

Total rewards system

[Business](#), [Human Resources](#)



Introduction:

“ Motivating the individuals that work for you is one of the most important functions that you will have as a manager” (People Skills, 2006). Practically dealing with an employee and making him/her do things for which they are hired is one of the biggest challenge a manager of any organization faces. But there may be individuals who would work very hard for the rewards the company provides them. At the same time there are some employee who are very hard to be pleased no matter what rewards are given to them.

Total Rewards is all of the tools available to the employer that may be used to attract, motivate and retain employees. Total rewards include everything the employee perceives to be of value resulting from the employment relationship (Corey Rosen et al, 2006).

Through out the history of any organization the employers have always been challenged to attract, motivate and retain their employees. Right from the days of the barter systems to the present complex production formulae the organizational principle has been the same. The principle of employees providing the enterprise with productivity and results and in turn they will be provided with something of value.

According to Bob Nelson raise is not the only thing which motivates an employee neither does promotion. Some intangible, unexpected gestures which shows real appreciation for a well done job sparks a person to perform his best. Companies and organizations make use of rewards and recognitions to increase their productivity and at

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the same time retain their valued employees making them happier. For instance the different types of rewards or recognition can be similar to: Airplane mechanics who are rewarded with balloons and pinwheels or it can be; A manager calls his employees' mothers and thanks them for raising such industrious children or even; ideas from the offbeat (The Margarita Award) to the company-wide (a quiet room) to the embarrassingly simple (a hand-written thank you note) to the wacky (the Laugh-a-Day challenge) to the formal (a two-week promotion to special assistant to the president). Bob, Nelson 2005

In this paper, the concept of total rewards is being discussed and a comparison with the more traditional approaches to compensation and benefits has also been discussed.

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Discussion Organizations today are laying a high degree of emphasis on getting high quality credible market insights to make informed HR decisions and to manage people which are their key value differentiators (The NASSCOM–Hewitt Total Rewards Study, 2007). Historical picture: (<http://www.worldatwork.org/waw/aboutus/html/aboutus-what-is.html>).

During the 1970s and 1980s, organizations discerned that tactically planned compensation and benefits programs gave them the edge in a quickly changing environment.

It looked as if the different organizations were responding to:

- The development which was taking place from the global economic perspective and also the emergence of multinational firms.
- Emerging competitive business environment
- Variegation of the work force so that it included workers who did not come under the purview of the sole breadwinner, head-of-household model of the '50s and '60s

- Employee benefit mandates which related to the employee benefits were released by the government.

All of a sudden the relatively simple compensation and benefit plans which was existent during the past no longer worked. The key was integration and professionals in

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the field of compensation and benefits and professionals emerged as serious tactical partners in their organizations' leadership.

The perception of total rewards came forth in the 1990s. It was a new way of thinking about compensation and benefits, linked to other tangible and intangible ways which a company seeks to attract, motivate and retain its employees. Thus it is clear that a conflict involving retaining of talents was to be one which was highly effective, strategically designed compensation and benefits programs. Some of the organizations which were most successful realized that they have to give the term ' total rewards' a much broader definition by looking at the different factors involved in attraction, motivation and retention. The companies' realized that they had to include compensation, work-life, benefits, development and career opportunities and performance and recognition had to be added to their strategic advantage. Table showing an overview of total rewards.

(Robert, Maths, L & John, Jackson, H 1996)

Total Rewards 7 Advantages and disadvantages of total rewards: (Corey Rosen et al, 2006) The most basic reasons for providing total reward to

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employees is that it extenuates the odds of an employee wrongly underestimating their benefits package. This helps to guarantee that benefits given by the company should not be taken for granted. They should be looked at as a valid and valuable portion of their full package of remuneration. This in turn aids in encouraging the loyalty of the staff and work force and motivates them due to such introduction of benefit schemes. A total reward system also is advantageous for the recruitment process. The complete picture of the pay package and the different reward offerings can be informed to the new recruits at the time of recruitment itself. This will be helpful when the salary offering is low but benefits are attractive. This will stop or even reduce the option of potential employees being tempted elsewhere due to higher salary.

Even though total reward is regarded as the next logical step since implementation of flexible benefits there is no package which can be taken from off-the-shelf and implemented. Developing a suitable plan is extremely composite and is not free of risks. Thus consultants have to be appointed so that the companies which are planning to implement total rewards can seek their help.

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Conclusion:

Thus the global economy changes have brought in some challenges to the employer which has made it difficult to retain talent. They had to compensate such talents with total rewards. Total rewards are programs which must include services and experiences which have an affect on the commitment and actions of an organization's employee. Some of the total rewards programs are offered to virtually everyone since they are employed by the organization and these are the basic type programs. Apart from this there are organizations which have rewards for individuals as recognition of the " performance" of an individual or a group.

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References: 1. Walter Clay, 2006 Total Rewards System, University of Phoenix. 2. Corey Rosen et al, 2006 Ultimate Rewards: What Really Motivates People, Perfect Paperback. 3. Bob, Nelson 2005, 1001 Ways to Reward Employees, Workman Publishing Company, Inc. 4. <http://www.worldatwork.org/waw/aboutus/html/aboutus-what-is.html> 5. Robert, Maths, L & John, Jackson, H 1996, Human resource management, South-Western College Pub.