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rewards strategies

Companies are creating reward business partners to upskill managers and strategically partner with HR and the business. Traditional transactional activities, such as market pricing using salary surveys or establishing pay bands, are on the decline. But strategic and analytic activities, such as AI/machine learning, predictive modeling, and transparency are becoming more popular. Here are three new reward strategies worth considering.

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1. Agile rewards

Agility is a continuous iteration and evolution following user and market feedback. It covers the end-to-end cycle from strategy and ideation through to delivery and renewal. The goal is cross-fertilization of ideas and innovation.

Agile working poses three challenges for rewards:

- The annual pay review is off-kilter with the agile working cadence
- Organizations will have to pay (and un-pay) individuals moving in and out of fluid projects
- Agile rewards sit outside traditional talent and reward structures (temporary work)

At the heart of the agile approach is an opportunity to get closer to customers, and collaborate easily using a team-based working approach. Perhaps most importantly, it allows you to stay aligned with change.

2. Pay-for-skills

A pay-for-skills approach challenges the traditional concepts of pay-for-performance. By delinking base pay and performance in favor of pay-for-skills, the focus is on rewarding progression and/or development. It also helps a company to take a more holistic view of rewards by using recognition programs, spot rewards, and career opportunities to recognize and motivate.

The key to getting pay-for-skills “right” is to use a dynamic pricing model for skills, and cloud-based data to provide near real-time information on market prices for skills.

A pay-for-skills model would see the future of jobs evolve:

- Discrete jobs will morph into skill clusters
- Skill clusters will include both cognitive and behavioral skills
- Individuals will be paid based on the skill cluster, rather than the job

3. Personalized rewards

The personalize rewards approach is customized based on what resonates with workforce segments across the total rewards spectrum. It deconstructs the employee experience to identify the moments that matter most to the employee. Technology is used to help companies offer a selection of options and the employee chooses the option that suits them best.

The use of technology in this area helps you to offer rewards that are tailored to an employee's unique motivations and then shift as their motivation changes.