

Media Contact: Frances Denny, Marketing Manager, Aon Hewitt  
 02 9253 8251  
[frances.denny@aonhewitt.com](mailto:frances.denny@aonhewitt.com)

25 October 2011

## Money talks but talk is cheaper...

New findings released today from Aon Hewitt’s Employee Pay Perception Report, show that employers don’t have to increase pay to achieve a higher pay satisfaction. Communication strategies can be just as effective and a far cheaper way of keeping staff happy...

In the study; which surveyed over 37,500 employees from 110 companies in Australia and New Zealand; workers were asked 40 questions. Those that correlated most closely to employees’ pay satisfaction rating (i.e. those that strongly agreed or agreed with the statement ‘I am paid fairly for the contribution I make to the organisation’s success) are listed in order below:

**Table A: Pay Satisfaction – I am paid fairly for the contribution I make to the organisation’s success**

Rank (in order of correlation)	Question
1	Overall, my benefit plan meets my (and my family’s) needs well
2	This organisation delivers on the promises it makes to employees
3	Our organisation recognises the need to balance social, environmental and financial responsibilities
4	I rarely think about leaving this organisation to work somewhere else
5	It would take a lot to get me to leave this organisation

Note: Common outcomes from survey results in Tables A and B are highlighted in blue, with additional benefits derived from communication left clear.

By drawing on Hewitt’s Remuneration Survey databases, in addition to the Pay Satisfaction data, Aon Hewitt were able to examine the link between the increase of pay and an employee’s perception of their pay level. Findings showed that to increase pay satisfaction amongst the employee population by 10%, firms needed to increase pay levels by 8.5%.

*“When looking at a median salary of \$70,000 per annum, the Employee Pay Perception Report identified that it would cost nearly \$6,000 per employee to achieve increased pay satisfaction, which of course would only increase satisfaction at that point in time; costs would carry on to the next period and grow year on year.”* comment Jairus Ashworth, Head of Reward - Australia and New Zealand, Aon Hewitt.

### TALK IS CHEAPER...

Interestingly, the Employee Pay Perception Report showed the points below correlated most strongly to the statement ‘I have a good understanding of how my pay and rewards are determined.’ Showing that organisational communication and ensuring an understanding of pay amongst the workforce can lead to similar positive benefits as a pay increase, namely retention and perceived delivery of promises. However, other benefits are also derived also.

**Table B: Communication of Pay and Rewards**

Rank (in order of correlation)	Question
1	This organisation delivers on the promises it makes to employees
2	Overall, the way we reward and recognise people in this organisation helps us produce the results we want
3	It would take a lot to get me to leave this organisation
4	My performance has a significant impact on my pay
5	The way we manage performance here keeps me focused on achieving this organisation's goals
6	My manager helps me understand the organisation's goals and how my work contributes to them

Note: Common outcomes from survey results in Tables A and B are highlighted in blue, with additional benefits derived from communication left clear.

*'The overlap with the linkages to overall perception of pay are striking; we can immediately see that a good reward communication strategy gives us a workforce that believes their employer delivers on its promises to employees, and motivates staff to stay there. In addition, we can see that when employees clearly understand how their pay and rewards are determined, staff are focused on achieving goals, and feel that their performance has a significant impact on their pay'* notes Ashworth.

The results are clear, by effectively communicating their reward strategy to employees, organisations can reap all the benefits associated with increasing levels of reward AND provide employees with a much better understanding that their pay is linked to performance.

*"Whilst effective communication of reward strategies would have cost implications in terms of time and resources, it would certainly cost less than an average \$6,000 per employee. It is clear that driving pay satisfaction through increased remuneration is a very expensive process, and fails to emphasise to employees the importance of performance."* summarises Ashworth.

-ENDS-

#### **About Aon**

[Aon](#) Corporation (NYSE:AON) is the leading global provider of [risk management](#) services, [insurance](#) and [reinsurance](#) brokerage, and [human resources](#) solutions and [outsourcing](#). Through its more than 59,000 colleagues worldwide, [Aon](#) unites to deliver distinctive client value via [innovative](#) and effective [risk](#) management and [workforce](#) productivity solutions. Aon's industry-leading global resources and technical expertise are delivered locally in over 120 countries. Named the world's best [broker](#) by [Euromoney](#) magazine's 2008, 2009 and 2010 Insurance Survey, Aon also ranked highest on [Business Insurance](#)'s listing of the world's [insurance brokers](#) based on commercial retail, wholesale, reinsurance and personal lines brokerage revenues in 2008 and 2009. [A.M. Best](#) deemed Aon the number one insurance broker based on revenues in 2007, 2008 and 2009, and Aon was voted best insurance intermediary 2007-2010, best reinsurance intermediary 2006-2010, best captives manager 2009-2010, and best [employee benefits](#) consulting firm 2007-2009 by the readers of *Business Insurance*. Visit <http://www.aon.com> for more information on Aon and <http://www.aon.com/manchesterunited> to learn about Aon's global partnership and shirt sponsorship with [Manchester United](#).