



Unlock the Power of Total Rewards: A Model for Impact

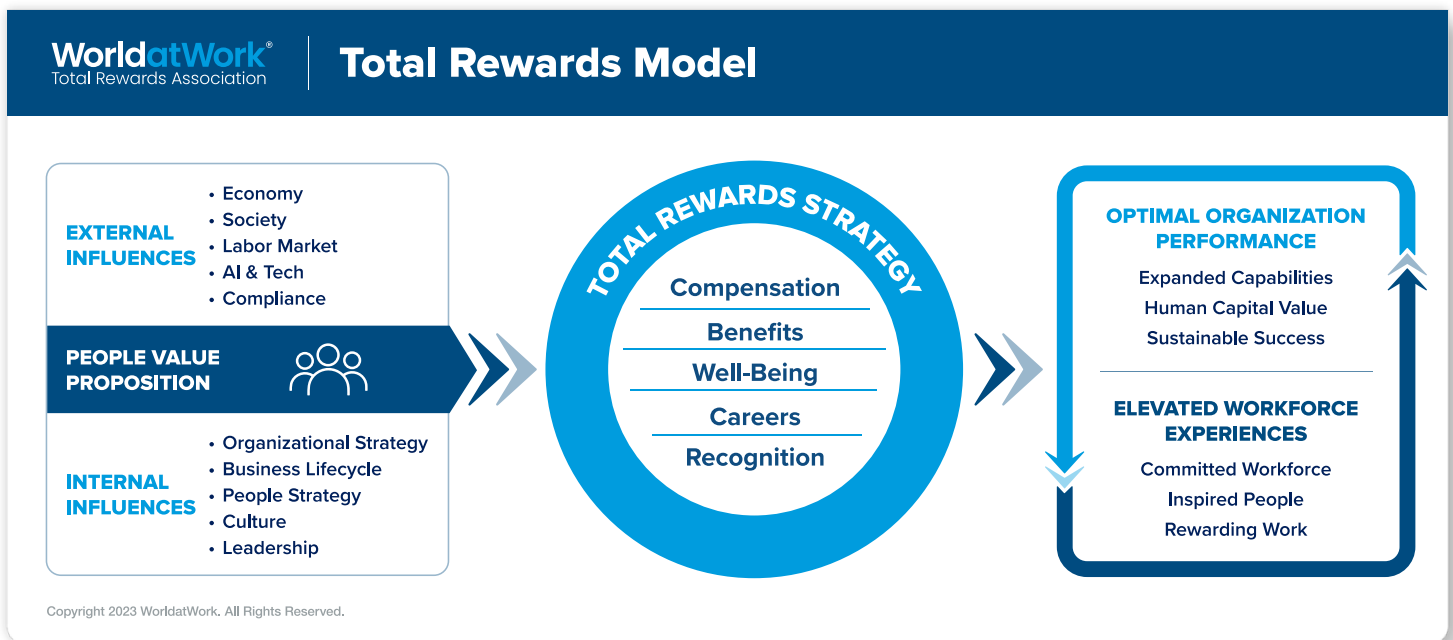
Unlock the Power of Total Rewards: A Model for Impact

Total Rewards refers to a strategic portfolio of commitments employers deploy to attract, retain, and nurture a skilled, talented, and engaged workforce.

A well-crafted Total Rewards program leverages five strategic elements: **compensation, benefits, well-being, careers, and recognition.** These elements are proven to attract, motivate, and engage the right people organizations need to produce its desired results.

The WorldatWork Total Rewards model illustrates the dynamic relationship employers and employees share when rewards are exchanged for work. It emphasizes the strategic elements of this exchange and how external and internal factors can shape an employee rewards strategy and impact its outcomes.

The model has been established as a standard for professional practice since 2000, updated regularly to reflect macro changes in business, the workforce, and evolving practices in the Total Rewards profession.



Total Rewards: Your Essential Tool Kit for Success

It may be easiest to think of a Total Rewards strategy and its components as an interdisciplinary tool kit that helps an organization deliver on its people value proposition. The ideal outcome is a workforce of productive, inspired, and committed employees driven to meet the organization's objectives and deliver meaningful results.

The five elements every Total Rewards tool kit should contain are outlined below:

Compensation involves total pay or remuneration provided by an organization to its people in exchange for services, including both fixed pay and variable pay tied to overall contributions.

Benefits focus on health and welfare, income protection, financial preparedness, retirement, and time off (including leaves of absence) to provide holistic wellness and security for people and their families.

Well-being programs support employee success inside and outside work, helping people be productive, comfortable, happy, and healthy in ways that consider physical, emotional/mental, financial, and environmental factors.

Careers offer employees opportunities to advance their skills, nurture a sense of purpose, and elevate their employability.

Recognition expresses gratitude, provides validation, and celebrates individual and workforce contributions, while aligning and strengthening organizational culture.

Navigating Influences and Empowering the Modern Workforce

Professionals in Total Rewards must have a keen understanding of, and the capacity to adapt to, ever-changing needs both within and outside an organization. They must carefully evaluate numerous factors, both internal and external, that influence the Total Rewards strategy.

At the heart of the five elements of Total Rewards is the **people value proposition**, which provides the essential context for creating successful programs that attract and retain a productive, capable workforce primed to drive success throughout the organization.

External influences are constantly evolving and must be monitored for business needs and impact. Adjusting and adapting to changing environments is time sensitive.

The **people value proposition** describes the equitable exchange of what individuals give to their company and what they receive in return. It encompasses aspects of employment that today's workforce values, such as financial security, a sense of purpose, recognition, positive work relationships, fairness, development, remote/hybrid work options, and flexibility.

Organizational strategy serves as the guiding **internal influence** and "true north" of any rewards program. This strategy can be impacted by the business lifecycle, such as when a company enters a startup, maturity, or rebirth stage.

For this reason, all people or HR strategies, including those designed to motivate and reward

performance, must be aligned with organizational and business objectives. Rewards programs must also be developed within the unique context of each organization's distinct culture.

EXTERNAL INFLUENCES

- Economy
- Society
- Labor Market
- AI & Tech
- Compliance

PEOPLE VALUE PROPOSITION



INTERNAL INFLUENCES

- Organizational Strategy
- Business Lifecycle
- People Strategy
- Culture
- Leadership

External influences that inform an organization's strategic approach to Total Rewards:

- **Economy:** Organizations must assess and predict changes in conditions that will affect their business and strategy, and their rewards programs must flexibly adapt to these conditions.
- **Society:** Shifting social norms and trends have an impact on the business, its workforce, and its rewards offerings.
- **Labor Market:** Analyzing labor market trends and movements, including the supply and demand of people with specialized skills, helps to balance the cost of attracting and retaining the necessary talent.
- **AI and Technology:** Leveraging data and technology helps to identify risks and opportunities, automate work, and impact how work is rewarded.
- **Compliance:** Quickly responding to changes in the legal and regulatory environment helps ensure rewards programs are implemented effectively.

Internal influences that inform an organization's strategic approach to Total Rewards:

- **Organizational Strategy:** Rewards programs help communicate expectations, align efforts, and motivate the behaviors that deliver results.
- **Business Lifecycle:** The lifecycle of an organization—whether it be start-up, rebirth, or somewhere in between—will influence the purpose of rewards as well as the available capital to fund a holistic rewards strategy.
- **People Strategy:** People are diverse, and their unique needs form the foundation of every Total Rewards strategy. Rewards must be tailored to meet the needs of both an organization's candidates and employees, therefore inclusivity and value must be a priority.
- **Culture:** As a shared set of values and beliefs that emerge through people's interactions, culture embraces an organization's vision, principles, and norms. Rewards can dramatically impact employee experiences and outcomes while shaping and reinforcing the desired culture.
- **Leadership:** Leaders should actively promote rewards programs for maximum success. Therefore, Total Rewards practitioners should collaborate with organizational leaders to align business goals with the rewards program and ensure it is understood, used, and appreciated by employees.

How a Total Rewards Strategy Drives Winning Outcomes

Crafting an effective and integrated Total Rewards strategy is both challenging and crucial. It requires alignment with the organization's business strategy, human capital strategy, HR strategy, and people value proposition to create comprehensive programs within the five elements of compensation, benefits, well-being, careers, and recognition.

How organizations leverage and mix these elements for their Total Rewards strategy is a process that's both creative and analytical.

People-centered rewards must be prioritized while ensuring that all reward elements are designed and implemented in harmony with business goals. This collaboration enhances organizational performance and fosters motivated, productive workers who feel valued and acknowledged for their contributions, thus driving the organization toward greater success.

Organizations that have fostered highly engaged workforces have mastered the art and science of designing the right reward programs, applied at the right time to motivate or recognize the right contributions. Total Rewards unlocks the potential for excellence that individuals bring to work every day, creating a virtuous cycle in which both people and organizations emerge as winners.



OPTIMAL ORGANIZATION PERFORMANCE

- Expanded Capabilities
- Human Capital Value
- Sustainable Success

ELEVATED WORKFORCE EXPERIENCES

- Committed Workforce
- Inspired People
- Rewarding Work

The Power of Total Rewards

When business strategy, culture, and Total Rewards programs are aligned, the result is productive, committed, and inspired employees who contribute their time, talent, and efforts at their highest levels. In turn, their engagement elevates the performance of other individuals and teams and boosts the bottom line.

A thoughtfully designed Total Rewards program can effectively close the gap between what happens at work and what's possible. It is the most direct path to achieving organizational outcomes and delivering the highest value to your workforce.



A TOOL FOR THE PROFESSIONAL

Marie is an expert in rewards. Her role is to help her company develop and implement Total Rewards strategies suited to its specific needs and goals. To do this, she uses the WorldatWork Total Rewards model to give strategic direction to her leadership team.

She has found it's a great tool to explain the different aspects that contribute to winning Total Rewards strategies that promote success, foster engagement, and draw in the right talent.

To make sure her advice and solutions are based on the most up-to-date information, she stays current on the latest Total Rewards trends through WorldatWork's education, Engage online member community, and daily publications.

Essential Skills for Total Rewards Excellence

To help you in your professional development journey, WorldatWork created a skill model to identify and cultivate the behaviors, critical business skills, and necessary know-how embodied by high-performing Total Rewards professionals. The model is based on the outcomes of three research studies of the profession:

- The 2022 WorldatWork Total Rewards Advisory Council Executive Summit (June 2022, Atlanta, GA),
- The April 2023 validation of the Compensation Professional Body of Knowledge, and
- The June 2023 Total Rewards Professionals Career Census.

Skills described in this document are based on the contributions of high-performing professionals with 3–5 years of experience.



TECHNICAL SKILLS

Technical Skill. Refers to specialized knowledge in compensation, benefits, well-being, careers, and recognition. Apply a strong understanding of elemental principles, data analysis, financial concepts, and research methodologies to formulate and adapt rewards strategies that align with organizational goals and drive performance.

Analytics. Analyze data, interpret trends, and identify potential risks or opportunities, using this information to make evidence-based recommendations that influence workforce retention and productivity.



BUSINESS ACUMEN AND INFLUENCE SKILLS

Strategic Acumen. Clear understanding of the company's business strategy, including its short-term and long-term goals. Able to design programs that align with the company's objectives and incentivize employees to work toward them.

Financial Acumen. Awareness of the company's financial performance, including revenue, profitability, and shareholder value. Able to design programs that balance the company's need to manage costs and leverage investments with the need to attract and retain top talent.

Market Navigation. Understand the competitive landscape of the company, including the operational models and reward structures used by competitors, and design programs that are competitive in the marketplace and deliver a desirable people value proposition.

Communication. Communicate technical rewards concepts in clear and digestible terms for employees and explain the rationale behind proposals, including the impact on the company's bottom line. Present proposed solutions to relevant stakeholders—which may include candidates, employees, leaders, and executives—using creative approaches to gain buy-in, and support.

Relationship Building. Develop strong relationships with senior executives and managers, building the trust and rapport to be considered strategic partners who can contribute to the company's success.



EFFECTIVENESS SKILLS

Consultation and Influence. Effectively communicate data, concepts, and strategies to stakeholders, fostering relationships, influencing decision-making, and providing guidance as a rewards expert.

Agility. Flexible and able to adapt rapidly when the business environment changes. Respond to new business challenges and incorporate innovative reward strategies as necessary.

Discretion and Emotional Intelligence. Demonstrate empathy toward employees at all levels. Understand the viewpoints of others and create consensus and endorsement for decisions.

Problem Solving. Use creative problem-solving skills to tackle complex issues. Uncover underlying issues, analyze data, and propose solutions that meet the requirements of both employees and the organization.

How WorldatWork Supports HR Professionals

Since 1955, WorldatWork (www.worldatwork.org) has proudly represented a close-knit community of HR professionals who have also helped build the organization and the Total Rewards profession to what they are today. WorldatWork started as the source for compensation knowledge and over the years has grown to be the knowledge leader in all aspects of Total Rewards. Throughout the years, volunteers, faculty instructors, and devoted members have supported the association every step of the way.

WorldatWork is the trusted and credible source for comprehensive education, certification, information, research, events, and community. It is devoted to deepening expertise, advancing the careers of professionals, and ultimately, achieving better results for the organizations they serve.

WorldatWork has offices in Scottsdale, Ariz., and Pune, India, and is affiliated with more than 70,000 members and subscribers worldwide, while 93 percent of Fortune 500 companies employ a WorldatWork member.

