) and Western Australia (down by 11.5%). Over the same period, the strongest increases in skilled vacancies were recorded in the Northern Territory (up by 22.1%), Victoria (up by 6.1%) and Tasmania (up by 5.2%).



## HR Spotlight

**Nathan DeFries**

Group Compensation & Benefits Manager

Luxottica Asia Pacific

Nathan DeFries is the Group Compensation & Benefits Manager, Asia Pacific for Luxottica which owns retail stores and brands such as OPSM, Sunglass Hut, Oakley, Ray Ban & Arnette. His role is to manage the organisation's remuneration and reward frameworks and to attract and align 6000 employees. We spoke to Nathan to find out more...

### What are your career highlights?

Being able to lead compensation through Luxottica Asia Pacific has been such a great journey. Closing a defined benefit plan, building a salary grading structure aligned to talent management and changing every incentive plan in the business have been challenges that have let me work closely with our senior leaders in the region.

### What is the most important element of remuneration management from your perspective?

It is critical that managers can apply aspects of the compensation strategy in an adaptable way that fits individual employee desires and aspirations. When we are able to individualise the rewards offer to an employee I know that we are getting the best return from our compensation spend. I call this an employees reward DNA – it is their unique preferences towards cash, development, long term incentives & flexible work practices.

### What do you use CSI for?

Recently I have partnered with CSI to implement a salary compensation review tool (Remuneration Decision Assistant – RDA) across our Australian business. I also use CSI for a range of general and job family specific remuneration surveys, and for commissioned surveys where unique roles need benchmarking against our competitors.

### How would you rate CSI's service?

CSI is a great partner for me. The skills and knowledge are not just present, but available on short notice. I have built some great working relationships and I enjoy the friendly team culture of CSI.

*Nathan holds a Bachelor of Commerce and Masters of Law from Sydney University.*



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