Key things you need to know about ***Reward Management:***

* Reward management is concerned with the financial provisions, both cash pay and other benefits, that are made to employees.
* Rewards normally consist of two main elements: standard, or fixed, payments that are defined in the contract of employment, and additional, or variable, payments, which may be discretionary on the part of the employer.
* Additional, or variable, payments are usually related to performance beyond that which is contractually required, or achievements above and beyond those defined in the contract of employment.
* Additional payments are often defined through a performance management system, and reflect the achievement of specified aims and objectives, according to pre-defined standards.
* It is important that additional payments should be made in return for specific performance, and not on some vague basis that might be construed to be a promise of future performance. Hence additional payments are normally paid at the end of the period for which specific aims and objectives have been set.
* In some cases, additional payments may also be made to reflect overall organisational performance during the previous period. This is very common in commercial organisations, for example, in the financial services sector.
* The decision about what type of rewards to offer, on what basis, and through what procedures, leads to the development of a reward strategy. There may be a single strategy for the entire organisation, or a set of strategies addressing different groups and/or grades of employees.
* There should be a well-articulated link between business, broader workforce and reward strategies.  The effective and successful development and implementation of reward strategies also depends on a sensible fit with culture in place or burgeoning as well as the identification of clear objectives and the outcomes desired. The identification of clear objectives and the outcomes desired, so too is the existence of monitoring processes in place from the start to see how any changes are working
* There should be a sensible fit between the rewards to be offered and the culture that the organisation has and/or wants to develop.
* There are several main areas for consideration within reward management: pay structures, pay progression, measurement and management of performance, employee benefits, non-financial reward, total remuneration and total reward.  Whichever area of reward management is being utilised, to develop and maintain competitive pay levels, salary structures and other benefits, it is also necessary to monitor the external market.
* When deciding which kind of reward will be best to offer, e.g. competency-based, performance-based, graded, profit sharing, etc, employers should consider internal factors such as financial resources and the type/nature of work and roles undertaken. Selecting the best mix of rewards and benefits within the appropriate structure and ensuring a fit with the culture of the organisation is vital. Any new values being developed should be open, honest and credible. There is no one right approach. However, organisations should take internal factors into account.
* Employers should also consider external factors such as business performance, market rates, skill shortages and economic trends.
* The external market should be regularly monitored to establish what competitors are offering.
* Once implemented, reward processes should also be monitored and evaluated to see how changes are working and to implement any necessary changes.

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