



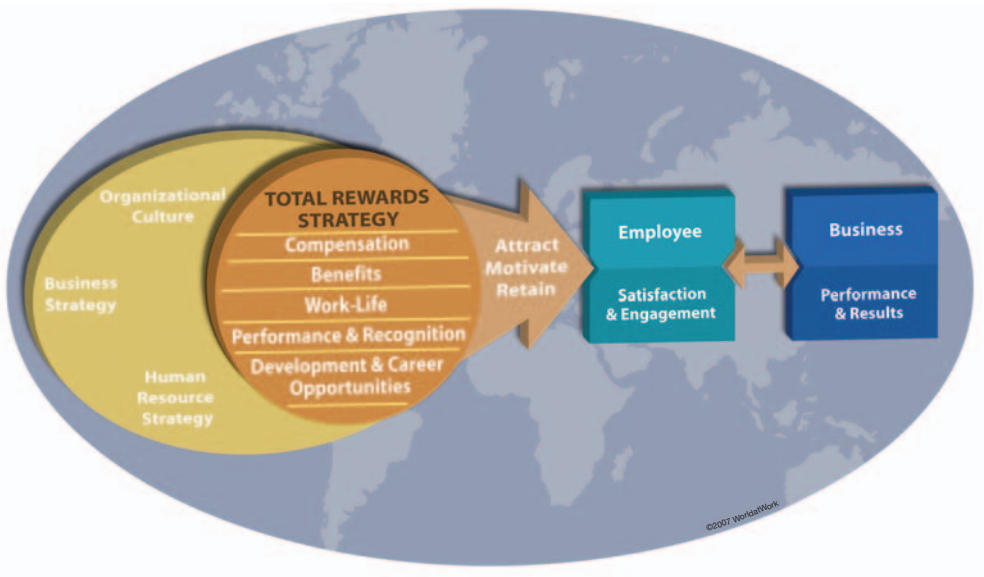
# WorldatWork Total Rewards Model



**A Framework  
for Strategies  
to Attract,  
Motivate  
and Retain  
Employees**

[www.worldatwork.org/totalrewards](http://www.worldatwork.org/totalrewards)

**WorldatWork**   
The Total Rewards Association



## 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.

**Total Rewards = Leveraging Five Elements to Attract, Motivate, Retain Strategy**

- Compensation
- Benefits
- Work-Life
- Performance and Recognition
- Development and Career Opportunities

**The Exchange Relationship**

**Employer provides:**

Total rewards valued by employees



**Employee provides:**

Time, talent, efforts and results

**Context of Total Rewards**

- Business strategy
- Organizational culture
- HR strategy
- External influences (competition, industry, regulation, etc.)
- Geography (location of workforce)

(See inside back cover for model definitions.)

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.

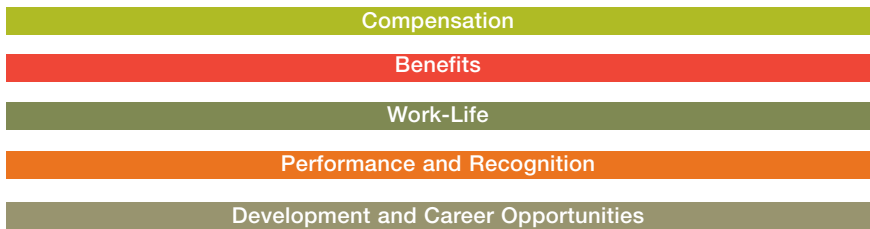
## Total Rewards Today

From 2000 to 2005, the bodies of knowledge associated with total rewards became more robust as practitioners experienced the power of integrated strategies. Organizational and departmental structure changes allowed for better integration, and professional understanding improved as well. Advanced literature, research and case studies accelerated visibility for total rewards beyond the HR profession, garnering notice from line managers and, indeed, the top executives.

Given this advanced thinking and the increased importance of total rewards as a core business strategy, WorldatWork convened teams of volunteers—leading professionals in the field—to create an enhanced view of total rewards. The result: a comprehensive model that demonstrates the context, components and contributions of total rewards as part of an integrated business strategy.

## 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:



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. An effective total rewards strategy results in satisfied, engaged and productive employees, who in turn create desired business performance and results.

The elements, as WorldatWork has defined them, are not mutually exclusive and are not intended to represent the ways that companies organize or deploy programs and elements within them. For instance, performance management may be a compensation-function-driven activity or may be decentralized in line organizations; it can be managed formally or informally. Likewise, recognition could be considered an element of compensation, benefits and work-life.

## Development of the New Total Rewards Model

The new total rewards model is the result of more than two years of discussions and contributions by dozens of members and staff.

When Alliance for Work-Life Progress (AWLP) joined the WorldatWork family of organizations in November 2003, leaders of both organizations discussed evolution of the term “the work experience” to collectively describe work-life and all the other areas of total rewards not encompassed in compensation and benefits. There was unanimous belief that “the work experience” portion of the total rewards model needed revision.

A volunteer team was assigned to address the issue in 2004. The team concluded that “the work experience” component of the total rewards model could not be addressed effectively without considering the entire model. The team also provided the framework for a new, more comprehensive way of thinking about total rewards. Thus, the WorldatWork Board of Directors assigned its 2005 Strategy Committee to review evolution of the model. After a thorough review of the state of total rewards, the committee recommended a final model, which was approved by the Board of Directors in October 2005.

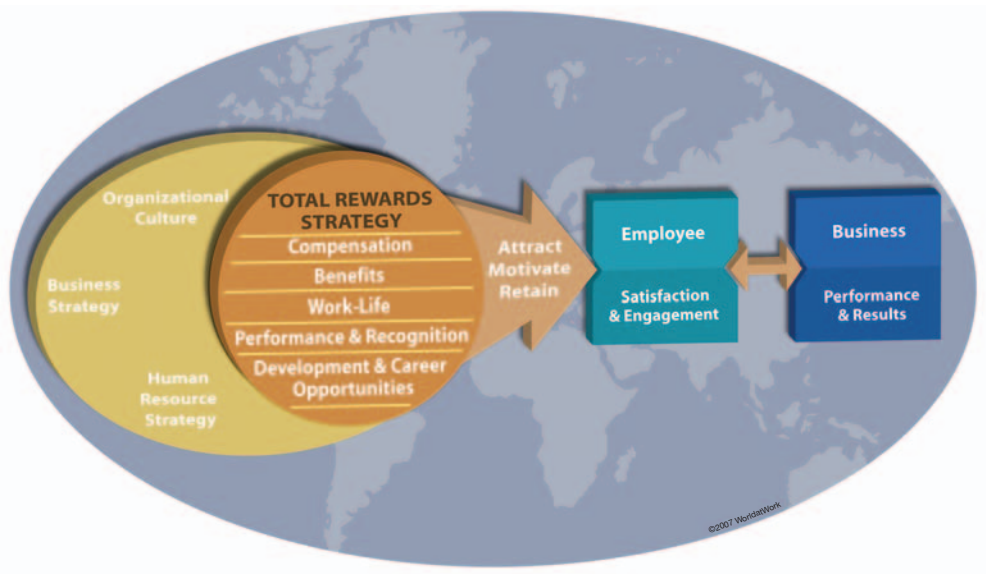
To solicit initial constituent feedback, many members participated in focus groups and interviews about the proposed model during summer 2005. The model was enhanced based upon these members’ feedback. In September 2005, several thousand members around the globe received a survey depicting the proposed model. Members provided helpful comments to guide the final version. The overwhelming consensus of survey participants was that the new model clearly articulates total rewards in a way that is meaningful to professionals.

Further, many respondents said they will use the model, or variations of it, in communications with top management and line managers.

## 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



## Intent of the Model

The model was officially introduced in 2006. The model is intended as intellectual capital to help professionals and to guide the programming and content provided by our association. WorldatWork presents this new 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.

# Total Rewards Definitions

Total Rewards Component	Definition
<b>Compensation</b>	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.
<b>Benefits</b>	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.
<b>Work-Life</b>	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.
<b>Performance and Recognition</b>	<p><b>Performance:</b> 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.</p> <p><b>Recognition:</b> 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.)</p>
<b>Development and Career Opportunities</b>	<p><b>Development:</b> 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.</p> <p><b>Career Opportunities:</b> 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.</p>

*For more in-depth definitions go to [www.worldatwork.org/totalrewards](http://www.worldatwork.org/totalrewards)*

WorldatWork ([www.worldatwork.org](http://www.worldatwork.org)) is an international association of human resource professionals focused on attracting, motivating and retaining employees. Founded in 1955, WorldatWork provides practitioners with knowledge leadership to effectively implement total rewards—compensation, benefits, work-life, performance and recognition, development and career opportunities— by connecting employee engagement to business performance. WorldatWork supports its 30,000 members and customers in 30 countries with thought leadership, education, publications, research and certification.

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*WorldatWork Journal, WorldatWork Press and Telework Advisory Group are part of the WorldatWork family.*

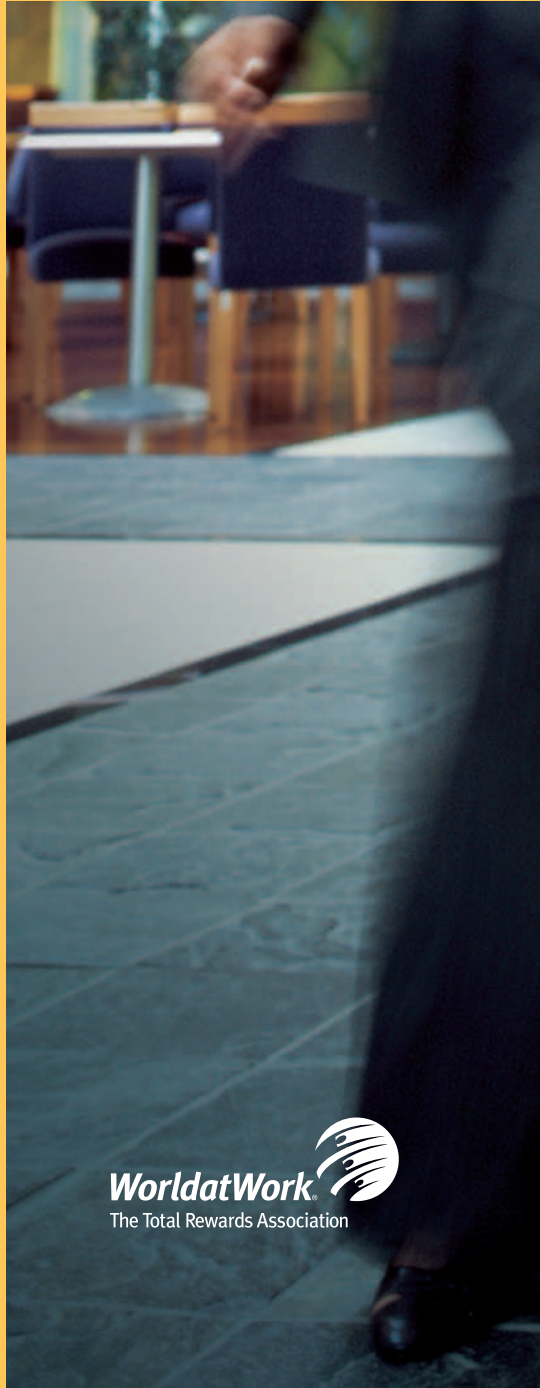
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