

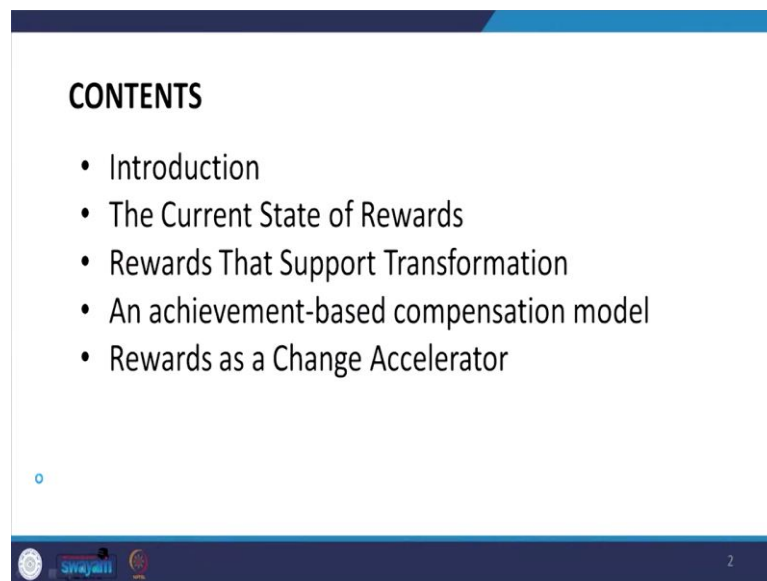
Talent Acquisition and Management
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Lecture - 30
Reward Program's In Talent Management

We will be discussing the Rewards Programs in Talent Management because what is important is once you have the acquisition of these talented employees, then to retain them, it is very important they should feel this satisfaction. And to feel this satisfaction, one of the very important components is a reward.

Now, the rewards can be monetary also rewards can be non-monetary also and it will depend on the job profile, job description, organization's culture, organization's policies, strategies, and so many other dimensions that is what type of rewards are to be given to the talented employees. So, they can be retained by the organization.

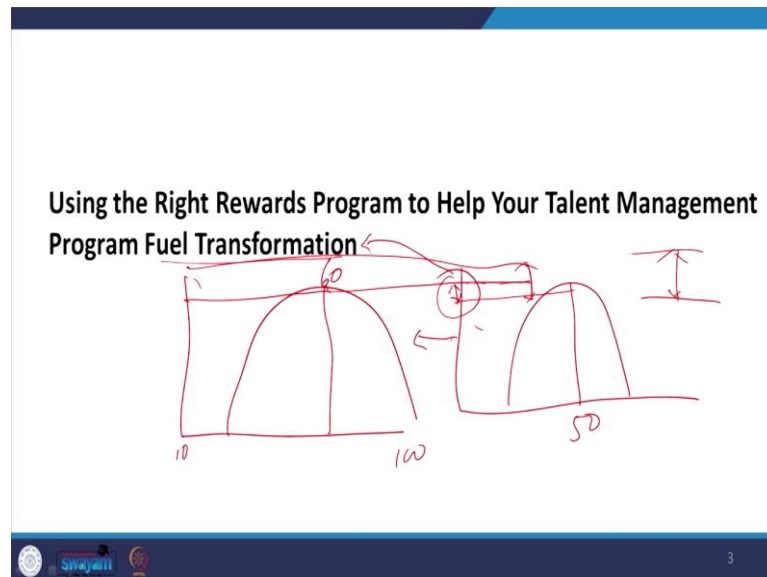
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So, we will discuss this compensation and rewards; introduction, the current state of rewards, what is the current state of the rewards for by the different organizations, rewards that support the transformation, how we are transforming the organization, and as well as the personalities of the employees.

In an achievement-based compensation model that is we are talking about the variable pay always. So, therefore, that that has to be this type of compensation model they are supposed to be on the best of the achievement and an as a change accelerator that is the how we (Refer Time: 01:42) the rewards will bring the changes.

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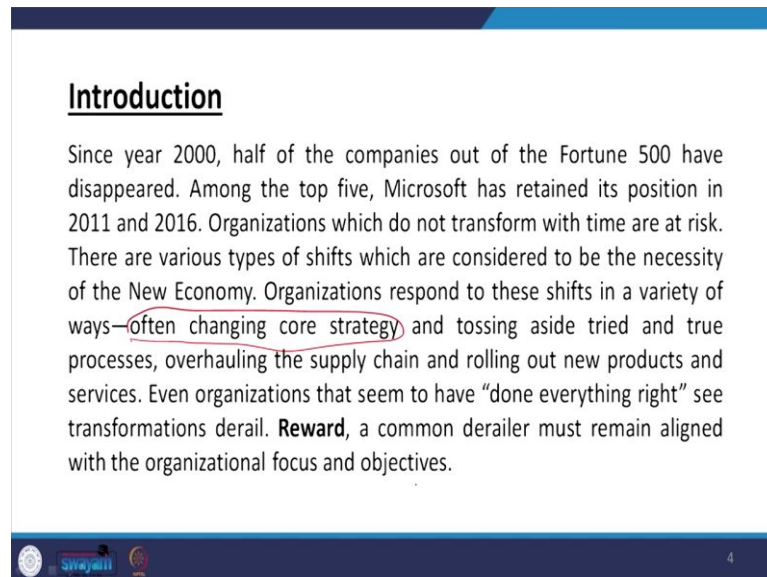
So, here a fuel transformation is very important how you are going to accelerate your employees to perform better and better. As we have seen, that is the for example when we are talking about the relationship between stress and performance right. So, then it will be we know that is it is the inverted U is there. Now the talented employees are there.

So, this the inverted U for the talented employees that will be like this it is a bigger one. So, if it is the 10 to 100, then here you will find the U stress; this point is called the U stress. So, U stress will be on the 60s here if we call this one. So, it will be on the 50. So, that conversion of this particular stress level of the 50 to 60. So, this particular gap increase program fuel transformation.

So, therefore, this is called the fuel transformation you have changed. However, this is just a simple example, and this particular difference can be this much also means more you can enhance, means it can be here also. So, it is like this here this much. So, one is this much other is this much now that is the today's topic is there.

How to enhance the fuel? Enhance means fuel transformation means to encourage the transformation with the help of that your rewards programs, and that is our concept. Now in this particular effort to enhance your fuel transformation, we have to see what is happening in the past since the year 2000.

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Half of the companies out of the fortune 500, almost 50 percent, have disappeared right. So, which companies which were appeared earlier into the 2000 and in the if we talk about now. So, therefore, almost 50 percent of companies have disappeared means they are not even in the last 500, right.

So, what is happening? Among the top 5, Microsoft has retained its position into 2011 and 16 organizations that do not transform with time are at risk. So, the transformation of the organization is essential. So, where these 50 percent of organizations have disappeared? They have not transformed with the change in the period of time.

There are various types of shifts which considered to be the necessity of the new economy organizations respond to these shifts in a variety of ways, often changing core strategy and tossing aside they tried and true processes; this is important. So, as a management person, what do you think is right or wrong.

So, naturally, you will say that our core strategy should remain the same and tossing aside and true processes overhauling the supply chain that is nowadays the tool for the


cost-effectiveness and rolling out new products they are known products and services even organizations that seem to have done everything right.

So, whatever the resources you are talking about, whatever the models you are talking about according to those models also, everything is done right see transformation derail still organizations are not, why? Reward, a common derailer must remain aligned with the organizational focus and objectives. Here is the key; the key is it is the rewards and compensation which you are paying to your employees that should be the acceptable and, in the true sense, fuel to transformation.

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Rewards must change according to the strategies. It's not that rewards are necessarily the driving force behind successful transformations, but if well designed they can be an important tool supporting a transformative talent management program.

Self Actual.
Self Esteem
Social
Safety
Physiological



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The rewards must change according to the strategies; it is not that rewards are necessarily the driving force behind successful transformations, so then, but if we will design that, they can be an important tool. Now, here I would also like to mention that is the many times you know we feel that is the rewards are the only tool that is not only the that is not the driving force behind and the successful transformations right, why?

Because we know the needs are the physiological needs, safety needs, social needs, self-esteem needs, and self-actualization needs. So, many times these rewards right. So, rewards are the many times into the this is safety, this is social, this is the pyramid, this is the physiological need, ok. Now, these are the needs are there.

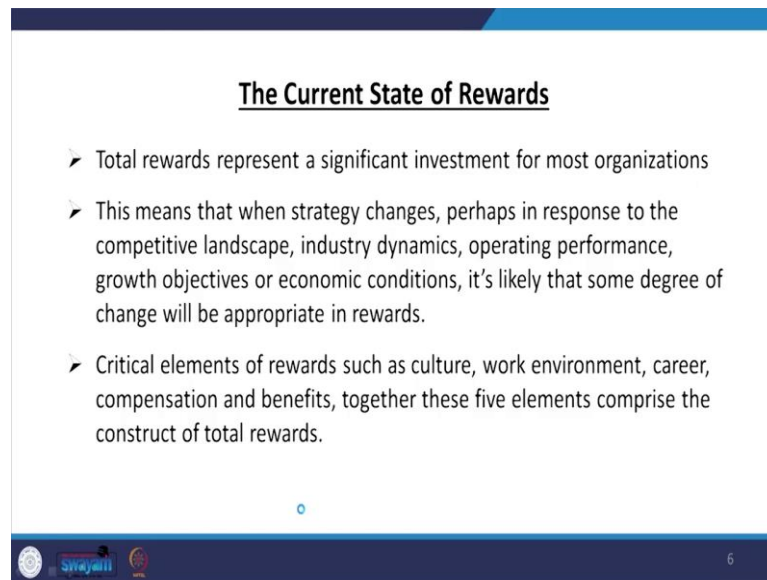
So, where the reward is here, but it is not the driving force behind successful transformation are not necessarily, it is not necessarily because these needs are different and then for example, social; the social need is the belongingness. If there is belongingness to the organization or place in India, it is very common that we see on the people belonging to a particular city even there are much better career prospects in the other cities faraway places geographically.

But they do not shift; they do not move, many good employees' performers do not shift because of their children's education. So, what is it? It is a social need. So, that social need is more important than your rewards or self-esteem needs promotions and all in spite of that the social needs are important.

But, if well designed, that can be an important tool, but if you club; you club the self-esteem with the social needs right, and they are well then we will say it is well designed well design means you are integrating and satisfying the social needs also and giving the rewards also. So, is integrating that can be an important tool supporting a transformative talent management program. So, therefore, they transformative talent management program that can be you can design.

So, I agree with you that every employee will not be driven by the reward right, but if the rewards are integrated with the motives or the needs of the employees, then it will definitely be a supporting tool for transforming the talent management program. So, what is the current state of rewards are? The total rewards represent a significant investment for most organizations, right.

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The Current State of Rewards

- Total rewards represent a significant investment for most organizations
- This means that when strategy changes, perhaps in response to the competitive landscape, industry dynamics, operating performance, growth objectives or economic conditions, it's likely that some degree of change will be appropriate in rewards.
- Critical elements of rewards such as culture, work environment, career, compensation and benefits, together these five elements comprise the construct of total rewards.

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So, naturally, how do you attract the talent? We attract the talent acquisition of talent on the basis of the rewards; this means that when strategy changes, perhaps in response to the competitive landscape. So, therefore, because of the competition, then that you are variable pay fixed pay will nobody changes normally organizations a fixed salary do not pay, but they are variable pay that is the employee share on profit that they change the industry dynamics right.

So, if there are the competitions strong, strong competition, market share is declining. So, then there will be a change in the strategy of the rewards industry dynamics are changing. For example, we see the automobile industry; if industry dynamics are changing, then definitely the employee's rewards will be affected, operating performance technology's introduced right.

So, then operating performance will be changing growth objectives and economic conditions are changing. So, an individual's growth objectives are changing, or he is economically satisfied, and these all the business environmental factors if they are changing, then your strategy will change.

It is likely in such cases that some degree of change will be appropriate in rewards you if your competition market competition is changing, industry dynamics are changing, operating performances are changing, growth objectives or the economic conditions are changing then, definitely some degree of change will be there into the rewards also.

Critical elements of rewards such as culture this is I feel that this is a very important factor. In fact, I tell you. So, whenever we are talking about Holland's model is there that is called the personality job fit and in the personality, job fit it is the wherever you are working and you are comfortable with the culture, for example, we have talked in the previous session also the cross-cultural aspects.

So, in the culture, i always give an example of a newly wedded daughter-in-law when she enters into the in-laws' house, and she is able to cope with that environment; environment means that culture those practices. So, then she will remember her parents less; comparatively, she will not forget, do not worry about that, but it is the comparatively she will remember less. So, therefore, the rewards in rewards the first and foremost is that culture is to be provided to the new employee.

So, if somebody is coming from India, so, you are providing that Indian culture is provided right or in the case the work environment freedom flexibility. So, that work environment family environment is there. So, there is trust, there is belief, there is the humor, there is the interaction, and there are the blessings of the seniors to the juniors and juniors respecting to the seniors that are a work environment right.

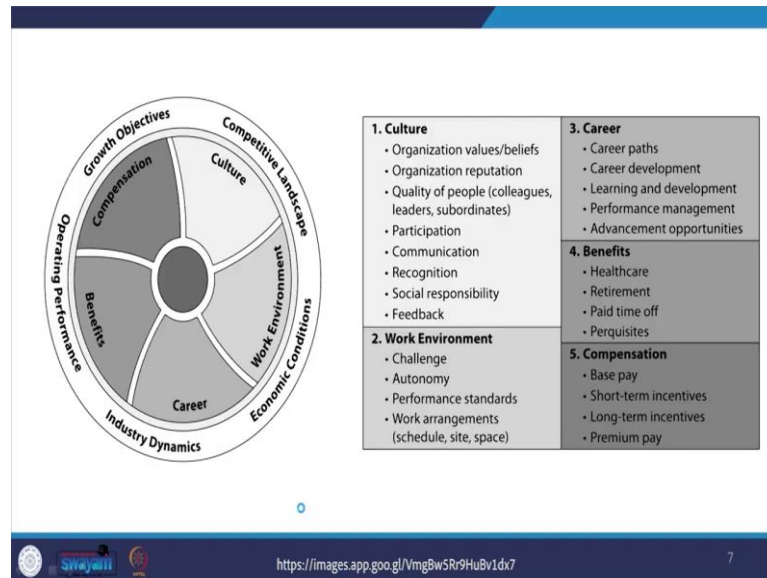
So, in the family, also if the families senior family members they have the blessings to the younger ones, and younger ones have the respect and regard for the senior family members so, that environment so in that environment that is also a reward right. So, therefore, in that case, it is not that money is the only reward or career at the workplace; there is a career then that is also important; compensation and benefits monetary rewards.

Of course, I am not ignoring the monetary rewards. So, you, please do not think that is I am talking only on behalf of the employers and talking about the work environment and culture and respect and regards and love and affection. But, what is about money right that is the compensation; compensation is important most important is compensation, otherwise [FL] and benefits together these five elements compromise the construct of the total rewards are there.

So, therefore, the culture, work environment, career compensation, and benefits all are together. Please understand, together with these five elements that comprise their reward

system, or strategies are there, and when all of the aspects are taken into consideration, that will be the fuel to transformation.

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Now, here we will take one by one these dimensions like on my left-hand side of this slide, you see that is the compensation benefits, culture, career, work environment, benefits, and compensation right. So, therefore, why? This is the operating performance. So, growth objectives, competitive landscape, economic conditions, and industry dynamics are there.

So, these are the work, and these are the factors. Now when we are talking about the organization's values and beliefs organization believes that employees are of there are five types of employees. So, therefore, these are the employees who are going by adopting that particular culture. So, culture or values, or beliefs are those where the practices are there during the organization's reputation.

So, an organization's reputation is that is about what is the brand? When you are talking about branding. So, what is the impression is there about that particular organization the quality of people that is the colleagues, leaders, and subordinates.

So, therefore, these all these the factors in which these colleagues are there are they are supporting right. And the leaders are there are the quality people means cooperation,

coordination all leading all type (Refer Time: 16:09) and its subordinates are there those are the junior, then they are going to be the part of that particular aspect.

So, therefore, in that case, we will find that is the in the culture there is these three type of first 3 I am talking about, that is an organizational factor. So, organizational values, organization's reputation or quality of the people those who are working there that you have to see.

If this type of the people they are able to perform, then definitely in that case you will find that easy there is the support of the culture for the rewards and the enhancement is there. Now, in case of the participation, in case of the participation, you will find that is they are able to allow organization culture is to participate as I mentioned sitting in the drawing-room in the family and young younger ones and senior ones and they are interacting then definitely that will be the participation is there.

So, similarly in the meetings also in meetings also juniors are there, seniors are there, and then they are interacting, and suggestions are there. So, that is a culture proper communication is their recognition of the whether irrespective of the status whether the person is senior or junior there is a recognition is there; then there is a social responsibility of amongst the people, and they are socially responsible.

And in the culture what is important is it ok because you see the when the different people are coming from the different places then definitely they will like to go for the understanding of the other person is coming from different culture, so there is a feedback. So, the feedback we will tell them that it is the ok this is your practice because you belong to a particular culture, but in this organization, a simple example is PSU to public.

So, in the PSU organizations, more rules, regulations system-centric more system-centric, while the in the private sector, you will find that is they are the more situation-oriented right. So, according to situation immediately, the decision will be taken, but in the PSU, there will be the system in the system process-driven. So, therefore, when the system will allow, you can take a decision in the public-private sector if the situation is demanding, you can take a decision.

So, there will be no problem. So, in that case, but suppose the public sector person is coming to the private sector or the vice versa private sector person is going to the public sector. So, his decision-making style will be definitely somewhat belonging to the previous organization, and there is a point that is you have to take care of that particular culture aspect and then make the understand the employee and take a decisions the work environment.

So, there are challenges in the work environment; different types of challenges are there then autonomy is there that is, they are taking these the freedom, freedom to take a decision. So, that is the work environment is there fine like I was giving the example of the daughter in law in family. So, they are, therefore, if certain decisions are to be taken. So, not necessarily, it is the first permission for the mother-in-law is required in every decision there will be certain then again long term decision short term decisions will be there right.

So, therefore, in that case, in the short-term decisions so, new employee, he can take that decision he is empowered to take the decision. So, that is the autonomy and performance standards are there. So, those are the performance standards those standards are to be followed that is the minimum expectation, right. So, family standards are also there. So, that is a minimum expectation that you will follow those family standards. Why the family break? That is the this particular environment is not there.

So, if there is no autonomy, then there will be problem employee will not continue in the organization or the daughter in law will face the problem, or there is certain performance standards are there is at least you should know making chapatis. Therefore, in that case, that is a performance standard is there. So, in the workplace, it is expected it is you are able to run this particular software and take the decisions appropriately.

So, there is a performance standard is there. So, the target achievement is the performance standard. So, and so and the work arrangement is there that the schedule, site, space this type of the work arrangements wherever the work is there whether it has been acceptable and respectable both or not. So, that is a work environment is there.

Now, the other rewards which enhance the talented employees and their compensation that is about the career and dimension are career; career paths are there. So, talented employees should get those career paths they can see, so where I can reach to this

particular in this particular organization if I have reached this particular organization by following this particular career path. So, in reasonable time I will not say in short-time or in long time right.

Because when you have to reach to the higher position, definitely you have to spend certain time. However, this career development when we talk about. So, therefore, many organizations they have their own systems also. For example, Tata administrative services in this step of in the examinations they can upgrade themselves to the higher level which, the less time will be there and the higher positions they can achieve by qualifying certain the parameters or the examinations or the benchmarking practices.

So, that is the career development is there learning and development is there that is a turning into L and D is very very important I am always talking in the talent management right it is the learning and development right. You give the opportunity to learn them and then because otherwise, talent will be obsolete.

Performance management, what type of interaction is there, what type of feedback system is there, what type of superior-subordinate relationship is there that is the performance management advancement of opportunities. Everybody nowadays you see the young generations especially when you are talking about the generation z. So, it is they are looking for advancement opportunities the now the benefits are there. So, here you will find it is health care benefits, medical benefits.

So, they are becoming very important then the retirement is there (Refer Slide Time: 23:10); after retirement, what will be the benefits? Like in one organization what they have done they have created the society employee society and that employee society he has taken the colony plots and all these near to the organization.

So, that knowledge management is the part of knowledge management also. So, their knowledge can be taken. So, they will be available because big projects are done by them after retirement; if we require their services, we can easily call them.

And the people those who were working together then again it depends on the organization if the organization is such way the people have worked together and they want to live after the retirement also together that socialization is there. And not

necessarily all organizations, some employees organizations they will want to go away to their parental town.

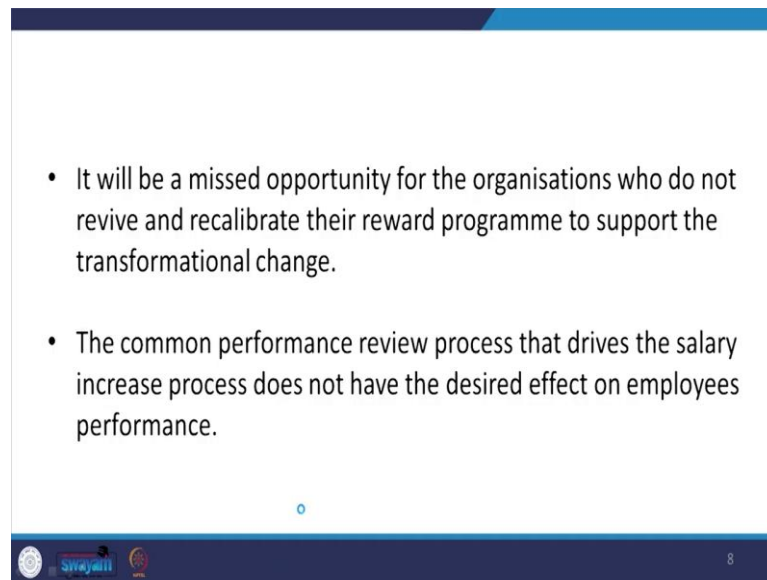
And in some organizations, the people want it is a be of spent the 30 years here. So, now, we like to be in this township only. So, there are retirements there, then the paid off time right paid time off. So, therefore, whatever is the theory is the services have been provided, maybe in terms of the consultancy, maybe in terms of the part time. So, therefore, that will also be the consideration, and then the prerequisites are there if certain prerequisites are there that have to be followed; compensation the very important point.

Now, here are also the rewards. So, many organizations and career paths you will find because they learn a lot. So, they first join that organization learns a lot, and then they go to another organization then the benefits is there. So, therefore, it will become very very important that is how these benefits are taken into consideration and is the final is the compensation.

So, whenever we are talking about the compensation, that is the best pay short term incentives vis-à-vis the long term incentives are there. Naturally, the talented employees they are looking for the in the case of these their short term and long term incentives both.

In the case of the long term incentives they if they are getting the benefits for the retirement aspects are there, or they are going for the in the career path is thereafter certain years they will get these particular promotions and therefore, that will be the long term incentives are there and the premium pay whatever the payment is made to them.

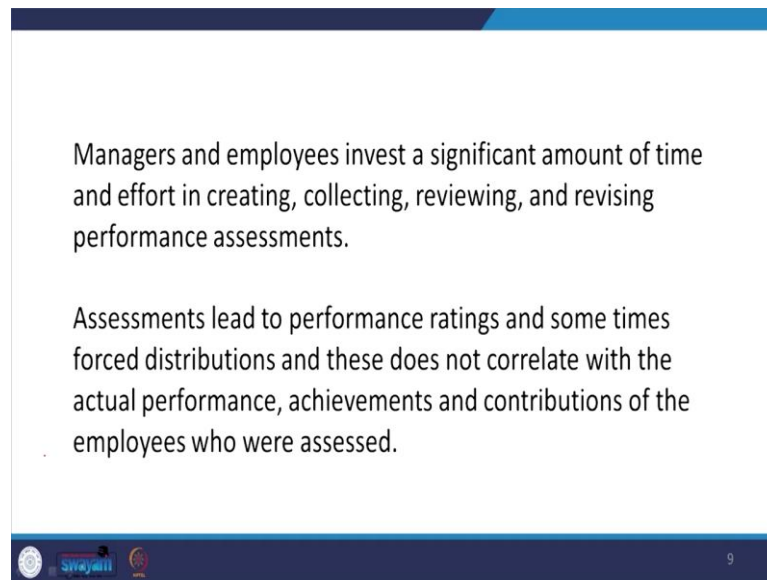
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So, if higher salaries are there, premium pay means high salaries, it will be a major opportunity for the organizations who do not revive and can recalibrate their reward program to support the transformational change right. So, it becomes very important that is they recalibrate their reward programs to support the transformational change.

The common performance review process that drives a salary increase the processes do not have the desired effect on employee's performance right. So, therefore, that is a salary increase process is there in the case of the having the desired for the employees desired performance.

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We were talking about these performance assessments; now we have to be very careful in creating right. That is the process we have the dimensions are becoming very important whenever we are talking about the creation of the performance assessments are there.

I will also like to give an example for the slides, but it is important to the job; my whole focus is always on the job and in the job, whatever the creations in these particular performance assessments. Earlier the traditional methods were there, but every time now we find that is their team build the nature of jobs are changing, now it is becoming the team building.

So, project leaders are changing and then we are taking from them that is a depend on information and collecting those information's next step is the collecting, so, therefore, the creation of the job information performance information about the candidate and then making this the collection of all the information's and analyzing or reviewing it.

Whenever we are doing this type of process, we will come to know where the performance is best and where is the performance requires improvement. And therefore, here we have to revise our performance assessments are there, and once we revise the performance assessment, that will always be giving the guidelines indicator to the performer that is the where there is a strength and where is there is the requirement of improvement.

The assessments lead to the performance ratings and sometimes the forced distributions (Refer Time: 27:49) there is a traditional method that is a choice method and the forced distribution methods, and therefore, they like yes and no. So, even now, in the survey method in spite of the 5-points Likert method, we are using the 7-points Likert method is there.

So, what is that? That is, a wider canvas is there, and this does not correlate with the actual performance because if the it is narrow if it is narrow it will not connect. The achievements and contributions of the employees who were assessed so, it is being given.

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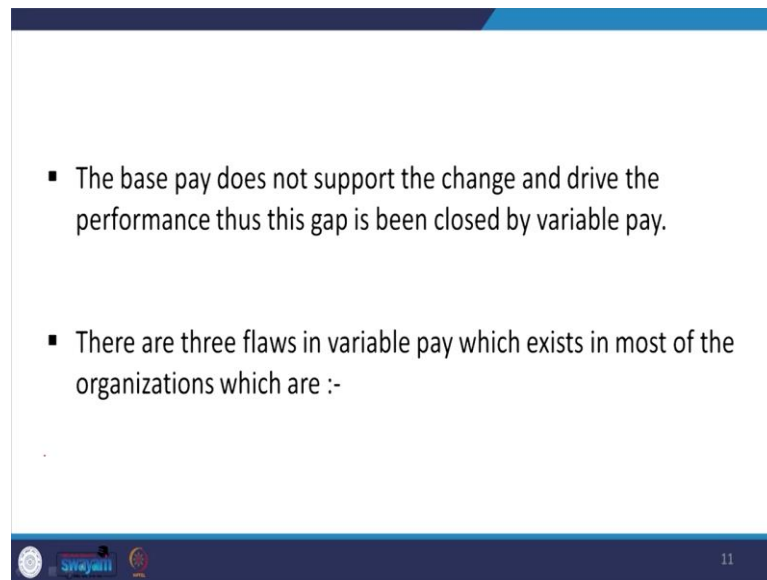
	Average Performer	Top Performer	Difference
Annual salary	\$50,000	\$50,000	—
% Increase	3.0%	4.5%	1.5%
Annual increase	\$1,500	\$2,250	\$750
Increase per pay period	\$58	\$87	\$29
After-tax pay period increase	~\$43	~\$65	\$22

The Typical Approach to Paying for Performance

So, here it is the example that has been given this is annual salary and like dollar 50000 is there, and the top performer is having the this dollar 50000. The percentage increase is 3.0 percent, and 4.5 percent and the difference is the 1.5 percent is there. And the annual increase is dollar 1500 dollar 2250 and dollar 750 is there increase per period is dollar 58, 87 and 29 is there after-tax pay period increase is there.

So, here we find the 43, 65, and 22 is there, and here you will find that is the how that average performer and the top performers you find out the difference is there. And the, therefore, in the increase you will find it is from the 58 it is going to be the 87 is there. And even if we talk about the tax payment for this and that tax payment that has also been we consider then it is coming is the dollar 22 is there.

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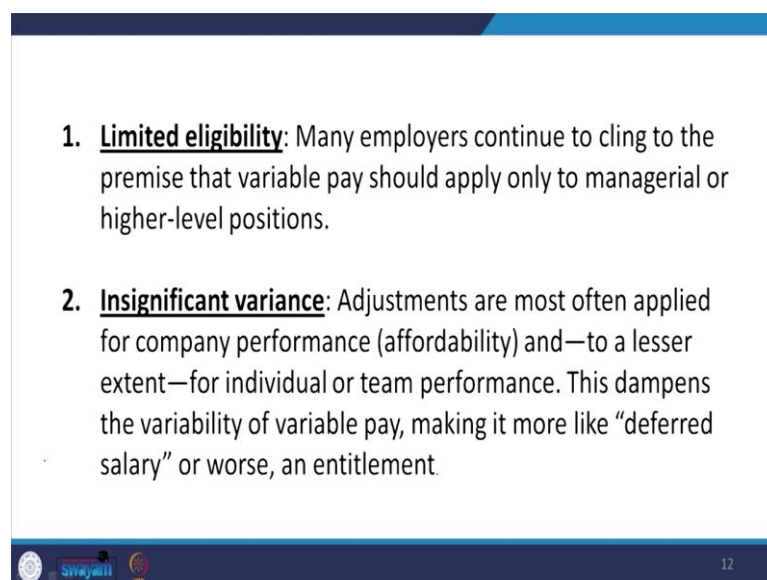


Slide 11 contains two bullet points. The first bullet point states: 'The base pay does not support the change and drive the performance thus this gap is been closed by variable pay.' The second bullet point states: 'There are three flaws in variable pay which exists in most of the organizations which are :-'. The slide has a blue header and footer. The footer contains logos on the left and the number '11' on the right.

- The base pay does not support the change and drive the performance thus this gap is been closed by variable pay.
- There are three flaws in variable pay which exists in most of the organizations which are :-

So, the best pay does not support the change and drive the performance; thus, this gap has been closed by the variable pay is there. So, therefore, what is required? That is, the if higher the earning, the higher the tax, and then the actual learning is less than this gap is to be closed by the variable pay; there are three flaws in variable pay that exist in most organizations.

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Slide 12 contains two numbered points. Point 1 is: '1. **Limited eligibility**: Many employers continue to cling to the premise that variable pay should apply only to managerial or higher-level positions.' Point 2 is: '2. **Insignificant variance**: Adjustments are most often applied for company performance (affordability) and—to a lesser extent—for individual or team performance. This dampens the variability of variable pay, making it more like “deferred salary” or worse, an entitlement.' The slide has a blue header and footer. The footer contains logos on the left and the number '12' on the right.

1. **Limited eligibility**: Many employers continue to cling to the premise that variable pay should apply only to managerial or higher-level positions.
2. **Insignificant variance**: Adjustments are most often applied for company performance (affordability) and—to a lesser extent—for individual or team performance. This dampens the variability of variable pay, making it more like “deferred salary” or worse, an entitlement.

What are those? First and foremost is the limited eligibility; many employees continue to cling to the premise that variable pay should apply only to the managerial or higher-level

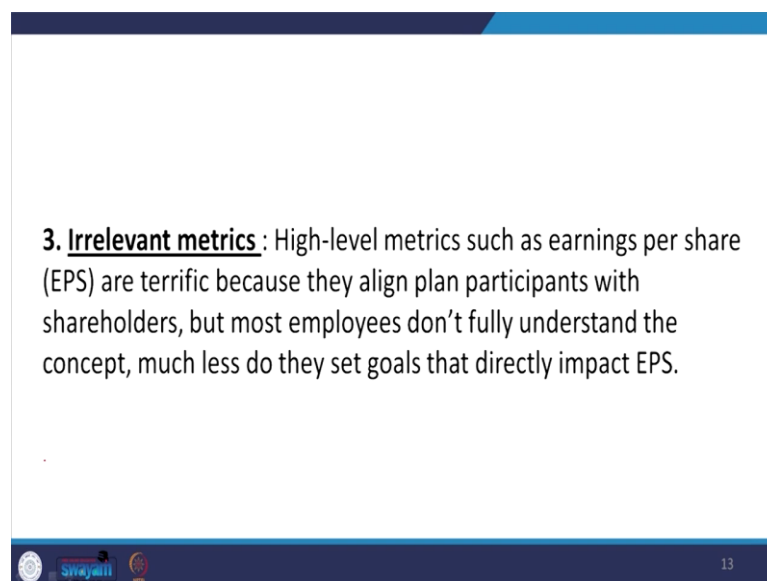
position. This is the very much the fixed mindset is there that is we will go for the variable pay only for those who are into the higher into the hierarchy. In significant variance are there it is adjustments are most often applied for company performance affordability and to a lesser extent for individual or team performance.

So, it is focused towards the employer; it is not focused towards the employee which dampens the variability of variable pay. So, therefore, you see that that restricts the making of the bouquet at the variable pay. And make marking it more like deferred salary or worse an entitlement is there and you the person may be creating that entitlement, but is he able to achieve that? Maybe it may not be.

So, even if that particular perk is available. But when he is entitled, but practically it is for a simple example, I will like to you like the children education fees. Now education fees is the entitlement in the variable pay, but the person is a bachelor, then in that case how he will use?

But the CTC in the CTC, it will be shown that is this type of the cost is there, but ultimately the practically is not using that particular variable pay. So, this type of discrepancy why it is so, it is because of the design of the incentives has been focused towards the employer and not towards the employee, and there is a practical gap.

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3. Irrelevant metrics : High-level metrics such as earnings per share (EPS) are terrific because they align plan participants with shareholders, but most employees don't fully understand the concept, much less do they set goals that directly impact EPS.

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The irrelevant metrics are there high-level metrics such as the earning per share EPS are terrific because they align plan participants with the shareholders, but most employees do not fully understand the concept much less do this it goes directly impact the earnings per share and therefore, it is not properly designed.

And because the orientation is changing. So, what is required? It is required that is we should plan a very proper and systematic employee-based variable pay. So, they can use also and that the CTC, which has been claimed by the employer, can also be justified.

Thank you.