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Alternative Rewards Survey: Initial Results of Frequency

Recognition and Suggestion Programs Are Most Frequent

Gainsharing Use Doubles in Usage Since 1991

Broadbanding Frequency Is High

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We conducted an alternative rewards survey this spring among approximately 3500 public sector organizations. This was a follow-up survey of an identical survey that was conducted by us in 1991 when we were affiliated with Ernst & Young. The results indicate that much has changed in the use of these programs in the last five years. The survey is being conducted in two parts. The first part, which this newsletter reports on, was a quick survey to identify the prevalence of such programs that are now in place, or planned for in the next 12 months. The second part, which will be reported later and at the national IPMA conference this fall, will provide further details of how the programs are working. The programs that were surveyed included gainsharing, individual incentives, non-cash awards, recognition practices, employee suggestion systems, employee involvement, and broadbanding.

We received 212 responses to our initial survey. While this is a low response rate, we asked participants to return the survey only if they had a program in place now or were planning on installing a program in the next 12 months. The respondents are broken out as follows: cities-55.2%, counties-19.3%, states-17.5% and all others-8%. Seventy four percent of the states responded. The average number of employees in the

responding organizations were as follows: cities-1,325, counties-3,148, states 30,433, all others-4,931.

The most frequent program is recognition programs at 65.1% followed by employee suggestion programs at 48.6% and employee involvement programs at 46.7%. These are the top three most frequent programs in all types of government organizations. This is about a 20% increase over 1991 for each of these programs. In our view, these programs are the most popular because the relative ease with which they can be adapted to nearly any organization.

Non cash awards, usually consisting of time off with pay is in 25% of the organizations (up from 14% in 1991) followed by broadbanding at 16.5%, skill/knowledge pay at 14.6% and individual incentives at 10.8%.

Gainsharing, which is probably one of the more difficult programs to install in government, is in place in 6.1% of the respondent organizations. Other types of awards, which consist of a mixture of several different types of programs, such as bonuses and increased vacation time make up the remaining 13.2% of programs.

In comparison to our 1991 survey, this survey indicates that skill/knowledge based programs and gainsharing have increased substantially in the last five years. Broadbanding is also popular, however, we did not survey that topic in 1991. The frequency of

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gainsharing, for example, has doubled in frequency since 1991 from 3% of the respondents in 1991 to 6.1% in this latest survey. Counties and states have shown the most increase in the use of gainsharing programs.

It appears to us that the National Performance Review, conducted under the guidance of Vice-President Gore, has awakened the public sector policy makers to the potential benefits to adopting alternative forms of pay and recognition programs in the public sector. We are seeing a more favorable attitude among the governments to exploring alternatives to the straight time in grade, seniority or step-based pay programs that have literally dominated the landscape of pay programs for the many years.

Another interesting finding was the frequency of broadbanding as an alternative form of compensation design. Now in use by 16.5% of the respondents, states and school districts appear to be the most frequent users of this type of pay plan. We suspect that this is because schools and states have been more likely to see the benefits to broadbanding to improve the administration of pay programs through fewer pay grades and fewer job classifications.

In terms of planned programs in the next 12 months, the respondents indicated that broadbanding was tops on the list of new programs, followed by nearly consistent frequency of all other types of alternative reward programs among the programs surveyed. Skill/knowledge programs are the next most frequent at 13.2%. States are leading the change in skill/knowledge programs and broadbanding programs. Counties are leading the change in both skill/knowledge programs and gainsharing type pay programs at 12.2% for each. Agencies of the federal government and schools have

the least number of new programs planned. In fact, federal agencies who responded to the survey have indicated that no new programs are planned for the next 12 months. Among the cities, counties and states that responded, if they already have an alternative reward program in place, nearly all stated that they were exploring other programs for the next 12 months. Obviously, if an organization already has an alternative program in place they have received enough positive feedback to energize them to explore additional programs over the next year.

The second part of the survey will explore each of these programs in more depth including policy makers and personnel directors attitudes about alternative pay programs and the level of success that each of these programs have experienced.

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If you are exploring the use of alternative pay programs for your organization, give either Jim Fox or Bruce Lawson a call, We can help you think through the potential opportunities how one of these programs might benefit your organization. Jim is in our Roseville office and Bruce can be reached in Phoenix.