

## **Strategic Reward Defined**

Strategic reward is an approach to the development and implementation of reward strategies that ensures they are integrated with and support the business strategy.

It can be regarded as an attitude of mind rather than a set of prescribed techniques. It is based on a need of integrating reward and business strategy and to be forward looking. It is systematic in the sense that it is based on analyses of the organization's internal and external environment and its needs, it is conducted within a framework of beliefs and values, goal oriented, a key instrument in achieving an integrated approach to reward management and based of a philosophy expressed in the form of guiding principles.

It is a declaration of intent that defines what the organization wants to do in the future to develop and implement reward policies, practices and processes that will further the achievement of its business goals and the needs of stakeholder.

It must be just, fair, equitable, transparent, helping in the achievement of goals, rewarding people according to their contribution, recognize value of everyone who contributes, provide rewards, develop a high performance culture, maintain competitive rates of pay, give more responsibility for reward decisions to line managers.

Implementing Reward Strategy: The objective is to make the reward strategy an operating reality by building the capacity of the organization to put into practice the proposals worked out in the development stage. It depends on good design of the program

## **Compensation**

Reward Systems: The set of rewards guaranteed by the organization to its employees. It can be monetary (salaries, bonuses, benefits) or non monetary rewards (recognition, prestige). It serves as a tool to motivate employees and retain them.

Compensation as a component of salary rewards: Fixed Salary, Variable salary and fringe benefits.

The objective of compensation is aligning the behavior and competencies with organizational strategy, to ensure an equitable and competitive system and to maintain control over costs.

Fixed remuneration is the amount of money or equivalent received by employees on a regular basis in exchange for their labor (according to functions or market relevant wages). The table of wage levels adapts better to a model based on functions but discourages multifunctional working and does not enable an increase in wages following the acquisition of new skills.

Variable compensation is based on rewards by performance and results. It is linked with performance measurement systems and varies in accordance with the functions performed. It can be based on piecework payments (fixed or variable) or production bonuses (individual or team) and commissions. The advantages of variable compensation is that it recognizes and rewards the best, attracts and recruits the best, encourages performance culture and influences behaviors.

As for benefits are concerned, they are an extrinsic form of reward and associated with remuneration (social benefits – healthcare, life insurance, meal allowances) and are allowed for everyone in the company.

As for specific benefits, they are applicable only to certain sectors of the organization and they vary in accordance with market practices and organizational culture. Once granted, their removal may have a negative impact on employee motivation. There is an impossibility of accurately calculating the cost they will have in long term.

### **Total Reward**

Reward System Processes: Total rewards are the combination of financial and non financial rewards available to employees. Each aspect of reward, namely base pay, contingent pay, employee benefits and non-financial rewards, which include intrinsic rewards from the work itself, are linked together and treated as an integrated and coherent whole.

Financial rewards comprise all rewards with a monetary value and add up to total remuneration.

Non financial rewards: Do not involve the payment of salaries, wages or cash and they include extrinsic rewards such as recognition and praise or intrinsic rewards arising from the work itself.

Pay Determination: Involves making decisions on the value of jobs by means of market pricing and job evaluation. It must ensure that it is equitable within the company and competitive in the market.

## **Talent Management**

Concept based on the proposition that those with the best win. Emerged in the late 1990s when McKinsey coined the phrase: "War for talent". It is a major resourcing activity.

It is based on the process of ensuring that the organization has the talented people it needs in order to attain its business goals. It is the skills, abilities and aptitudes that enable the company to perform.

Strategies:

-Performance Management: Commitment towards the objectives set, feedback and coaching, regular and open communication on performance, sharing relevant information, preparation of performance interviews.

-Motivation: Delegation, responsibility and autonomy, opportunities for training and development, recognition, reward policies.

### **Career Management**

It is possible to define career progression in terms of what people are required to know and be able to do to carry out work to progress up in the career level. These levels can be described as competency band. For each band, the competencies needed to move up would be defined to produce a career map which incorporates aiming points for individuals. People must know what is asked to achieve if they want to progress in their careers. This way, they can plan their own development although they still need support and guidance, training and additional experience. However, they must carry on certain tasks for themselves.

### **International Career**

There are some challenges that arise when you think of international career. The cultural contexts influence the career orientation. Also, it is difficult to select, motivate and retain people with different career perspectives and for the employee the cultural distance might be a problem. There may be conflicts, misunderstanding and communication problems as well as culture shocks that may result in repatriation. There is also the problem of MCID (My country is different) and there can be some difficulties in applying management practices in different cultures.

In order to avoid problems, you must adapt your behaviors to the standards of another culture while retaining your identity and adapt the way you communicate.

### **Coaching and Mentoring**

It consists on personalized monitoring that seeks to improve inappropriate behavior. Each coaching or mentoring situation requires different techniques.

In a first phase, you must evaluate the situation (dynamics of employee/surrounding environment – frequency of behavior – impact of behavior and construct your image of the employee)

Then, you should determine the gravity of the situation, to what extent his habits are engrained and how can it be changed. The third phase consists on identifying the employee attitude and then you must prepare the first meeting and try to build a relationship of trust. In order for coaching and mentoring to be effective, you must be active in listening, reflect on learning, establish objectives for each session and provide scripts and role-playing.

### **Role of the Organization**

The organization does not need to concern itself with management development since the natural process of selection and competition will ensure the survival of the fittest. The true role of the organization is to provide a favorable environment for management development.

For Peter Drucker, development is always self-development. As for Douglas McGregor, he believes that people grow into what they are capable of becoming, if the organization gives you the resources to grow.

The role of the HR team is to help developing a climate in which managers can grow and they must find the needs of the business and advice on how to meet those needs. Also, they must encourage managers to carry out their development activities, while providing guidance.

### **Strategic Learning and Development**

L&D is the process of ensuring that the organization has the knowledgeable, skilled and engaged work force it needs. It involves facilitating the acquisition of skills and knowledge, giving guidance and coaching and self directed learning activities.

Learning is the process by which a person acquires and develops knowledge, skills, capabilities, behaviors and attitudes. It involves the modification of behavior through experience.

Training is the systematic application of formal processes to impart knowledge and help people to acquire the needed skills.

Development is the growth of a person's ability and potential

Education consists of developing knowledge, values and understanding required in all aspects of life.

The aims of strategic L&D are to produce a coherent and comprehensive framework for developing people through the creation of learning culture. The latter consists on recognition of the importance of learning by top management, line managers and employees and its necessity in the company.

As for organization learning strategies, they aim to improve organization effectiveness through the acquisition of knowledge.

Individual learning strategies are the processes and programs used to ensure that learning is a reality.

### **Learning styles**

Kolb:

1. Concrete Experience
2. Reflective observation: actively thinking about the experience
3. Abstract Conceptualization: generalizing from experience to develop various concepts and ideas that can be applied when similar situations are encountered
4. Active experimentation: test the ideas in new situations

Honey and Mumford

1. Activists, who involve themselves fully without bias in new experiences and revel in new challenges
2. Reflectors, who stand back and observe new experiences from different angles. They collect data, reflect on it and then come to a conclusion
3. Theorists, who adapt and apply their observations in the form of logical theories
4. Pragmatists, who are keen to try out new ideas, approaches and concepts to see if they work.

The learning curve refers to the time it takes an inexperienced person to reach the required level of performance in a job or task.

## **Training**

It is a set of learning experiences, planned by the organization. It is designed to improve skills, knowledge, attitudes and behaviors. It enables improvement in performance and generates employee motivation and performance. Training is crucial to the survival of the employee in the organization.

There are different kinds of training in a company:

- Reactive: Acquisition of new competencies and development of competencies
- Proactive: Inhibition of competencies, activation of competencies.

Also, there are different levels of action for training:

- Know-How: Knowledge
- Knowing how to do: skills
- Knowing how to be: attitudes and behaviors
- Wanting to do: will to act

Without learning, there is no training and without transfer, training is not effective.

In order for training to be effective, it has to be relevant, useful, motivating, interesting, aligned with strategy, involving different actors, regular.

Training Cycle:

- Diagnosis: Identify Needs
- Design: Define evaluation objectives and criteria
- Implementation: Carrying out the action
- Evaluation and Follow-Up: Ex-Ante and Ex-Post

E-Learning: Experience of distance learning, access by IT, handling of information is easier and results are seen in real time. It provides flexibility,

convenience, effectiveness but there is a low scale of human interaction and a lack of behavioral training.

Training is needed in order to give you the skills and knowledge that cannot be acquired in the workplace and to prepare you to execute tasks that are specialized and complex. L&D practitioners must analyze learning needs and make proposals, provide facilities and plan training interventions.