Total Rewards Model

A Framework for Strategies to Attract, Motivate and Retain Employees

www.worldatwork.org
Dedicated to Knowledge Leadership in Total Rewards

During the past several years, the concept of total rewards has advanced considerably. Practitioners have experienced the power of leveraging multiple factors to attract, motivate and retain talent; high-performing companies realize that their proprietary total rewards programs allow them to excel in new ways.

At the same time, human resource professionals, consulting firms, service providers and academic institutions have made significant contributions to our understanding of total rewards.

The WorldatWork Total Rewards Model

- Reflects the maturity and power of the concept
- Depicts five elements that, collectively, comprise total rewards
- Provides the organizational and environmental context in which total rewards strategies and programs exist
- Articulates the desired outcome of attracting, motivating and retaining satisfied and engaged employees who create business performance and results
- Demonstrates the dynamic relationship between employees and employers—the employee’s contribution of time, talent and efforts for desired business results.

As the association of the profession, WorldatWork presents this model to:

- Represent the profession’s conceptual framework for total rewards
- Serve as a tool for practitioners to use with management in their own organizations
- Depict the official WorldatWork model of total rewards
- Serve as a foundation and guidepost for intellectual capital development in the profession
- Become a tool for academics, consultants and others to support their intellectual capital endeavors.
The Elements of Total Rewards

There are five elements of total rewards, each of which includes programs, practices, elements and dimensions that collectively define an organization’s strategy to attract, motivate and retain employees. These elements are:

- **Compensation**: The elements represent the “tool kit” from which an organization chooses to offer and align a value proposition that creates value for both the organization and the employee.
- **Benefits**: Programs an employer uses to supplement the cash compensation that employees receive. These health, income protection, savings and retirement programs provide security for employees and their families.
- **Performance and Recognition**: A specific set of organizational practices, policies and programs, plus a philosophy, that actively supports efforts to help employees achieve success at both work and home.
- **Development and Career Opportunities**: A set of learning experiences designed to enhance employees’ applied skills and competencies. Development engages employees to perform better and engages leaders to advance their organizations’ people strategies.
- **Career Opportunities**: Involve the plan for employees to advance their career goals. May include advancement into a more responsible position in an organization. The company supports career opportunities internally so that talented employees are deployed in positions that enable them to deliver their greatest value to the organization.

Total Rewards Definitions

<table>
<thead>
<tr>
<th>Total Rewards Component</th>
<th>Definitions</th>
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<tr>
<td><strong>Compensation</strong></td>
<td>Pay provided by an employer to an employee for services rendered (i.e., time, effort and skill). Includes both fixed and variable pay tied to levels of performance.</td>
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<tr>
<td><strong>Benefits</strong></td>
<td>Programs an employer uses to supplement the cash compensation that employees receive. These health, income protection, savings and retirement programs provide security for employees and their families.</td>
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<tr>
<td><strong>Work-Life</strong></td>
<td>A specific set of organizational practices, policies and programs, plus a philosophy, that actively supports efforts to help employees achieve success at both work and home.</td>
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<tr>
<td><strong>Performance &amp; Recognition</strong></td>
<td>Performance: The alignment of organizational, team and individual efforts toward the achievement of business goals and organizational success. It includes establishing expectations, skill demonstration, assessment, feedback and continuous improvement. Recognition: Acknowledges or gives special attention to employee actions, efforts, behavior or performance. It meets an intrinsic psychological need for appreciation of one’s efforts and can support business strategy by reinforcing certain behaviors (e.g., extraordinary accomplishments) that contribute to organizational success. Whether formal or informal, recognition programs acknowledge employee contributions immediately after the fact, usually without predetermined goals or performance levels that the employee is expected to achieve. Awards can be cash or noncash (e.g., verbal recognition, trophies, certificates, plaques, dinners, tickets, etc.)</td>
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<td><strong>Development and Career Opportunities</strong></td>
<td>Development: A set of learning experiences designed to enhance employees’ applied skills and competencies. Development engages employees to perform better and engages leaders to advance their organizations’ people strategies.</td>
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Context for Total Rewards

The WorldatWork model recognizes that total rewards operates in the context of overall business strategy, organizational culture and HR strategy. Indeed, a company’s exceptional culture or external brand value may be considered a critical component of the total employment value proposition. The backdrop of the WorldatWork model is a globe, representing the external influences on a business, such as:

- Legal/regulatory issues
- Cultural influences and practices
- Competition

For example programs and more information, go to www.worldatwork.org/totalrewards
Your Total Rewards Inventory

To get a comprehensive view of your organization’s value proposition, simply check off the rewards your organization currently provides.

### Compensation
- **Base Wages**
  - Salary Pay
  - Hourly Pay
  - Piece Rate Pay
- **Premium Pay**
  - Shift Differential Pay
  - Weekend/Holiday Pay
  - On-call Pay
  - Call-In Pay
  - Hazard Pay
  - Bi-Lingual Pay
  - Skill-Based Pay
- **Variable Pay**
  - Commissions
  - Team-Based Pay
  - Bonus Programs
    - Referral Bonus
    - Hiring Bonus
    - Retention Bonus
    - Project Completion Bonus
  - Incentive Pay
    - Short-term:
      - Profit Sharing
    - Individual Performance Based Incentives
    - Performance-Sharing Incentives
    - Long-term:
      - Restricted Stock
      - Performance Shares
      - Performance Units
      - Stock Options/Grants

### Benefits
- **Legally Required/Mandated**
  - Unemployment Insurance
  - Worker’s Compensation Insurance
  - Social Security Insurance
  - Medicare
  - State Disability Insurance (if applicable)
- **Health & Welfare**
  - Medical Plan
  - Dental Plan
  - Vision Plan
  - Prescription Drug Plan
  - Flexible Spending Accounts (FSAs)
  - Health Reimbursement Accounts (HRAs)
  - Health Savings Accounts (HSAs)
  - Mental Health Plan
  - Life Insurance
  - Spouse/Dependent Life Insurance
  - AD&D Insurance
  - Short-Term/Long-Term Disability Insurance
- **Retirement**
  - Defined Benefit Plan
  - Defined Contribution Plan
  - Profit Sharing Plan
  - Hybrid Plan
- **Pay for Time Not Worked**
  - Vacation
  - Holiday
  - Sick Leave
  - Bereavement Leave
  - Leaves of Absence (Military, Personal Medical, Family Medical)

### Work-Life
- **Workplace Flexibility/Alternative Work Arrangements**
  - Flex-Time
  - Telecommuting
  - Alternative Work Sites
  - Compressed Workweek
  - Job Sharing
  - Part-time Employment
  - Seasonal Schedules
- **Paid and Unpaid Time Off**
  - Maternity/Paternity Leave
  - Adoption Leave
  - Sabbaticals
- **Health and Wellness**
  - Employee Assistance Programs
  - On-site Fitness Facilities
  - Discounted Fitness Club Rates
  - Weight Management Programs
  - Smoking Cessation Assistance
  - On-Site Massages
  - Stress Management Programs
  - Voluntary Immunization Clinics
  - Health Screenings
  - Nutritional Counseling
  - On-Site Nurse
  - Business Travel Health Services
  - Disability Management
  - Return to Work Programs
  - Reproductive Health/Pregnancy Programs
  - 24-Hour Nurse Line
  - On-Site Work-Life Seminars (Stress-Reduction, Parenting, etc.)
  - Health Advocate
- **Community Involvement**
  - Community Volunteer Programs
  - Matching Gift Programs
  - Shared Leave Programs
  - Disaster Relief Funds
  - Sponsorships/Grants
  - In-Kind Donations
- **Caring for Dependents**
  - Dependent Care Reimbursement Accounts
  - Dependent Care
  - Travel-Related Expense Reimbursements
  - Dependent Care Referral and Resource Services
  - Dependent Care Discount Programs or Vouchers
  - Emergency Dependent Care Services
  - Childcare Subsidies
  - On-site Caregiver Support Groups
  - On-Site Dependent Care
  - Adoption Assistance Services
  - After-School Care Programs
  - College/Scholarship Information
  - Scholarships
  - Privacy Rooms
  - Summer Camps & Activities
  - Special Needs Childcare
  - Disabled Adult Care
  - Geriatric Counseling
  - In-home Assessments for Eldercare

### Performance & Recognition
- **Performance**
  - 1:1 Meetings
  - Performance Reviews
  - Project Completion/Team Evaluations
  - Performance Planning/Goal Setting Sessions
- **Recognition**
  - Service Awards
  - Retirement Awards
  - Peer Recognition Awards
  - Spot Awards
  - Managerial Recognition Programs
  - Organization-wide Recognition Programs
  - Exceeding Performance Awards
  - Employee of the Month/Year Awards
  - Appreciation Luncheons, Outings, Formal Events
  - Goal-Specific Awards (Quality, Efficiency, Cost-Savings, Productivity, Safety)
  - Employee Suggestion Programs

### Development & Career Opportunities
- **Learning Opportunities**
  - Tuition Reimbursement
  - Tuition Discounts
  - Corporate Universities
  - New Technology Training
  - On-the-Job Learning
- **Attendance at Outside Seminars and Conferences**
  - Access to Virtual Learning, Podcasts, Webinars
  - Self-Development Tools
- **Coaching/Mentoring**
  - Leadership Training
  - Exposure to Resident Experts
  - Access to Information Networks
  - Formal or Informal Mentoring Programs
- **Advancement Opportunities**
  - Internships
  - Apprenticeships
  - Overseas Assignments
  - Internal Job Postings
  - Job Advancement/Promotion
  - Career Ladders and Pathways
  - Succession Planning
  - On/Off Ramps through Career Lifecycle
  - Job Rotations