

classified



PROPERTY FOR SALE P2 | TO LET P6 | PROPERTY WANTED P6-7 | SITUATIONS VACANT P7 | SERVICES P7

A modern, humane remuneration model

REINHOLD M. KARNER



Despite digitalisation, AI and robotics, good and loyal employees are an organisation's most important and valuable 'assets'. Ultimately, people ensure long-term success and prosperity through creativity, responsibility and commitment. Therefore, the question has always been about a fair, sustainable, success-stimulating and attractive remuneration both for employees and employers.

A remuneration model should not be too complex and yet be coherent. At the same time, old ways of thinking often get in the way. Let's look especially at four of them here.

The first antiquated thought pattern says that work is a compulsion. Work is an unavoidable necessity and cannot be based on freedom, joy and self-realisation.

The second thought pattern is that people are by nature unwilling to work. Therefore, they must either be motivated ("carrot") or put under pressure ("stick").

Both lead to the sordid and false assumption that people are inherently lazy and do not want to work.

The third, equally inaccurate pattern of thinking is that employees have nothing else in mind but to keep employees in their place and exploit them.



It is important to reward employees' strengths rather than weaknesses. PHOTO: SHUTTERSTOCK.COM

The fourth wrong way of thinking is assuming that an employee is constantly rebelling, either himself or by proxy and playing the defensible David against Goliath.

These wrong, old-fashioned thinking patterns lead to working against each other, wearing each other out and becoming frustrated. However, a robust, sustainable success can only be achieved by working together, primarily when focusing on something meaningful, and enthusiasm plays a role. It often becomes apparent that the vast majority of people perform well with pleasure and satisfaction, thinking along with the company and are excellent team players. Provided that managers have the necessary trust in them.

PEOPLE LIKE TO WORK

Let's face it: in a welfare state, no one has to work. We survive that way too. Nevertheless, most people take advantage of the freedom to look for their dream job or at least a career with development opportunities.

Alternatively, anyone can even become their boss as a self-employed person or entrepreneur at any time. The commitment of entrepreneurs is also based purely on willingness and enjoyment. Every top performer could alternatively put his feet up, get hired or try his luck on the stock market.

This brings us to the basis of a contemporary remuneration model: it needs trust and a

respectful relationship at eye level. Employees should be able to trust that a decent employer will also run the company in its employees' interests and that employees will be fairly remunerated in the process.

The respectable entrepreneur's aim is not to just reap and keep the benefits for himself; however, he is entitled to profits and these are necessary in order for the company to continue to prosper and position itself as crisis-proof as possible.

THREE LEVELS OF REMUNERATION

Once these preconditions have been established, this three-tier hybrid system has proven its worth:

Level 1. Basic pay: every employee first needs a fixed basic income that can be reliably counted on every month to cover their fixed costs (housing, household and food, clothing, material costs, mobility, etc). This basic payment should never be so high that it is already sufficient for the employee. Instead, this is – deliberately – rather the lowest usual on the market so that the further remuneration levels develop their desired, guiding leverage effect.

Level 2. The performance-related component: This is about appreciation, recognition and profit-sharing for good performance. It is based on what is in demand in the profession and the respective industry. Unambiguous rules and measurable, comprehensible values for both sides must be defined for such variable income to prevent arbitrariness. If results such as quality criteria, business and productivity goals and time targets are actually required, then payment should also be result-oriented. Level 2 can also depend on reliability, for example, of night security guards or on-call services, or to social components contributing to atmosphere, such as the spread of cheerfulness in crucial positions of mood-makers, like receptionists, secretariat or hotline operators.

Level 3. Peak performance: This is when someone achieves something that is far beyond good performance. However, it should be used sparingly because its reward should remain exceptional. A top performance could be an ingenious idea that improves the production method many times over or creates a significant competitive advantage. Or an

CONTINUED ON PAGE 12

YOUR HOME YOUR WAY

Get in touch | bov.com/homeloan | [f @bovofficial](https://www.facebook.com/bovofficial)

All loans are subject to normal bank lending criteria and final approval from the Bank. The term of the loan must not go beyond retirement age. Issued by Bank of Valletta p.l.c. 58, Triq San Zakkaria, Il-Belt Valletta VLT 1130. Bank of Valletta p.l.c. is regulated by the MFSA and licensed to carry out the business of banking in terms of the Banking Act (Cap. 371 of the Laws of Malta). | COM 2635

BOV

Bank of Valletta

CLASSIFIED **INSIGHT**

The three pillars of corporate sustainability

Sustainability is often referred to as “meeting the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland Commission Report, United Nations, 1987).

Such needs fall under the umbrella of the ESG (environmental social governance) pillars, that businesses are increasingly implementing as part of their corporate social responsibility strategies. The scope of this article is to analyse each pillar and its impact on businesses.

Environment

The environmental pillar encompasses safeguarding the environment, as well as researching and developing technologies aimed at preserving the ecosystem while ultimately ending harmful practices and processes. This aspect is probably the one businesses tend to focus on when kickstarting their sustainability policies.

Reducing carbon footprint has an immediate return in terms of corporate image and bears a positive impact on raising finance, as both investors and the public are increasingly considering the environmental impact of businesses they decide to support.

Society

This aspect doesn't just encompass focusing on practices having a positive impact on society at large but primarily deals with the mental and physical well-being of employees. Successful businesses are supported by their employees and such support can only be achieved by adopting internal policies guaranteeing safety, fairness of treatment, appropriate remuneration and an adequate work-life balance.

From a society perspective, companies must build a reputation as reliable partners and allies to the communities they operate in, hence the necessity of developing community outreach programmes and policies aimed at creating positive engagement with the public. On a global scale, businesses must be aware of their entire production and supply chain, ensuring that environment-friendly practices and labour laws are scrupulously followed.

Governance

Both private and public entities find themselves compelled to reassess their practices to fall in line with good governance principles. The governance pillar, therefore, addresses the importance of transparency in accounting practices, regulatory



Incorporating environmental, social and corporate sustainability into corporate practices is becoming a must for businesses worldwide.

compliance and keeping the company's values aligned with the expectations of government bodies, the community, value chains and end-user customers.

Accountability and good governance are becoming increasingly important, as well as regular corporate sustainability reporting, which lays out the sustainability objectives of a business and its progress in attaining them.

Sustainability reports may include a plethora of information about the company's sustainability strategy, the use of resources and the effects of its operations on the community and the environment.

The achievement of good governance ultimately fosters sustainability, allowing businesses to reduce risks, mitigate crises and attract new investors.

Why is corporate sustainability good for your business?

Incorporating environmental, social and corporate sustainability into corporate

practices is becoming a must for businesses worldwide. In addition to having a positive environmental and social impact, a corporate strategy calibrated on sustainability can boost brand equity, meet consumer demands, increase operational efficiency, attract talent and open the door to new markets and business opportunities.

The transition to a sustainable model may be a complex and time-intensive process, requiring the execution of feasibility studies and the evaluation of the risks and impacts of change on your operations.

To that end, Grant Thornton's multidisciplinary team gauges the environmental, operational, social and financial impacts to better inform the decision-making process of its clients.

For guidance on how to transition to a sustainable model, contact Grant Thornton's sustainability team by e-mailing wayne.pisani@mt.gt.com or by visiting www.grantthornton.com.mt/sustainability/.



WORK IN SICILY FOR 6 MONTHS

Excellent Mediterranean Net Project

Who can apply:

- Age between 18-29 years*
- Unemployed
- Maltese or International
- Have a full Level 4 Qualification

Payment of €2,000 per month

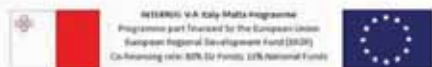
Apply by 9 May 2022

*As per EU Project C2.2.2.102

interreg-men@mcast.edu.mt
2398 7207
mcast.edu.mt

Gain work experience in:

- Blue Economy
- Health and Quality of Life
- Environmental Protection
- Sustainable Tourism



Acknowledging peak performances

CONTINUED FROM PAGE 1

outstanding commitment by someone outside their area of responsibility that results in an order worth millions. Or when a receptionist, with all her charm, conducts a conversation with an angry customer, calms him down, sustains the customer relationship, leading to new order being placed. Also, a high, extraordinary commitment in an emergency, an almost superhuman performance or when someone demonstrates civil courage.

Such peak performances should always be acknowledged in front of the assembled staff and should always be rewarded with adequate multiple offers (money, benefits in kind, time) from which the employee is free to choose.

REWARD STRENGTHS, NOT WEAKNESSES

It is important to reward employees' strengths rather than weaknesses. This includes always giving open feedback on any weaknesses and clarifying: “If you want to carry on with your weaknesses, that's your business. You are, so to speak, your own entrepreneur within yourself. If you want to correct them – wonderful! We will support you and gladly reward you for everything you turn into strengths”.

This gives a helpful approach to designing a modern, people-oriented, humane remuneration model, promoting overall sustainable success and having a continuous existence model through a self-developing pull effect.

Reinhold M. Karner is an entrepreneurship and start-up evangelist, chairman, entrepreneur, author and Royal Society for Arts, Manufactures and Commerce (RSA) fellow.