

Full Length Research Paper

Literature review on total rewards: An international perspective

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The objective of this research endeavour is to design an expatriate reward strategy for the employees based in China, as they are the blend of UK/European offshore nationals and Chinese locals. It aims to identify the likelihood of “total rewards” for a diverse workforce. Companies have to draw a compensation strategy in order to attract, retain and motivate expatriates considering the existing concept of total rewards because the firms primarily does not have any sort of “fit” compensation strategy. While reviewing the literature, it is revealed that the idea of total reward is nothing but the amalgamation of conventional ‘compensations and benefits’ and it leave a qualm on part of its lucidity. Even the concept of total reward does not seem to differentiate it from merely the reward system, as the same benefits in shape of “reward mix” blending all sorts of rewards together in order to disengage the flexibility of the workforce. To support the concept (total reward) different modules, strategies and models are presented which are not only questionable but invite the further research in this area.

Key words: Rewards, compensation systems, performance appraisal, culture, China.

INTRODUCTION

Literatures review on rewards; total rewards and international compensation unfold the numerous versions of employee benefits. We consider a UK based international consultancy company having operations in some area of China and Europe. Workforce consists of consultants having professional and technical skills as well as expertise consistent with the requirements of industry and these expertises are the source of success in its operations throughout the areas in which it serves. The company, because of the high standard services is enjoying the good business expansion recently, responding to this expansion the firm intends to move some of the consultant in UK and Europe to China for serving two main reasons, one is to gain strength in Chinese region through expertise of these transferred consultants and the other reason is to provide an opportunity for learning new cultures and international management to these transferred.

The strategy adopted in this context will be helpful in adopting and application of UK and European employees in their Chinese counterparts. Presently the compensation strategy of the firm is performance based, due to which the employees are getting and are offered with exceptional rewards packages based upon the specific criteria emphasizing the performance. However in China, individual competency and seniority are bases of the compensation strategy and employees are, being compensated accordingly. Till now both the strategies were working successfully but now because of the present decision now strategies required scrutiny and need to be changed in suitable way for their sustainability in all regions.

The present study analyses and finds some suitable compensation strategy for a Chinese workplace where the workforce consisted of employees from UK and Europe as well as local Chinese personnel. Literature review suggests innumerable ways to fascinate the employees by negating the concept that money is not only the single motivator to retain the workers for a longer time so in order to maintain the company's success

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reward packages are introduced where employees tailor their benefits according to their preferences. In this regard, the non fiscal rewards play a substantial role in gratifying the employees' internal instincts. Communication plays a vital role to address the total rewards and compensation in an effective way. Because it is found in number of occasion that employees generally are oblivious on part of knowing their benefit packages. Thus improved communication strategies not only let the employees to grasp their shareholder values but also increase their commitment.

This study is based upon the survey of the literature for exploring particular aspects of total rewards system and strategies, compensation systems in general and in international context for with following aims and objectives:

- i. To identify the concept of total rewards in a theoretical perspective in context of different approaches for international business operations and multinational companies.
- ii. To assess the importance of total rewards and finding influence of different factors like culture, globalization on these rewards, and to make out the theoretical views of total rewards regarding their specific use, design, models and approaches for expatriates.
- lii. For recommending comprehensive total rewards plan accompanying the recommended action plan for addressing the concerns about, attracting, retaining and motivating of workforce in subsidiary of UK based company in China.

LITERATURE REVIEW

Rewards: Clarifying the concept

Reward presents all the tangible benefits and provisions an employee obtain as a part of "employment relationship" (Milkovich and Newman, 2004); while Malhotra et al. (2007) illustrate that "work rewards" indicate the benefits, workers receive from their workplace and are considered the determinants of job commitment and satisfaction. Bratton and Gold (2003) define "rewards" as all the cash, non-cash and psychological payments provided by an organization in return of their contribution. Stone et al. (2010) found that financial incentives are not always welcomed by all employees and material incentives generally do not tend to satisfy the basic psychological needs and discern the individual variance.

Gross and Friedman (2004) identified that rewards are now more than archaic concept of receiving pay checks after a week, rather they embrace the holistic value scheme that the employer recommend to the employee that includes compensation (consisting of base pay, short and long term incentives) benefits (health issues, work/life, and other benefits) and careers (training and development, career progression). A return on

investment survey has taken the feedback about the definition of rewards from U.S employers in the former year, 46% respondents elaborate rewards as "pay and benefits" whereas 21% consider rewards as "pay, benefits and career". By the later year that is, 2003, merely 35% classify rewards as "pay and benefits" whilst 29% more broadly define rewards as "pay, benefits and career" (Gross and Friedman, 2004). Kalleberg and Buren (1996) identified that the employees of big organizations gain higher wages, fringe benefits, and promotion chances more than the employees of smaller organizations.

Among all types of reward, monetary pay is considered ever-present and significantly important factor (Milkovich and Newman, 2004). "Pay" is not considered merely a motivator (Gardner et al., 2004), but in addition as a way of reinforcing employee retention (Lum et al., 1998). However, Adams (1963) pointed out that distribution of financial rewards may create inequity issues that destabilize the possibility of positive impact of "pay" and leads to negative consequences. Considering the "pay issues" two types of "fairness" considered pertinent-distributive justice and procedural justice, former refers to the degree in which workforce perceive their amount of pay as fair, while the later is concerned perceived fairness of the resources and methods used in determining the amount of pay. Hsee and Abelson (1991) argued that in provision of pay employees mostly are fretful with velocity "the direction and rate of change" because they seek out and scrutinize information about their progress. Trevor et al. (1997) endowed with evidence that "pay growth" has a key negative impact on turnover.

Rewards in theoretical perspective

According to Chiang and Birtch (2007) the utility and enticement entrenched in reward is revealed in a variety of theoretical perspectives. The dichotomy of intrinsic and extrinsic rewards was initiated by Herzberg et al. (1957) who labelled the achievement, recognition and advancement as an intrinsic reward that motivate the employees more than the extrinsic rewards, that is, salary, job security or working environment, etc. Zhou et al. (2009) states that the philosophy of extrinsic rewards is originated from the term "utilitarianism" and suggests that people's behaviours are modifiable, so by providing extrinsic rewards their performance could be enhanced, while in comparison with "utilitarianism", the term "Romanticism" refers to intrinsic motivation that boosts the innovation and creativity of the employees. These two intrinsic-extrinsic dimensions are mostly kept separate according to the expectancy theory and dealt in an entirely distinct psychological perspective, nevertheless according to the other versions of expectancy theory there is not any difference between the intrinsic and

extrinsic rewards and both serves the same psychological process by indulging motivation in employees. Vroom (1964) speculates that a person's beliefs, attitudes and perception about his behaviour prophesied the rewards or punishment that pursue his action, while according to the cognitive theory actions only get strengthened when the expectations change about what one does and what he receives in terms of rewards.

Vroom debates that certain behaviour is determined to be initiated only if the expectations and the consequences related to that event occurred. Porter and Lawler (1968) followed vroom's ideas and further contended that people often determine efforts in work by judging the value of reward and the relationship between their effort and expected reward (Chiang, 2005).

Maslow (1954) stated that only unsatisfied needs motivate for further action as it creates disequilibrium. While instrumentality theory leads to scientific management method of Taylor (1911) who argues that only a continuous and large amount of pay can bound people to work hard and they are motivated only if the incentives and penalties are directly associated with their performance. Pfeffer (1998) argued that people work for money. Latham and Locke (1979) speculate in their goal setting theory that performance can be enhanced only when the objectives and goals are difficult and feedback is associated to the elevated performance for the attainment of higher goals. Adams (1963) totally negates the notion and conduced the idea of equitable rewards; according to him people can be motivated only if they are treated in an equitable manner. Equity theory says that reward or pay system is considered fair if they are perceived to be fair (Jaques, 1961).

Azasu (2009) suggested the "Principal-agency theory" in which mostly people are opportunist and always motivated through monetary rewards, while socioeconomic theorist argue that people are neither inclined toward monetary reward nor they have homogeneous approach, they might be fascinated by the cocktail of monetary and non monetary rewards that can be the potent to enhance their motivation and commitment (Malhotra et al., 2007).

Vandenberghe et al. (2008) links the big five personality attributes (extroversion, agreeableness, conscientiousness, stability and openness to experience to performance of employee.

Employees possessing the traits of Extroversion and agreeableness observed to be more cooperative. Extroverts pay more attention towards social interaction, agreeable and conscientious employees are more inclined towards future prospects like insurance, pension and job security, etc. Simply openness to experience exercises positive impact on the opportunities of career development.

Evaluating rewards

Fay and Thompson (2001) has indicated several studies

about the evaluation of reward criteria in employer's viewpoint, but failed to locate a single evaluating strategy that prophases the rewards impact on employee's performance. Armstrong and Brown (2005) considered the failure of evaluation—a blind spot for the management involved in reward practices. Researchers are tentative about the standards that can forecast the success factors of rewards because most programs identical in nature, in one situation are successful in employees' point of view, but not in another scenario present the same results (Brown, 2008). Thus, it is evident from the empirical research of various studies that the concrete data is out of stock and it often thwarts the evaluation of reward program in an accurate way. Despite the critical factors involved in evaluation of rewards, numbers of surveys have come across the effectiveness of rewards schemes in weighing the employee's performance (Fay and Thompson, 2001).

Changing vista of rewards

Chen and Hsieh (2006) indicated that the traditional seniority-based trend has been changed in to performance-based, monetary trend into non monetary, extrinsic function in to intrinsic, periodic reward in to instantaneous, unitary rewards in to differential and independent in to coordinated. Schuster and Zingheim (1992) coin the word "new pay" and link it to organizational and employee performance. They characterized the concept of new reward by various traits like its strategy, flexibility, performance orientation, integration and distinctiveness with regard of the action of employee and employer. Reilly (2003) advocates that unitarist view point reflects that the idea of "new reward" is very much there in HR mainstream and focal point is to shape the mind-set and behaviour at work stressing upon the integration, elasticity and performance. However philosophical groundwork to new reward is not supporting because "new pay" is not the combination of compensation practices rather its contemplation about the function of reward in a multifaceted organization. Gross and Friedman (2004) reckoned the human capital strategy for this transition, because it deals the larger interest of employees regarding their education, skills, attitudes and rewarding process. Human capital strategy is considered as a unique strategy because it aligns the concept of "best fit", instead of "best practice", aiming the distinctiveness of the enterprise.

Types of rewards

Buch (2006) found in his study, the concept of six sigma that indicates the four categories of rewards, that is, intrinsic, extrinsic, social and the organizational remuneration. Intrinsic rewards refer to internal feelings of satisfaction, involvement, growth, autonomy and self

competence an individual experience during his career (Allen et al., 2004). Extrinsic rewards are based upon organizational participation and performance and further categorized into direct and indirect form (Westover and Taylor, 2008). Larson (2003) considered the direct reward as a “small token of appreciation” while indirect refers to the financial security and better future prospects. Social rewards that are related to Alderfer’s social, relatedness and affiliation (Alderfer, 1969) are associated with team based projects that reinforce the employees to interact with peers in order to obtain the shared goal outcomes (Larson, 2003). Organizational rewards refer the probability of increased profits and productivity; extensive training that streamlined the main business processes and good communication between the employees and management.

Performance and performance appraisal based reward system

Performance-related rewards permit the highest performer to be awarded accordingly. According to Lyons and Ben-Ora (2002), successful performance-based rewards are those, perfectly begin, implemented and aligned with total reward strategy. When organizations structure the “reward systems” entirely according to the intent of their employees, it happens to human instinct to work hard in order to achieve their own and organizational objectives (Pfau and Kay, 2002). Among several key component of pay for performance “stock” is reckoned most pertinent and measurable way to relate pay to performance. The only way to enhance the Employees motivation and enthusiasm is performance appraisal system especially when efforts directly link with reward through particular and formalised individual objectives (Fay and Thompson, 2001). Seniority, internal equity, performance based incentive plans and traditional pays are highly ranked in Chinese culture. Brown (2008) suggested that evaluating, gauging and developing the efficacy of human resource pay and compensation practices have key prospective for the company in a service or knowledge based economy.

Team based rewards

According to Cacioppe (1999) team-based rewards often fascinate most of the managers, but some are reluctant to implement because of its complexity and adversity on individual performance. Rewarding the whole team equally on their performance is termed as “team-based rewards”, and this system of equally “rewarding” present “glue” that combine the whole team in one unit. According to Larson (2003) the process of “small token appreciation” and “recognition” is a better option for team members because to develop an equitable monetary reward system is too dire to implement.

Reward strategies in United Kingdom

Total reward is now highly acknowledged in UK. Market analyst reckoned it as “flavour of the month” and on top priority of UK human resource agenda (Armstrong and Brown, 2005). Lands’ end is considered a great paradigm of an American company that has transformed U.S. total reward strategies to suit in British atmosphere. Company’s logo wasn’t emphasized on “pay” as more powerful driver of performance; rather it focused on “emotional”, “intellectual”, “social”, and “spiritual” incentives that identify the diverse aspect of the whole personality of the employee (Brown, 2005).

Putting total reward strategies into practice seemed dire, the reason of the slower evolution (of total reward operations) in the United Kingdom is of its conservatism, primitive human resource information system to oversee flex schemes and enormous job to erudite the British employees up to that level of sensibility (Armstrong and Brown, 2005). According to the Philpott (2008), offering salaries and benefits that are competitive and motivate staff yet are also affordable”, is real challenge for employers.

Chinese attitude towards reward

According to Tang et al. (2000), China’s conventional trend of “iron rice bowl” (tackling employees requirements through governmental welfare schemes) is waning away because of the substantial influx of the overseas investment, so western practices swaying Chinese management by replacing the concept of performance-based pay, higher income differences and other benefits like, monetary incentives, growth opportunities, welfare benefits, etc. (Armstrong and Murils, 1998; Baruch, 2004). China’s labour market is reckoned one of the prime challenges in the globe and human resource is summit operational issue because of the paramount labour cost and high turnover issues in china (Leiningner, 2007). Wei and Gima (2009) argued in their study that Chinese companies ought to be used concurrently high order, long term trend in reward structure and a low level- perilous reward structure to augment the positive outcomes of market orientation on the performance of new product.

Cultural dimensions in reward perspective

Culture is the most perceptible cognisant or incognisant reflection of one’s beliefs, customs and values (Schein, 1985). Culture provides a platform to rectify employee’s preferences regarding rewards (Chiang and Birtch, 2007). According to Hofstede (1984) culture is the collective encoding of mindsets that enable them to distinguish themselves from one group to another. Organizational Culture includes all the components of work experience whether it relates to organization’s ethics or the intangible

commitments like working conditions, flexibility, employee's competence, autonomy and the degree that shows employee's enthusiasms about the business task. Employees tend to join or leave the organizations by evaluating its culture (Kroeber and Kluckhohn, 1952).

The interpretation of capital, length of vacation and rank varies across different countries; similarly a contrast effect is evident in terms of rewards (tangible/intangible) across cultures (Schneider and Barsoux, 1997) In order to testify the rewards impact upon diverse cultures (Pennings, 1993). Hofstede's (1948) model is demonstrated an insight in a prognostic and specific way and it can be used in designing and transferring of effective practices of reward (Chiang, 2005). Subsequently when nations share parallel score on Hofstede's (1984) national cultural measurement then it is assumed that management practices can easily be transferred. According to Inglehart and Carballo (1997) Chinese score high on power distance whereas western cultures like UK scores higher in masculinity, even within the Chinese domain Taiwan just because of its longer association with western management practices score higher on industrialization and lesser on conventional Chinese values. According to Chiang (2005) individuals belong to countries that scores high on masculinity like UK prefers the individual performance rewards and it shows a likeness of Hofstede's arguments that masculine countries have greater propensity to value material incentives than feminine countries like China (Hofstede, 1984) but Chen (1995) found that social and economic change has shifted Chinese away from collectivism as they prefer equity than equality based rewards, but on the contrary Chiang (2005) contends that its really biased to support the argument that feminine cultures give significance to material rewards (Hofstede, 1984). Though the convergence perspective argues that culture pressure is reduced now because of the globalization. Easterby-Smith et al. (1995) found in their research that although, convergence is considered a "hard" HR policies that is evident mostly in manpower planning but continuous divergence is regarded as "soft" tool used in culturally sensitive areas, that is, linked with rewards and motivation (Redding, 1994).

Total rewards (TR)

Total rewards encapsulates all the aspects of work that is valued by employees whether it is related to healthy work environment, better opportunities of learning and development or the benefits packages linked to the pay. So, total rewards combines the transactional rewards, that is, tangible rewards related to pay and benefits as a result of transaction between employee and employer and the relational rewards that are associated to work environment and learning and development (Armstrong and Stephen, 2005). So, it is very true in saying that total rewards are considered the total sum of the cost of each

component of reward package an employee gets from his organization, and total reward is everything that an employee perceives valuable as a result of his employment relationship (Worldatwork, 2000). Total rewards are painstaking holistic approach that is beyond the focus on pay and benefits (Rumpel and Medcof, 2006). Another prominent and broad definition by Worldatwork (2000) is that total rewards are the mechanisms that usually employer uses in order to retain, stimulate and gratify employees.

Zingheim and Schuster (2001) reported that "total reward" is supported by the assumption that employees likely to work more than money. Watson and Singh (2005) contend that it takes more than merely cash to engage and retain high quality work force. According to Giancola (2009), the "total rewards" notion broadens the prior concept of "total compensation," which usually address the high-priced benefit programs. Egan (2011) in her CIPD survey found the link between "strategic" and "total rewards". She stated that exercising the total rewards may figure out the strategic approach to reward for many organizations.

Components of total rewards

Zingheim and Schuster (2000) comment that the conception of "total rewards" can be categorised in to four components: convincing future, encouraging workplace, individual growth and "total pay". Silverman and Reilly (2003) explained the total pay as the combination of basic salary, performance-based salary, benefits, and acknowledgment or feedback. Employees are in awe of the "total pay" that is devised around their task and needs. Several alternatives available are basic salary to reward the workers continuing value; performance based salary to highlighting the results; benefits to give safety from life and health vulnerabilities, in addition to vacation, identification and feed back. Consequently the companies that address individual's need and preferences adequately in terms of total pay more likely to "attract" and "retain" key workers and by applying such methods organization anticipates enormous concentration to non-monetary aspects of rewards (IDS, 2003).

Total rewards strategy (TRS)

A total rewards strategy is considered a plan of action that clarifies the resources organizations usually allocate in order to achieve the desired outcomes within a specified time frame (Hiles, 2009) while according to Armstrong and Murils (2004) organizations design reward strategies so as to facilitate their employees in terms of implementing reward practices and policies to gain the business objectives. Brown (2005) agreed and contends that reward strategy is a style of thinking and one can implement it to any problems regarding rewards just to

get valuable outcomes. Reward strategies differ in nature as the distinct disposition of organizations. Same as organizations - employees too possess distinctive traits (Giancola, 2008) in terms of their race, culture and ethnicity in determining rewards. Subsequently, total reward strategy has to prop up on the whole the business strategy and it must be conversed to all employees (Lyons and Bin-Ora, 2002) and once the business strategy is devised, the companies determine how they will compete in the open market (Kaplan, 2007). According to Gross and Freigman (2004), total reward strategy always helps organizations about how effectively manage the total costs of the whole reward package and then ultimately recommend attractive chances of the investment of reward dollars. Strategic process often becomes supportive when an organization has to take some decisions (Jiang et al., 2009). So, total reward strategy is not only liable to help in decision making but it perks up the performance of employees and resolves the compensation predicament as well.

Reward policies often help employer to negotiate the employees in order to meet the immediate hitches in the labour market (Smith, 1992) consequently Reward strategy driven from corporate strategy (corporate values and beliefs) helps organizations to boost up, for example, Dow chemical's compensation strategy is reflected in form of quality of performance both in employees and business. Gross and Friedman (2004) found that in order to maintain an effective "total reward strategy" it is vital to have quality information and analysis to make better decisions and also to evaluate the impact of those decisions. Zingheim and Schuster (2007) assert that senior management must consider six reward principles same as they help in developing the total reward strategy: creating an optimistic and natural reward experience, supporting reward with business goals to craft a win-win partnership, extending "employees" line of sight, integrating rewards, awarding employees "on going" assessment with basic salary, aligning the "reward results" with performance-based salary. Silverman and Reilley (2003) found in his study that better the fit among the approach to "total reward" and the corporate strategy, the more alike the reward schemes will be successful.

Total rewards criticism

Giancola (2009) identified that the "total reward" concept has been propped up as an improved strategy for addressing the new corporate conditions like globalization, merger and acquisition and improving the recruitment and retention rates. Brown (2008) found in his study, the need to deal with three levels of reward strategy as a part of "Evidence-based reward management", that is, reward policies, practices and reward processes. Pfau and Kay (2002) stated that by adopting a certain set of reward strategy and accountability training, organizations can practice a 16.5% bounce in shareholder value. Hiles

(2009) stated that a "total reward strategy" is reckoned as a focused game plan that assigns funds and tailors actions that leads to attain the target performance level within a time constraint.

Giancola (2009) considered the theory of "total reward" as a passing fad, and supported his argument by evaluating the concept against eight criteria for spotting the management fads, that was illustrated by Miller and Hartwick (2002). According to Miller and Hartwick (2002) in the beginning, the "total reward" concept deal with all the significant facets related to work experience like: organizational aspects as culture, atmosphere and leadership, and job-related aspects like challenging task, but these areas required a substantial expense of time and money. Hiles (2009) found that it is regrettable that in present corporate environment, perplexity about the robust total reward strategy is existed. And even more worrying element is that, lack of appreciation is sometimes observed for the whole scenario of "reward plan value drivers".

Models of total rewards

According to Armstrong and Murils (2004), many leading organization of HR and reward consultants constituent their own models of total reward in order to create an improved and alluring 'employer brand'. As according to Thompson (2002) the real power comes when companies rejoice the combination of relational and transactional rewards. The Worldatwork model represents seven components but Giancola (2009) represented in his article the most simplified model comprising of five modules, that is, compensation, benefits, work-life balance, recognition performance, career opportunity and development. Culture and environment were eliminated despite of their importance.

IRS (2004) model represents three components, that is, fixed reward, performance related rewards and environment related rewards. The first deals with the role of employee in a firm through pension and base salary. The second component values the employee's contribution in terms of stock options and bonuses etc and the third supports the employment deal through intangible rewards like working environment and developmental prospects etc. Gross and Friedman (2004) presented a "Mercer Human Resource Counselling Model" in their article that addresses innumerable components with pay, benefits and careers (O'Neal, 1998). Kantor and Kao (2004) presented four quadrants framework in order to organize the total rewards elements, that is, pay, benefits, learning and development and work environment (Rumpel and Medcof, 2006).

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Communicating total rewards and benefits

An effective communication helps employees not only in understanding the composition of reward structure and degrees; in addition, it heightens the employee’s vision to understand their contribution and the rewarding process. Whereas, even the most excellent remuneration arrangements can meet failure if they are not well communicated to employee (Lyons and Ben-Ora, 2002). Number of studies suggests that there is an optimistic relationship between successfully communication of rewards and employee commitment that aligns corporate results. To avoid the poor communication, organizations tend to provide proper information whether through internet, if the firm is contemplated intranet campaign through diverse techniques like interactive PDF files rollovers; interactive modellers and speedy links allow employees to access more details in a concise and less costly time frame (Rowley, 2009), while Lyons and Ben-Ora (2002) conversed upon the fact ,as many shop floor employees might not have access of the internet, so other options like advertisement through posters, pay slip information, seminars and individual briefing must be disseminated.

Zingheim and Schuster (2004) contend that senior management need to know the significance of communicating and educating the workforce regarding the transformation of rewards and employees must involve in that process. Pfau and Kay (2002) commented that share holder value and assurance is noticeably higher in those organizations where employees know the weight of the reward packages personally. In order to make an effective use of the investment in “recruitment” and “retention” it is vital to communicate the validation and rationale associated with the benefits. In this regard, by communicating the awareness and the desirability of available rewards, organization can persuade the desired behaviour that can help in achieving the strategic priorities of the firm (Rumpel and Medcof, 2006). Lyons and Bin-Ora (2002) stressed upon the implication of total reward communication. They argued that in order to transmit the total reward strategy, management must adopt either the communication vehicle suits best for the organization.

Global compensation

According to White (2005), organizations are now making every effort to utilize rewards on global basis in order to underpinning the company objectives. Research

conducted by Worldatwork (2000), organizations mostly hunt for centralization to fabricate consistency and this practice is observed by half of the companies while the rest 51% anticipate to be implemented this centralised approach within 2 years. Meaning of centralization varies among companies, as low centralized organization, possibly offer global reward viewpoint as guidance, while companies with high centralized approach may present this philosophy by underpinning the equipments, technological guidance to facilitate compensation management and giving their verdict on global basis. Irrespective of its degree, research by Worldatwork (2000) suggests that in either case centralized approach is admired by 60% of organizations in order to determine the globally compensation practice while only 36% companies support the decentralized approach as an effective tool (White, 2005). White (2005) further contends that “global rewards approach” must be consistent with local practice and culture in order to mix of rewards on local and global level, and in this way the organizations can multiply the value of shareholder if they concentrate in improving accountability, elasticity, attraction, retention and distinction. Robert et al. (2002) remarked that china always prioritise the compensation of employees, for the reason that all private and public organizations are trying-out the new pay system like profit sharing, thus, research conducting on 200 companies, reflects that Chinese employees consider the incentive pay system as an indicator of organizational efficacy.

To cope with the concept of “Keeping employees Whole”, it is found that nevertheless organizations tend to employ it despite the other influencing factors in devising the expansion of global reward practices, but most of the compensation strategies seems fall short in maintaining the parity between TCNs, PCNs and HCNs . So keeping in mind the situation, conclusion is drawn by amalgamating the different approaches and to some extent an appropriate compensation strategy that is the blend of local and cafeteria approach is recommended.

ANALYSIS AND DISCUSSION

It has been found that rewards either in terms of monetary and non monetary serves as an indicator of success in corporate world. Rewards program are reckoned as vital part in supporting the cultural alignment, employee benefits, compensating expatriates, addressing equity in order to meet the business objectives. It is evident from the literature that fiscal results, efficiency, employee satisfaction, turnover, legal and regulatory conformity can be the substitute for the success on rewards enterprise whether those ventures be in the area of base salary, short or long term benefits or work-life facilitations. Fiscal goal attainment, is contingent upon the success of various determinants, mainly communicate to target setting, award amount or an effective execution of the reward program. Additionally, managerial support

is a determinant of pecuniary goal accomplishment.

Reward policies often help employer to negotiate the employees in order to meet the immediate hitches in the labour market, consequently Reward strategy driven from corporate strategy (corporate values and beliefs) helps organizations to boost up e.g. Dow chemical's compensation strategy is reflected in form of quality of performance both in employees and business. Aegon UK (insurance company) established a mix approach of rewards associated with performance and development of all the workers and align this assurance to business need. Similarly Lloyds TSB, emphasizing the "persuasive employment offer" that is tailored with employees prospects and requirements, more tune with the diverse employee's expectations. Team-based rewards are welcomed by most of organizations but this practice should not reinforce at the expense of undermining its individual talent. Organizations must be very cautious about toggling teams from a cut-throat reward structure to cooperative reward patterns and administration must engage them in diverse assignments (Johnson et al., 2006).

It was observed after a profound analysis that the "holistic approach" of total rewards fascinates most organizations vis-à-vis of scarcity in resources and they tend to use the combination of fiscal or non fiscal resources by combining all the reward mechanisms that employees value in their work liaison. Viewing rewards holistically result in a number of benefits. First, organizations are able to realize their own untapped potential in terms of benefits and compensation. Second, employee involvement results in a program more widely accepted and applauded by the organization. Thirdly, top management support right from the start ensures its buy-in and any obstacle met during the course of implementation is expected to be resolved preferably. And lastly, a comprehensive compensation strategy is sure to be linked with the business strategy rather than working in isolation, which in turn lead to a workforce willing to go extra mile for their organization.

Theoretical aspects of "total rewards" have been considered the building- blocks in prophesying the traditional views to transforming in more contemporary manner. In this regard, the views of "socio-economist theories are considered more practical as it argues against "principal-agency theory (people are selfish and more inclined towards monetary rewards) and provided a logical account, that is, people are fascinated by the cocktail of monetary and non monetary rewards. Although, researchers have been continuously probing the concept of total reward in an effort to establish that it is distinguished from the concept of reward and can be examined and implemented independently, however, this is not the case. After going through the literature, one could easily comprehend the ambiguity and vagueness rooted in the concept of total reward. Further, close examination of the concept reveals that its components are almost similar to that of rewards. Those which were different but difficult to

implement were removed by Worldatwork recently without specifying any major reason except that the reward and compensation gurus all over the world consider them trivial.

Communication of rewards has been found an effective tool as investigated in recent studies. Subsequently, thriving communication to introduce the benefit packages is becoming inevitable for HR in the present tough economic scenario. Communication helps employees not only in understanding the composition of reward structure and degrees; in addition, it heightens the employee's vision to understand their contribution and the rewarding process. Otherwise even the most excellent remuneration arrangements can meet failure if they are not well communicated to employee (Lyons and Ben-Ora, 2002). Also, in order to make an effective use of the investment in "recruitment" and "retention" it is vital to communicate the validation and rationale associated with the benefits. In this regard, by communicating the awareness and the desirability of available rewards, organizations must persuade the desired behaviour that can help in achieving the strategic priorities of the firm (Rumpel and Medcof, 2006). Moreover, the issue of transparency and secrecy are of considerable importance while communicating reward. Transparency requires revealing data regarding reward calculation and making it public in order to ensure that the employees can view and understand it. On the other hand, secrecy inhibits reward data publishing to ensure one's privacy. Deciding an appropriate policy in the interest of the organization or creating the 'best mix' between the two is a key concern.

Evaluation of the total reward was viewed the most obscure part, as no particular method of appraising the employees participation was identified. However, it is evident from the annual surveys of CIPD that tendency to evaluate the efficacy of rewards is increasing day by day. The major reason is that without evaluation, a company cannot come to conclusion about the effectiveness of its reward strategy. Only a comprehensively evaluated reward strategy can verify its outcomes. However, the time, efforts and resources required to evaluate any reward strategy is high. If this leads to an objective analysis then there is justification to evaluation. Otherwise, incorrectly evaluated reward strategy would be more disastrous than the one never evaluated.

Conclusion

Following statements have presented the conclusion of a thorough review and critical evaluation of the literature regarding rewards, total rewards and global compensation:

Differentiating total reward from compensation and benefits

1. As per literature available the concept of total rewards

is almost same to the conventional concept of compensation and benefit and they are not very much different from one another and there is nothing new in total rewards that differentiate it from the compensation and benefits. While reviewing the literature, efforts for differentiating the total rewards from traditional compensations and benefits were not successful, and concepts are similar to one another.

2. The definition and components of total rewards presented are still unclear in spite of the extensive efforts made by the researchers. Due to which the diverse models presented by these researcher also vary in their structures and mechanisms and to some extent are based on diverging perspectives. Even though the concept is owned by an international organization, World at work, which is doing their level best for advancement of the concept through different ways like, publishing literature, reports and other material about it but , the concept still seems undeveloped in terms of its application and use and does not seem different from rewards or C and B.

Which option is the best?

The effectiveness of the reward systems being used depends upon the circumstances in which they are being used and there is no one best possible way of making them effective. Rewards monetary or non-monetary, extrinsic or intrinsic etc. are significant while designing an effective and successful compensation program. Rewards mix or rewards package is the main source of generating desired performance oriented behaviour, productivity and motivations up to the levels essential for a company's success.

Setup where companies are having mix of expatriates and locals as workforce faces challenge to have rewards that are suitable for both type of workforce. It shifts the focus of rewards as tool for attracting, retaining and motivating employees towards developing a strategy that helps in generating the unrestricted efforts of employees for making them beneficent for their workplace till the time they remain part of it and prolonging their stay as well.

Dealing with the given situation

1. Present situation requires adopting the international/global strategy of compensation that is suitable for the firm and at the same time is flexible enough to accommodate the differences found in host country structure.

2. China and UK's orientations in terms of economical, cultural, social and political aspects are different from each other and these differences suggest different compensation preferences. Practically all these differences cannot be managed in complete sense in rewards

strategy but efforts can result in minimizing them through adopting financial and at same time emphasizing the non monetary rewards which are experienced in majority of situations.

3. Communication regarding the total reward strategy is very much required or making it more useful for the firm. Therefore effective communication and evaluation strategy needs to be an essential part of any reward program. This will make the rewards attractive to the employees by creating the awareness of these rewards and their value.

RECOMMENDATIONS

Recommendations include the combination of monetary /financial and non-monetary/non-financial rewards. Non monetary rewards along with the monetary are being emphasized because both of them are known to be motivating the employees, and are useful in attracting, selecting engaging and retaining employees in organization.

Non monetary benefits that are being recommended must be attracting, retaining and motivating not only Chinese locals but also to their UK/European counterparts and thus can turn out to be an essential part of any expatriate compensation strategy. These include career developments, training opportunities to enhance the skill level and participatory environment in order to satisfy the motivational needs for employees and getting desired results of objective achievements.

On the basis of literature reviewed analysis of situation and discussions following recommendations are being made for designing and implementing the suitable reward strategy for employees UK/European expatriates and the Chinese nationals.

Compensation strategy

As described in the introduction part, the employees weintend to compensate are consultants from UK/Europe and China who are intended to work in China in near future. The existing UK/European compensation strategy is performance based whereas the Chinese compensation is seniority based. It is obvious that without lucrative compensation package, it would be hard to convince UK/European employees to accept international assignments in China.

Therefore to overcome this difficulty and in order to engage and retain these consultants of high potentials, independent working ability and high level of flexibility need to remain the part of company during these international assignments as well but should not increase the costs as well. Therefore for having the benefit of both employees and organization and to have win-win situation it is suggested that firm should use a mix of both localization based and cafeteria style.

Recommended compensation plan

Direct compensation

Base salary: From various range of base salary scales available, an option consistent with the headquarters' scale base salary can be decided and is therefore strongly recommended.

Supplementary salary: In case the expatriates are being asked to perform some extra or additional tasks in China this element can be used to provide in return of their extra services being acquired, however in case of absence of such additional responsibility this head is not required.

Incentive pay schemes: Incentive pay schemes are essential in the UK/European context and hence should be there because expatriates are used to it. Removing these will produce de-motivation.

Bonuses: As per local criteria bonuses can be provided based upon performance, they will play important role in attaining expected and desirable performance standard.

Group Incentives: In order to enhance the coherence of expatriates and local employee's performance based incentives targeting the group performance, can be used.

Benefits

Cost of living adjustments: This component shall be administered by the cafeteria approach. As described earlier this approach permits the expatriates to tailor their benefits as per their own requirements. From a group of available allowances and benefits like accommodation, transport, displacement, relocation and education, insurance, pet management, security, etc. expatriates can be asked to select any permissible number of benefits like 5 out of given 10 or 8 out of 10 etc. which are useful for them. It will lead to low overall cost of compensation expense and cost of expatriate maintenance which is definitely higher than maintaining local employees.

Traditional benefits: As provided by other MNCs we recommend the commonly provided traditional benefits that include medical facility, leaves, child care and elder care facilities, employee wellness programs, etc. For expatriate's employees these can include the annual home trip charges covering the family as well.

Hardship allowances: Hardship allowances can be provided to expatriates on regular basis with salary and if they are beyond the companies' resources then one time honorarium in this context can be given at the completion of assignments. It will help in employee retention and increased motivation.

Special benefits: Beside the conventional benefits, some special benefits that can be offered once are also recommended. These are required for the better adjustments of expatriates and increase their commitment to company as well, these may include pre departure awareness seminars, or familiarity trips, arranging accommodations and travelling charges, etc.

Family oriented and work family balances

It will be useful if firm focuses on family related benefits, including both spouse and children. Expatriates should be facilitated for arranging education or other related facilities for children and if spouse is leaving the careers they should be compensated, following recommendations are meant for family benefits:

- A. Facilitating for education of children.
- B. Providing child /elder care.
- C. Arranging work and related facilities in case he/she is working.
- D. If not possible to arrange work, arrange some other busy healthy activities in this regard from working.
- E. Providing the spouse compensation for the lost income.
- F. Flexible working timings.
- G. Arranging recreation day and trips.

Cross-cultural training

Major reasons behind the failures of expatriates in the international environments is their unawareness about the new cultures, so the present study strongly recommend for the cross culture training of the expatriates so that they can get familiarized with the culture, values, norms, practices etc. This training can emphasize the learning of host country language as well because it would be helpful in the successful adjustment of expatriates.

Non financial rewards

Literature and practice both have expressed a positive impact on the non financial/non monetary rewards on performance; therefore here, the present study strongly recommended using the non financial rewards as component of total rewards, because they have recognized as powerful in attaining employee's motivation and commitment and is strong source of employee retentions. We are available with the variety of non financial rewards out of which the more suitable that the present study recommend here include, four types, that is, career developments, training opportunities for acquiring required skills and participatory environment. These recommended benefits will be beneficent and effective not only for employees working in UK/Europe but also for

China. And these rewards will increase the retention of employees because they are getting the opportunities to enhance their careers in friendly working environment through available opportunities.

Post assignment benefit recommendations

In order to make the compensation strategy successful as well as transfer of the consultants some additional recommendations are given in the following:

Career counselling: Although this is required throughout assignment, but is needed more particularly during the first and last six months of expatriates assignment, and once they return to the home office it will help them to ensure that both (expatriates and firm) obtain the benefits of international experience. It will also be useful for managing the subsequent assignments – because mostly some expatriates after completing international assignments hope that they will be kept at far more senior positions than they should realistically expect for.

Repatriation training program: This is required for the expatriates as well as families to help them readjusting living in the home country and returning to the original setups. Length of the training can be decided in accordance with duration of assignment and the ages of the children.

Reassignment: In case of long term career aspect the main motivator of expatriates the company should provide challenging assignments upon their returning home. If this is not practicable, it should be handled through some senior mentor so that risk of loosing these talents could be managed.

The recommended action plan is presented in Appendix 1.

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APPENDIX**Appendix 1.** Recommended action plan.

Plan	Time of implementation	Cost	Target	Advantage
Direct compensation				
Base salary		Low	ALL	
Supplementary salary		Low	ALL	
Incentive pay schemes	During assignment	Low	ALL	Over all cost effective
Bonuses		Medium	ALL	
Group Incentives		Low	ALL	More productive employees
Benefit				
Cost of living adjustments:		High	Expat	High commitment of employees
Traditional benefits:	During assignment	Low		
Hardship allowances:		Medium	Expat	Employee satisfaction
Special benefits		Medium		
Family oriented and work family balance				
Children:				Equity and fairness between locals and Expats
➤ Education of children				
➤ Providing child/elder care	During assignment	High	ALL	Simplicity of structure
➤ Flexible working timings				
➤ recreation day and trips				Similar to host country
Spouse:				Creating work family balances
➤ Arranging work and related facilities	During assignment	Medium	Expat	
➤ Healthy activities to be kept busy				
➤ Compensation for the lost income.				Successful completion of assignments
Cross cultural training				
Awareness and Adjustability	Before assignment	High	Expat	Low turnover
Non financial rewards				
Career developments, training, participatory Environment	During assignment	High	ALL	High Retention rate, resulting in low recruitment cost
Post assignment benefit recommendation				
Career counselling	During/ after assignments	Low	Expat	
Repatriation training program:	After assignment	Low	Expat	
Reassignment	After assignment	Low	Expat	