

THE FUTURE OF REWARD

ANNUAL REPORT
2023



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A MESSAGE FROM DOMINIC & MARTIN

A YEAR
OF IMPACT

In 2023, TR2050 achieved numerous significant milestones. We welcomed a surge of fresh members and scholars into our initiative, fostering a vibrant community. Two stimulating Think Tank workshops were held in Zürich and New York, complemented by a series of dynamic virtual meetings resulting in our workstream on Reward Assumptions and their pivotal role in the future of reward.

Amidst a packed schedule of engaging meetings, a remarkable panel discussion on the Future of Reward showcased the expertise of five of our distinguished members. Concurrently, Advisory Councils were established across three key geographical regions: APAC, EMEA, and North America.

The website flourished with a steady flow of compelling content, most notably the ever-popular Member interviews and insightful articles sharing different topics on the Future of Reward. We also gave the whole website a refresh, making it more accessible and reflective of TR2050.

Our heartfelt gratitude goes to all the members and academics who contributed to TR2050's mission this year. Together, we delved into the challenges and opportunities faced by Reward leaders as they journey towards a transformative Future of Reward. It has undeniably been a year filled with fascination, insights, and remarkable productivity.

The journey of TR2050 is just commencing. In 2024, our calendar is already bustling with plans: Think Tank meetings scheduled in Dubai, Stockholm, and Boston, a series of impactful virtual gatherings, and the launch of additional R&D projects and TR2050-commissioned research.

This is all in addition to our continuous stream of enlightening content on the website. With a firm foundation laid in 2023, 2024 marks the beginning of our construction phase.



THINK TANK ZURICH

25th – 26th April

HIGHLIGHTS

Behavioural Science

Dr Ben Shenoy

An important initiation into how Behavioural Science can shape our approach to re-imagining Reward for the future and how we can co-create, communicate our thinking and ultimately bring about change in Total Rewards

- The planning dilemma
- The curse of Knowledge
- The Elephant & Rider
- The Trap of knowing what we know
- How do we test assumptions?

Work without Jobs

Ravin Jesuthasan



Ravin shared ideas developed in his co-written book which presents a new work operating system with its foundations in task and skills instead of jobs as the currency of work

Workshops

Day 1:

NEW REWARD:

Flexible, Personalised Reward, people-orientated, ready for the Future.

NEW WORKFORCE:

Diverse, Global, Gig, Boundaryless, Mobile

PANEL DISCUSSION:

In depth discussion on the Future of Reward

SKILL BASED REWARD

Paying for skills and competencies

VIRTUAL WORKSHOP

Virtual discussion with Members unable to attend in person.

Day 2:



THINK TANK ZURICH

25th – 26th April

New Reward



Reward systems are out-dated. Transformation is needed to ensure the Reward systems keep pace with changes in the world of work. Personalisation and flexibility are key; the employee is empowered to build their package to suit their needs and expectations. Systems need to be adaptable and agile as the future is unpredictable.

Meeting Summaries

New Workforce



The workforce is transforming and fragmenting; greater diversity and changing expectations of Reward. Employees are now global, mobile and borderless, seeking multiple roles and flexible working. The demographics are shifting, with an ageing workforce and clear generational differences in expectations. Reward needs to be flexible, personalised solutions to cater for such diversity.

Skill Based Reward



The rise of gig workers is turning the tide on how we pay. Is it for fulfilment of a role or for a specific skill or competency that the organisation needs? Technology use and innovation will constantly change this. The workforce will commit to life-long learning and skills training to remain relevant and in demand by the market. Does the worker or organisation have more power in this changed world? What role does Reward play?

Virtual Workshop



Many additional Members joined the discussion virtually to re-cap on workshops and suggest issues that needed further exploration. Topics identified included the role (and challenges) of technology and AI; assessing 'soft' skills as well as more technical ones in skill-based pay models; cultural impact on pay; the role of wellbeing in reward models; and how to maintain transparency, equity and fairness in flexible, personalised Rewards.

THINK TANK ZURICH

25th – 26th April

“Rewards needs to change to a more flexible approach, not only in how we design it, but also in how we deliver it..”

Mariia Lytvyn, Group Head of Talent & Reward GFG Alliance

“The art of Reward is to bring together the expectations of all stakeholders into a cohesive whole...it’s tough..”

Olaf Lang, Global Head Reward Swiss Re

Future of Reward Panel Discussion

Chaired by Dr Ben Shenoy, Professor of Psychological and Behavioural Science LSE



“The world is changing; the workers’ expectations are changing and we’re not currently flexible or agile enough to support these changes..”

Max Paping, Global Director Compensation & Benefits LeasePlan

“We’re still addressing this future of work with 50-year-old methodologies...we want a cyber employee with Jurassic methods!”
Dr Fermin Diez, C-Suite Leader, Top HR Influencer in Asia, Board Director Adjunct Professor NUS

“The essence of Reward is going back to the employee. What is it that they’re seeking? How do we best address that?”

Marc Glaeser, Global Head HR COEs and M&A Lonza



THINK TANK NEW YORK

5th – 6th October

HIGHLIGHTS

Humans at Work

Anna Tavis



Clinical Professor Dr Anna Tavis from New York University expands from the conceptual ideas in her co-authored book, *Humans at Work*. This guide for the workplace leader suggests the business' market value can be boosted by focusing on making the workplace more 'human'.

This is driven by four factors:

- digitisation of work
- distributed workplaces
- organisational redesign
- a changing workforce

What do Reward leaders need to know?

THE NEW DEAL Diane Gherson

In a session titled "The new deal for the digital economy and workforce", Diane explores the issues to be overcome to meet the new needs of a digital economy and workforce. This includes alternatives to cliff retirement models and traditional equity schedules, salary premiums for roles that are readily available off-hours, outcome-based pay, 4-day work weeks, and work segment specific arrangements.

AI TECHNOLOGY Kevin Martin

How are HR leaders using generative AI tools such as ChatGPT to improve HR offerings? How do they anticipate new technologies to change HR's contribution to business goals and outcomes?

ANALYTICS Haig Nalbantian

In a session entitled "Pay for Performance" Haig discusses the problematics of traditional pay-for-performance compensation. He demonstrates how advanced analytical methods can be used to help differentiate between raw performance and actual employee contribution.



THINK TANK NEW YORK

5th – 6th October

"The Landscape for Total Rewards 2050"



Diane Gherson's presentation was a call for HR and compensation professionals to rethink and innovate in their approaches to total rewards. Her insights offer a roadmap for creating more adaptable, employee-centric, and future-oriented compensation strategies, crucial for thriving in the rapidly evolving future of work.

Meeting Summaries

"Humans at Work in the age of AI"



Dr. Anna A. Tavis's presentation asked Rewards professionals to rethink traditional models of compensation in light of the profound changes shaping the future of work. Her insights provide a roadmap for transitioning towards more dynamic, inclusive, and technologically aligned compensation models that recognise and reward the full spectrum of human contributions in the age of AI. This new approach to compensation is not just a response to technological advancements but a strategic move to align with the evolving nature of work, where emotional intelligence, human connections, and technological augmentation play pivotal roles.

"The Problematics of Pay for Performance... and how to address them"



Haig R. Nalbantian's presentation went beyond a critique of existing pay models. He also encourages rewards professionals to rigorously test and question long-held beliefs about compensation, advocating for the development of more effective, fair, and tailored compensation systems that reflect the complexities of the modern workforce. This approach is not only a challenge to traditional assumptions but also a guide to apply these insights and methodologies in organizations, shaping a more dynamic and responsive compensation landscape.





Workstream

REWARD ASSUMPTIONS



TR2050

Workstream

22nd August

HIGHLIGHTS

How assumptions shape our thinking

Dr Ben Shenoy

Over the course of the two-hour session, we explored the foundational assumptions underlying Reward strategies and systems. We examine the assumptions we have historically made, and continue to make, when shaping our approaches. Are these assumptions accurate? How can we critically evaluate and potentially modify them? We also scrutinised how these assumptions apply to the evolving landscape of future Rewards and recognise their importance, even if many are seen as outdated and will ultimately be discounted.

MOTIVATION

BEHAVIOUR



FAIRNESS

TR2050

Workstream

6th October

BEHAVIOUR MOTIVATION
PERFORMANCE TRANSPARENCY
CULTURE EQUITY FAIRNESS

HIGHLIGHTS

Reward assumptions

Dr Ben Shenoy
DR Fermin Diez

Assumptions aren't necessarily incorrect or inaccurate, but awareness is the key. Participants engaged in thought-provoking discussions, shared our own experiences and gained fresh perspectives on the Future of Work and Future of Total Rewards. As a result, we produced a list of assumptions that rewards professionals live under, but that may not hold up under scrutiny either. We also prioritised these assumptions to be pilot tested.



Reward Assumptions

Meeting Notes

Prioritization of Assumptions for Pilots (assumptions are consolidated and grouped to determine priorities (high over low impact, easy over hard to implement):

	Hard to Implement	Easy to Implement
High Impact	<ul style="list-style-type: none"> One-Size-Fits-All approaches to compensation are the best model to follow. The only "workforce" we need to worry about is the full-time employees. Culture is static and driven by decisions from a small group at the top that is disconnected from the rest of the employees. We understand how different pay mixes and rewards vehicles affect performance. Changes in pay programs can be made quickly/cannot be made. 	<ul style="list-style-type: none"> Benefits are only "needed to play". Employee wellness improves overall performance. High pay drives performance and reduces turnover. Merit increases drive better performance and increased equality and engagement. Transparency drives engagement but is risky. Incentives only work for changing behavior and not for attracting employees. Managers understand their employees' performance objectively. Pay is market-based, and jobs are measured accurately. Higher salaries increase overall costs. Paying more for front-line workers lowers profits. Individual incentives work better than team incentives. Pay structures should minimize variance
Low Impact	<ul style="list-style-type: none"> Incentives play the role of supervisors; if we include a KPI in the plan, it will be achieved. Labor markets are local except for executives. Younger employees are not interested in LTI nor benefits. 	<ul style="list-style-type: none"> Employees understand how rewards work. People are never happy with their pay. Total Rewards really boils down to pay plus benefits. Large incentives retain employees. Three-year vesting for LTIs is the right approach.

TR2050

Workstream

8th December

HIGHLIGHTS

Testing assumptions

Dr Ben Shenoy
DR Fermin Diez
Haig Nalbantian

Over the course of the two-hour session, we explored how we can adopt a methodology to define, explore and test our assumptions by using a tripe helix approach. To explore assumptions further We have examples of tests that have produced valuable data, the group was taken through the 3 examples and then asked to expand the list of assumptions from the previous meeting and prioritise possible test cases.



High pay drives performance and reduces turnover.



Paying more for front-line workers lowers profits.



The only workforce we need to worry about is the full-time employees.

TR2050

COMMUNITY

APAC EMEA North America

TR2050 FACULTY

Dr Anna Tavis	NYU
Dr Fermin Diez	NUS
Dr Ben Shenoy.	LSE
Haig Nalbantian	WSI
Diane Gherson.	HBS
Tom Gosling.	LBS
Sandrine Bardot	Bardot Group
Kumar Kymal.	TR2050
Mike Piker	TR2050

Members

Building the FUTURE together

COFRA Holdings
Flutter Entertainment
GFG Alliance
Japan Tobacco Int.
LeasePlan
Lonza
Mars
Novartis
Nestlé
PepsiCo
Rio Tinto
Swiss Re
Tetra Pak
Volvo
Walmart

Adecco
Coca Cola
COFRA Holdings
Essity
Flutter Entertainment
GFG Alliance
Japan Tobacco Int.
Kalyani Group
LeasePlan
Lonza
Mars
Moderna
Novartis
Nestlé
PepsiCo
Rio Tinto
Swiss Re
Tetra Pak
Volvo
Walmart
Zurich Insurance

Adecco
Biogen
Coca Cola
COFRA Holdings
DBS Bank
Essity
Flutter Entertainment
Fullerton Health
GFG Alliance
Japan Tobacco International
Kalyani Group
LeasePlan
Lonza
Mars
Moderna
Nestlé
Nordea Bank
Northwell Health
Novartis
OTIS Group
PepsiCo
Paramount
Rio Tinto
Swiss Re
Tetra Pak
UOB
Volvo
Walmart
WPP
Xero
Zurich Insurance

2022/23

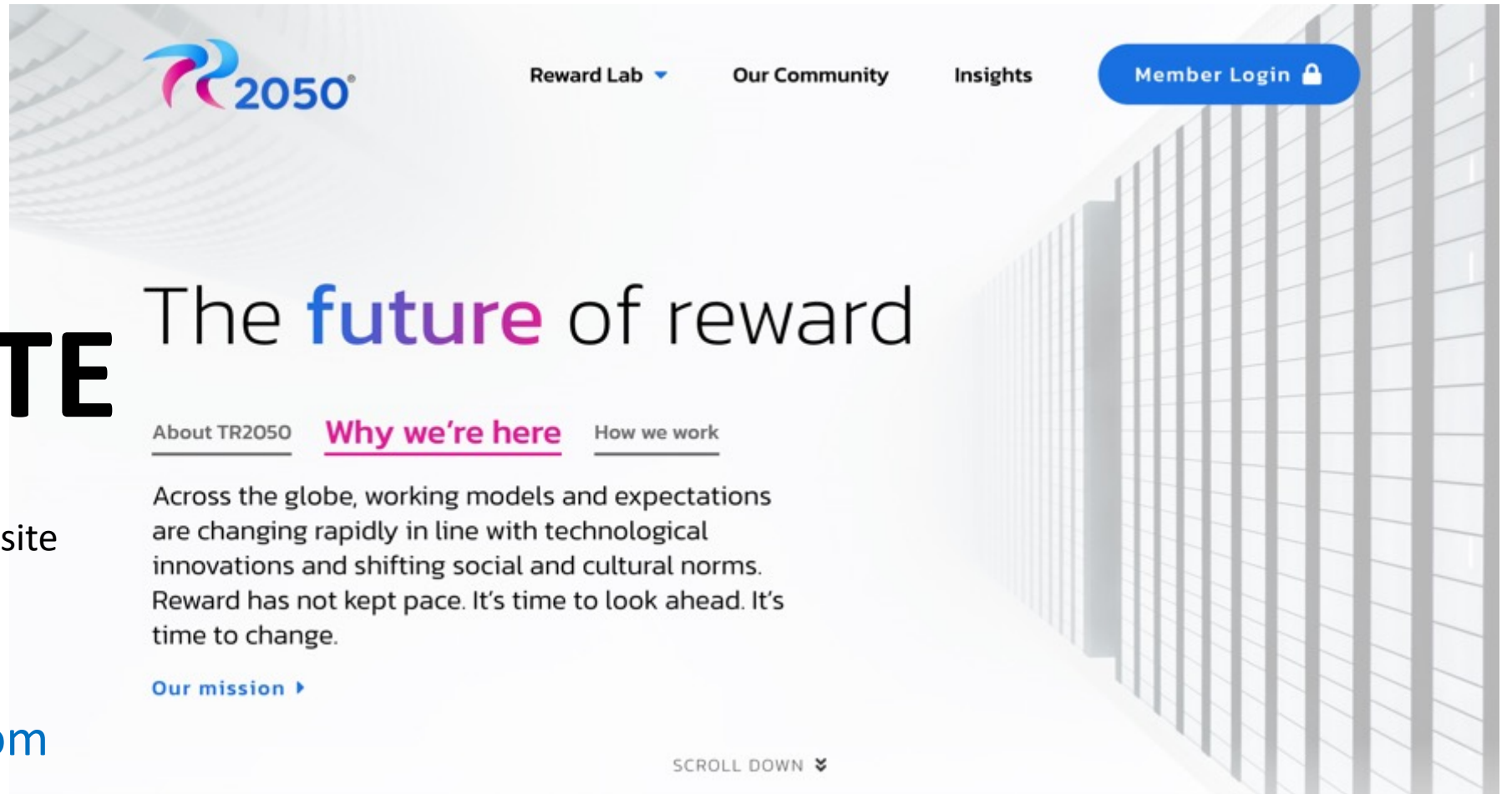
2023/24



THE NEW TR2050 WEBSITE

A new updated website
providing improved
functionality.

www.tr2050.com



WEBSITE Insights

A living source of insight and expertise for those invested in the Future of Work and Rewards. TR2050 gathers research, interviews experts, shares insight and expert advice that will support our Members' work on creating the dynamic Reward models that meet the challenges of the future.



Generative AI: Reward Leaders need-to-know guide Mike Piker
Mike urges his Reward peers to embrace AI now. We ask him some probing questions to help those who are considering it.



TR2050 interviews Haig R. Nalbantian Workforce Science Institute:
"Tap into the data trail to understand how Reward affects your workforce"



TR2050 interviews Hem Patel, Moderna:
"You can't be a 'people pleaser' in Reward."



TR2050 interviews Mariia Lytvyn, GFG Alliance:
"Slow and steady wins the race."



TR2050 Three Horizons Framework:
Delve deeper into the conceptual model as applied to the future of reward, to guide your thinking and preparation for what is ahead



TR2050 interviews Natalia Mikulich, JTI:
"The pace and the number of new problems to solve just increases."



TR2050 interviews Billy Schultz, Mars:
"People need to feel valued – that won't change in the future."



TR2050 interviews Olaf Lang, Swiss Re:
"It's a fascinating, enjoyable place to be."

Looking FORWARD.....

2024

WORKSTREAMS

ASSUMPTIONS



TECHNOLOGY



THINK TANK meetings

APAC
DUBAI
MAY



EMEA
STOCKHOLM
June



North America
BOSTON
August

