

**HRM 709**

**Strategic  
Human Resource  
Management**

**REWARD  
STRATEGY  
(Pp. 183-192)**





# Reward Strategy

- Be a “good” employer (Respectful treatment of all employees at all levels)
- Help employees to feel valued (Trust between employees and management)
- Create a productive atmosphere (Benefits overall, Compensation/pay overall, Job security)
- Get employee involved and engaged (Relationship with immediate supervisor, Trust between employees and management, Immediate supervisor’s respect for employee ideas)
- *Keep Them Happy; Keep Them Working*

# Pay Vs Reward

**Pay is money given in return for work; salary or wages; while reward is something of value given in return for an act.**

# Pay Vs Reward

**"Pay"** is the agreed upon or contractual salary or wage for a given position, based on qualifications and experience in the position.

**"Reward"** or what is more commonly referred to as "incentive" happens more commonly when people receive a commission for sales or profit-sharing for the employees an organization.

# Compensation Vs Reward

**Compensation** means the entire package that is paid to an employee, which includes all monetary and non monetary emoluments i.e. salary, pf and other such benefits.

**Rewards** is one part of Compensation, its a process which helps in reinforcing the behavior, reward is a monetary or no monetary recognition given to an employee in lieu of better performance.



# External Influences

Economic | Labor Market | Cultural Norms | Regulatory

Business Strategy

Organizational Culture

Human Resources Strategy

## Total Rewards Strategy

Compensation  
Benefits  
Work-Life Effectiveness  
Performance Management  
Talent Development  
Recognition

**Attract**

**Motivate**

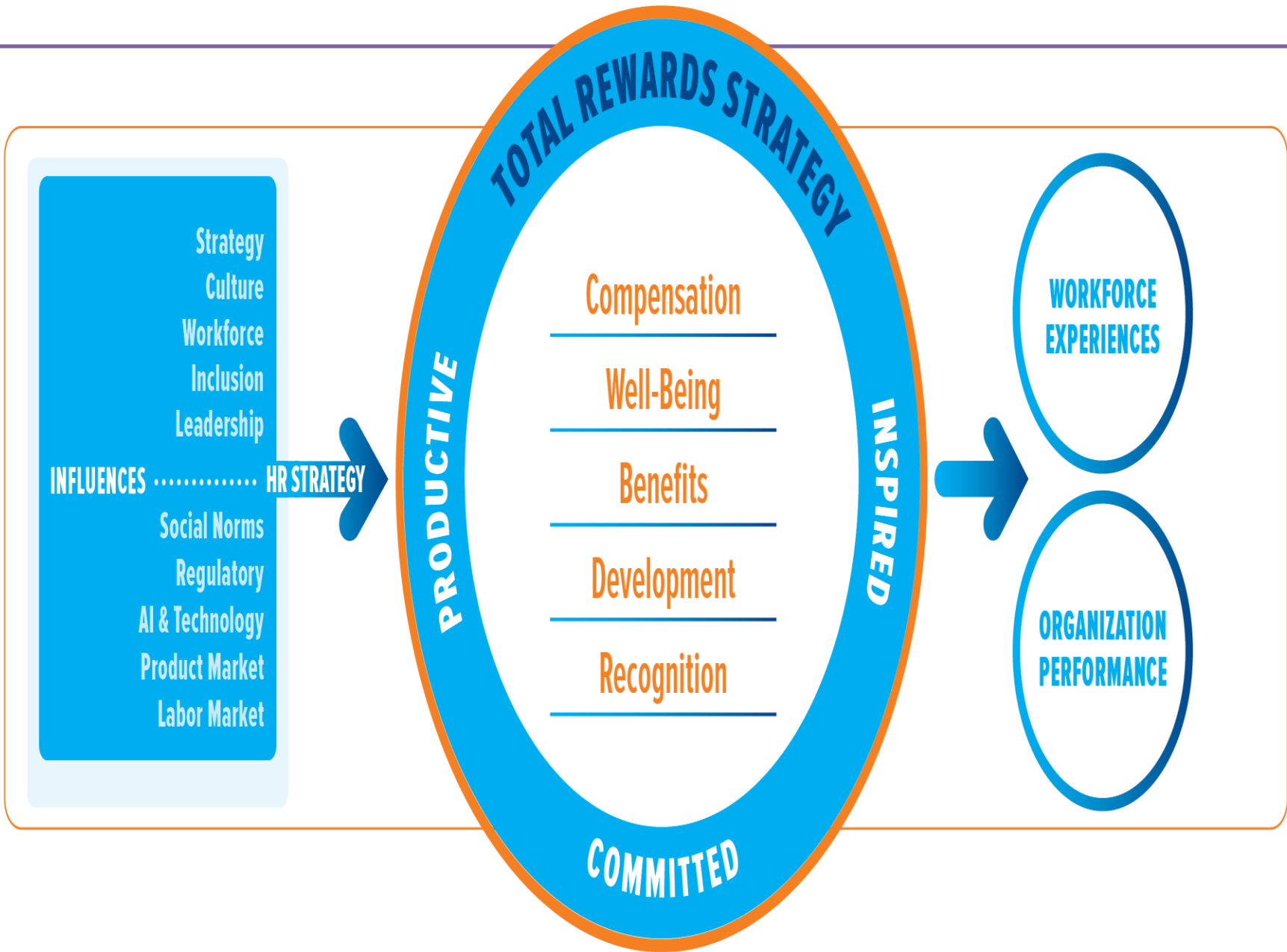
Organization  
results &  
performance

Employee  
engagement  
& experience

**Retain**

**Engage**



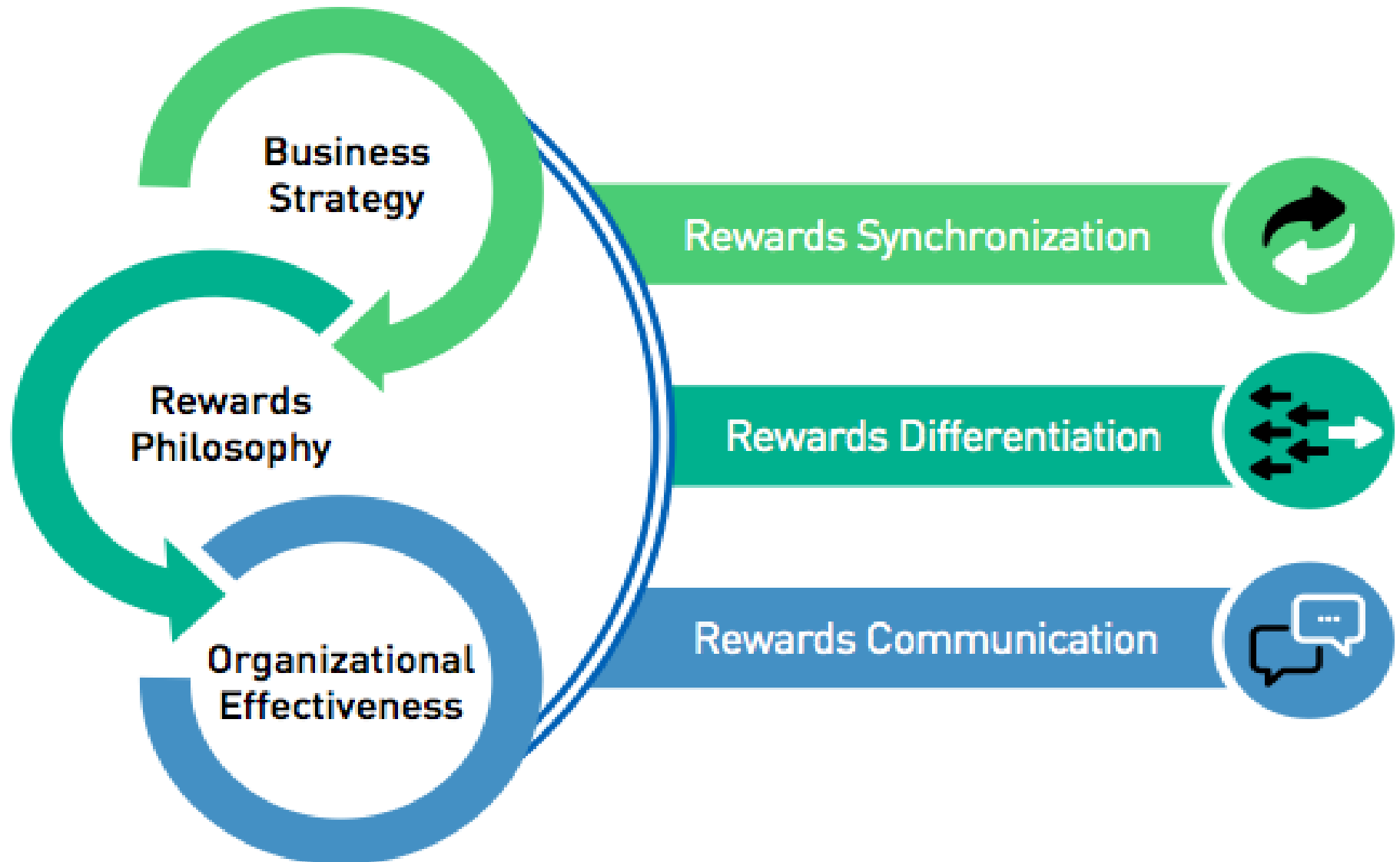


# Total Rewards Strategy



# Rewards Optimization Framework

The interplay between Reward strategies and organizational objectives





# COMPONENTS OF TOTAL REWARD STRATEGY



# Reward Strategy (P. 183)

## Why Reward Strategy-----?

✓ Reward strategy provides a sense of purpose and direction and a framework for developing reward policies, practices and processes.

# Reward Strategy (P. 183)

## Why Reward Strategy-----?

✓ It is based on an understanding of the needs of the organization and its employees and how they can best be satisfied.



# Reward Strategy (P. 183)

## Why Reward Strategy-----?

✓ It is also concerned with developing the values of the organization on how people should be rewarded and formulating guiding principles that will ensure that these values are enacted.