

November 13, 2018

## Hot Topics in Total Rewards

By Brad Smith

From conference presentation topics to client interactions, here's a look at four Total Rewards current hot topics:

### Employee Recognition Program Vendors

The number of vendors administering employee recognition programs has increased. Some manage offerings that provide employees with goods (i.e., a golf club), while others offer experiences (i.e., scuba diving lessons) to deserving employees. These programs are designed to reward top performers, increase employee engagement, and provide a good or experience that may help in retaining the employee.

#### *The Best Rewards?*

It is hotly debated, what would employees prefer as rewards? Would they prefer to receive a spot bonus or incentive payment, rather than a good or experience? Often vendors are restricted on the goods or experiences they can offer; do these match what the employees actually want? Also, companies are paying for the administration of the program. Depending upon the company, it may make more sense to direct funds spent on the administration of such a program to the employees the company is looking to reward.

### Gender Pay Inequities

The gender pay gap is an accepted fact these days, but a viable, workable solution has been elusive. There are several ways to examine gender pay inequities, which may not be sufficient (especially in a pay for performance environment) including:

- a. Average or median pay of a male vs female for the whole company. *Note the United Kingdom has adopted this for all companies of a certain size.*
- b. Average or median pay of a male vs female by position.
- c. Average or median pay of a male vs female based on years in the position.

#### *The Solution?*

Some combination of (b) and (c) above is likely the best answer. However, a study would really need to be done on a case by case basis and the pay philosophy of each company would need to be considered. Item (a) above is an incomplete measure, but may indicate if the company is providing opportunities for advancement to both genders.

### The Role of Compensation Committees

Most companies that have a Board have a smaller group of Board members which make up a Compensation Committee. The Committee has historically been more centered on executive compensation decisions and CEO secession planning. However, they are getting more involved in talent management and compensation decisions both at the executive level and lower levels.

#### *The Impact?*

Committees are starting to focus on retention and grooming of future top talent. Also, they are shifting some of their focus to ensuring the company's compensation strategy is being followed at all levels. With increased scrutiny around gender pay and executive pay, as well as the labor crisis, this is likely to continue.

### Performance Management

There are many challenges involved with establishing a well-designed performance management system. Linking pay to performance is the best way to impact performance. The keys in implementing a well-designed performance management system include:

- a. Having a grasp of the positions value in the market and to the company.
- b. Ensuring the plan is designed in a financially responsible manner.
- c. Creating individual performance plans that are measurable and align with company goals.

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### *The Impact?*

Performance management has many benefits including spending less time micro-managing employees and less misunderstanding between employee/employer on expected work. This topic will continue to be a hot trend for years to come.

### **In Perspective**

These four hot topics shouldn't surprise you. Some of these are issues that companies have wrestled with for years. Finding the right recognition vendor, solving the pay gap, working with compensation committees, and finding the right performance management are all challenging puzzles but solving them will reap great rewards for the company.

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