

Total Reward

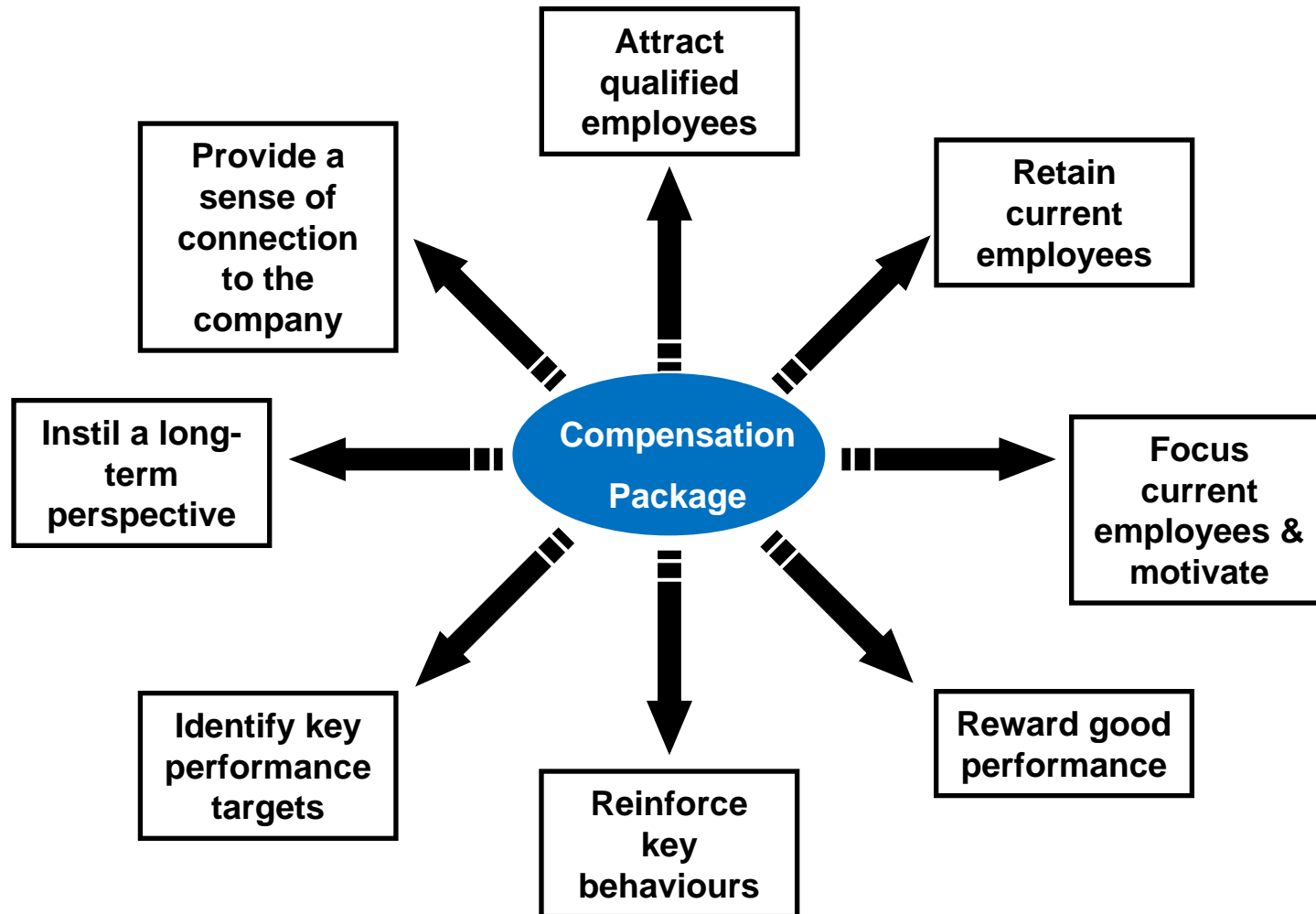
Professor Shaun Tyson
Cranfield School of Management

The Business Case

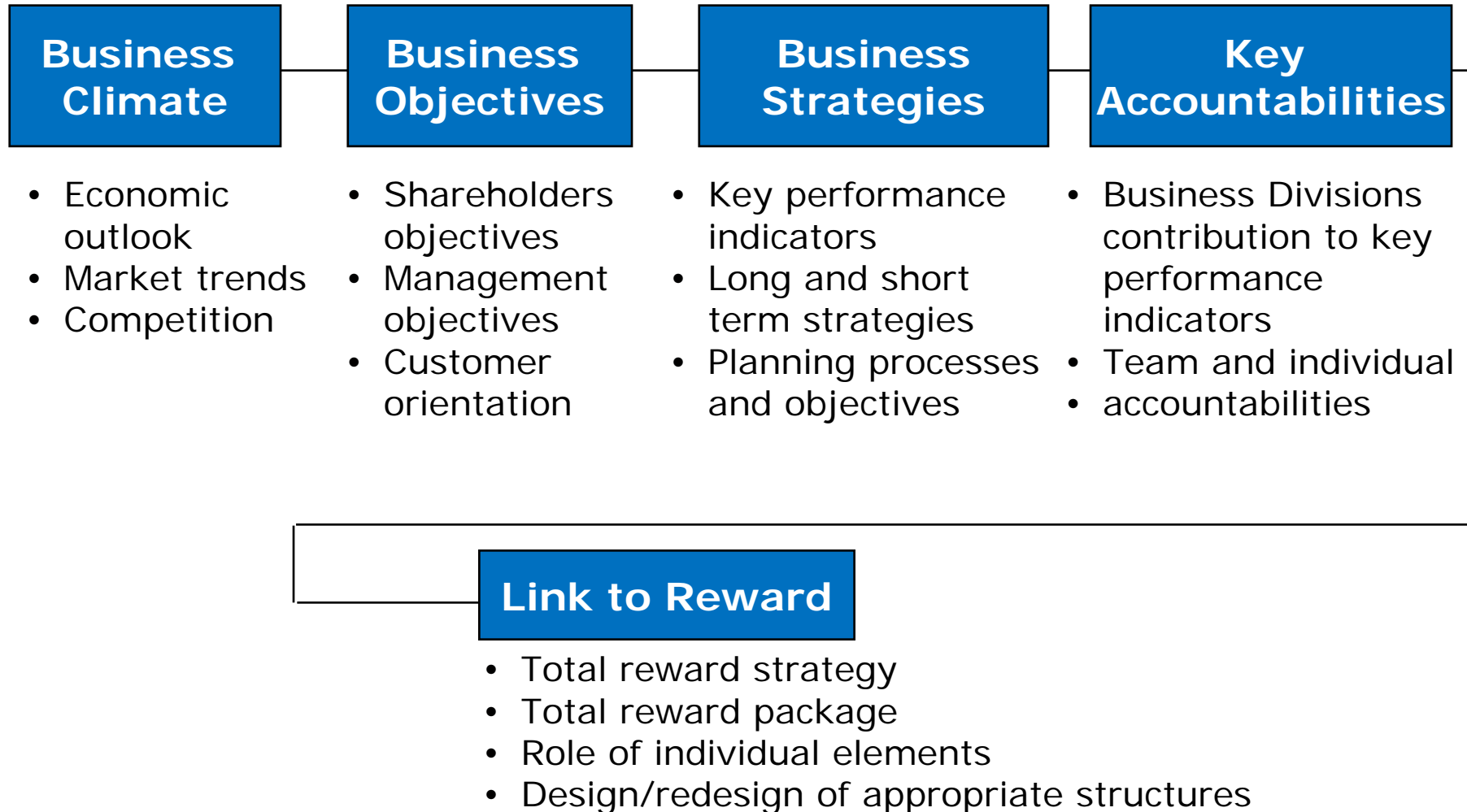
Marketing Rewards

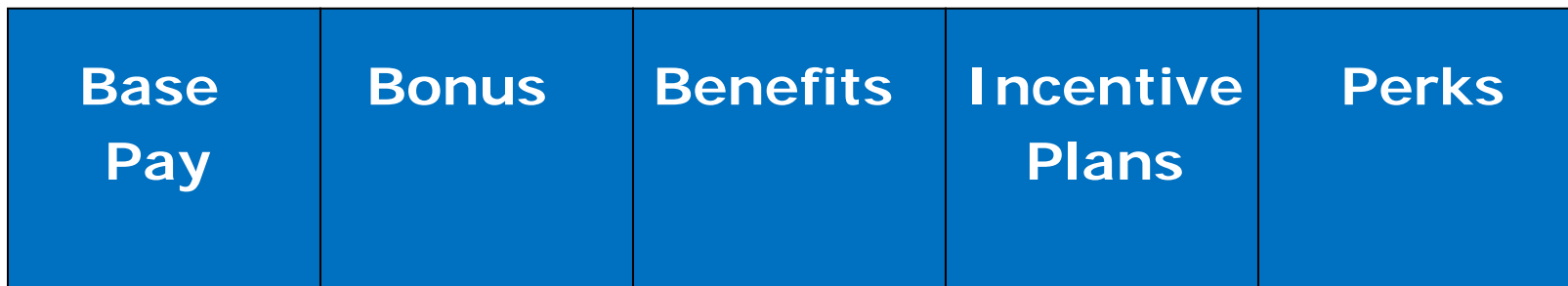
Coherence of Rewards

Adapting Total Rewards



Linking reward to strategy: line of sight



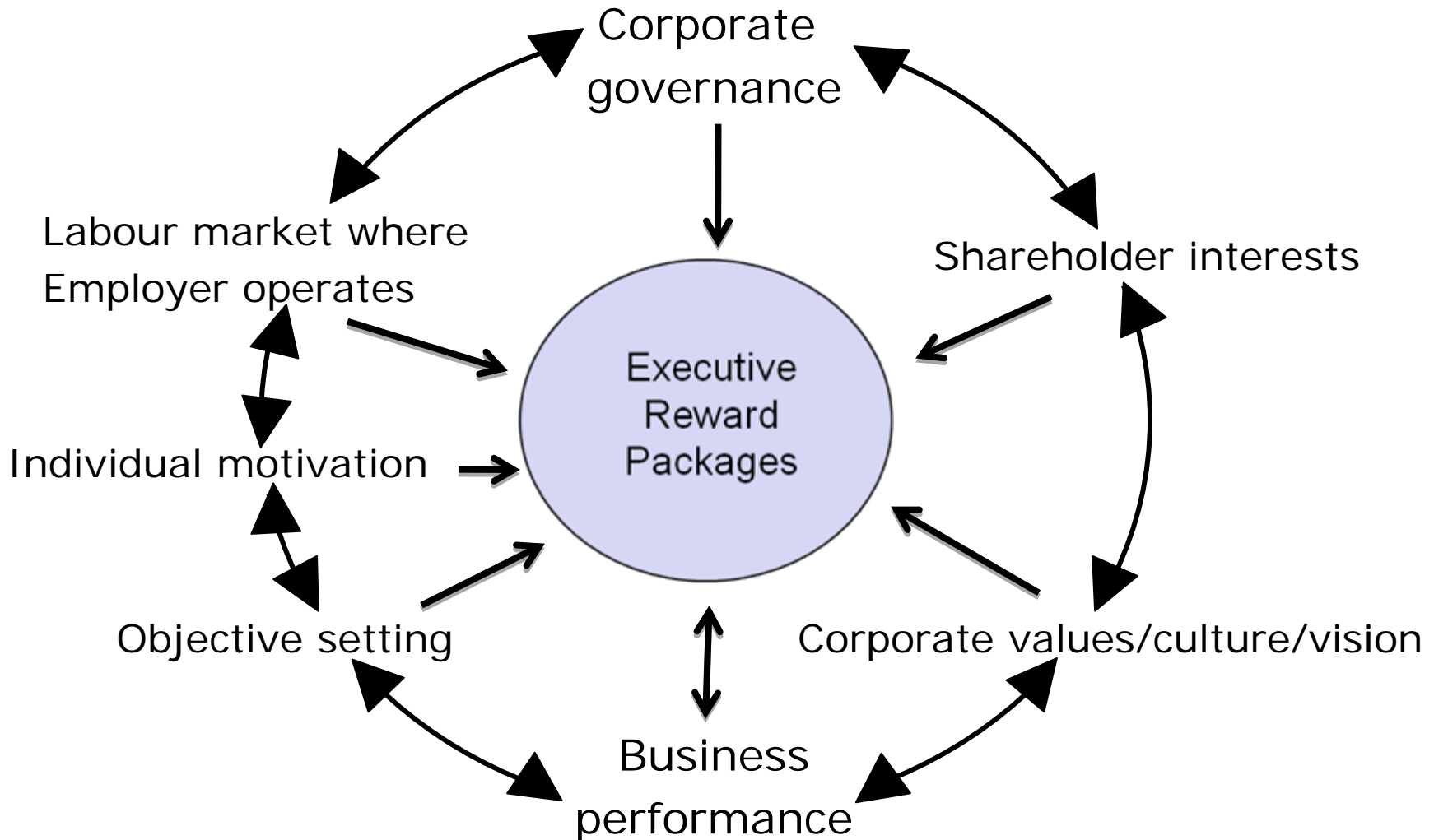


Relationship of elements to objectives

Auditing fit of reward to business strategy

Item of Compensation	Fairness	Competitiveness	Motivation	Retention	Security	Cost Effectiveness	Build Shareholder Value
1. Basic Salary	X	X		X	X	X	
2. Incentive Compensation	X		X			X	X
3. Deferred Bonus (Cash)		X	X			X	X
4. Share Options/ Performance Shares			X	X			X
5. Share Ownership	X						X
6. Retirement/Benefit Programmes				X	X		
7. Perquisites/Fringe Benefits				X	X		

Reward as the centre of internal and external pressures



Internal v. External labour markets where they are traded

Internal

Line Managers = Customers (cost effective)

Employees = Consumers (meets motivational needs)

External

Competitive within sector (median to upper quartile)
and with other companies
as part of the package

Relating benefit products to the employer brand, and to the brand values

- Occupational/sectoral
- Gender
- Age/generational
- Geographic

The four generations in the workplace

Generation	Assets in the Workplace	Leadership Style Preferences
<i>Traditionalists</i> Born 1922–1945 Ages 63–86	Hard working, stable, loyal, thorough, detail-oriented, focused, emotional maturity	Fair, consistent, clear, direct, respectful
<i>Baby Boomers</i> Born 1946–1964 Ages 44-62	Team perspective, dedicated, experienced, knowledgeable, service-oriented.	Treat as equals, warm and caring, mission defined, democratic approach.
<i>Generation X</i> Born 1965–1980 Ages 28-43	Independent, adaptable, creative, techno-literate, willing to challenge the status quo.	Direct, competent, genuine, informal, flexible, results-oriented, supportive of learning opportunities.
<i>Millennials</i> Born 1981 – 2000 Ages 8 - 27	Optimistic, able to multitask, tenacious, technologically savvy, driven to learn and grow, team-oriented, socially responsible.	Motivational, collaborative, positive, educational, organized, achievement-oriented, able to coach.

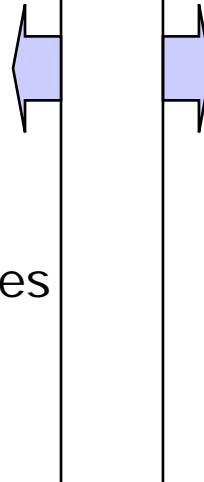
Source: HR Magazine March 2009,

Flexible benefits/salary sacrifice schemes

The Effort – Reward Bargain

Rewards

- Basic pay
- Incentive bonus
- Fringe benefits
- Time off
- Autonomy
- Satisfying work
- Power and influence
- Relationship with colleagues
- Sense of achievement
- Self-evaluation



Effort

- Physical measurable effort
- Mental effort
- Willingness to work extra hours
- Good attendance
- Co-operation with change
- Commitment
- Initiative
- Co-operation with others
- Enthusiasm
- Flexibility

TANGIBLES

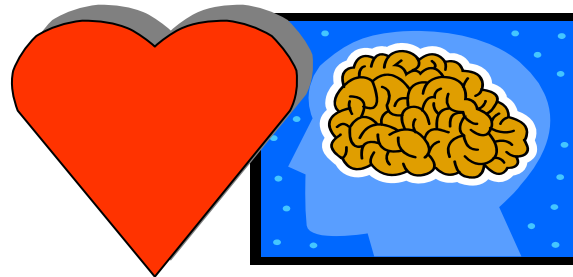
- Physical environment
- Sustainability of work
- Work facilities
- Security

LIFESTYLE

- Social environment
- Life style balance
- Caring environment

WORKSTYLE

- Working relationships
- Risk sharing
- Freedom & autonomy
- Pace of work



PAYMENT

- Market pay
- Market benefits
- Fairness of reward

QUALITY OF WORK

- Perception of the value of work
- Achievement
- Challenge
- Recognition
- Work interest

BUILDING FOR THE FUTURE

- Employability
- Career Advancement
- Learning and development
- Performance improvement & feedback

Internal coherence around organisational values and the Brand found in the employee experience of work

- Companies not always able to protect pay and benefits
- Economic downturn – tax increases, public expenditure costs
- Reduced public services

- Reduce range of benefits
- ROI changes as interest rates change
- Frequent reviews – avoid contractual perks
- Monitor effects and take-up
- Deliver benefits to an age diverse/gender diverse workforce
- Leadership and management style motivators
- E-enable rewards

- Health services
- Pensions
- Employee engagement

What will the future package look like?

Base Pay	Bonus	Benefits	Incentive Plans	Perks
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Base Pay	Bonus	Benefits	Incentive Plans	Perks
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Organisation culture and leadership style

- Reducing uncertainty
- Avoiding low trust
- Nurturing emotional engagement
- Building commitment and organisational citizenship
- Developmental styles
- Creating organisational agility