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OPINION UK BENEFITS TECHNOLOGY EMPLOYEE ENGAGEMENT EMPLOYEE WELLBEING MOTIVATION AND RECOGNITION PAY STRATEGY TOTAL REWARD TOTAL REWARD THEMED WEEK JANUARY 2019

John Forth: How have total reward trends developed?

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A major feature of the **reward** landscape in recent years has been the prolonged period of wage stagnation; according to *Employee earnings in the UK: 2018*, published by the Office for National Statistics (ONS) in October 2018, average **wages** are still below levels recorded in 2008, after adjusting for inflation.

As employers have held back wage levels, they have had to think carefully about the overall shape of their reward packages, while legislative changes raise employees' expectations around flexible working, **parental leave** and **pay** and **workplace pensions**.

Where is reward heading next? Despite the range of benefits offered by many organisations, the provision of interesting work, good pay and job security remain core elements that impact effective recruitment, **retention** and employee motivation.

Employers will need to closely monitor **pay levels**, in particular, now that market rates are beginning to show sustained signs of improvement, as found in the ONS' *UK labour market: December 2018* report.

Continued interest in flexibility as part of the **total reward package** is also likely, as employers gain a broader appreciation of how much their staff value choice around when and where they work. Organisations will also need to give increased attention to reward packages across the corporate hierarchy, with reforms to corporate governance regulations now requiring many employers to report on internal pay ratios.

Outside of the traditional reward package, we are likely to see continued expansion of **recognition awards**. Jana Gallus and Bruno Frey's 2015 review article *Awards: A strategic management perspective*, published in July 2015, shows there is increasing evidence that these can provide a relatively cheap but effective way of **motivating employees**, if used appropriately.

The *Reward management survey*, published by the Chartered Institute of Personnel and Development (CIPD) in November 2018, found that only a quarter of the 568 HR professionals surveyed were attempting to measure their return on investment in employee benefits. The increased use of **HR analytics software** should make this easier, while the increase of in-house social networking tools gives organisations more opportunities to raise awareness of the benefits on offer and gather data on employees' preferences, so that reward packages can be tailored and made more effective.

John Forth is senior lecturer in human resource management at Cass Business School

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