

# Reward is now a top management issue

Reward is on the Board agenda

Reward management is no longer the domain of compensation experts. As salary and benefit costs represent anywhere up to 70% of a company's total costs, reward is now a top management issue, with the CEO and the Board involved in these issues.

The questions that are being asked are:

\* What performance are we receiving in return for what we pay?

\* What is the effectiveness of all the costs allocated to reward?

\*What is the ROI?

The role of the Remuneration Committee is also changing with a much greater remit to oversee all reward programs and to understand their impact on costs and risk.

This is being driven by the growing impact of taxation structures that impact benefits and the growing regulation around benefit structures and this is deviating scarce management time to ensuring compliance rather than formulating the best reward strategy for the company.

This can also lead to distortions in reward structures, without consideration of whether those structures work to drive sustainability performance.

Developing and delivering reward programs that are cost effective, drive performance improvement, build talent and avoid unnecessary risks are the challenges that are being faced moving forward.

**Achieving the total reward strategy is mission critical for all companies**