

# RECOGNITION AS ELEMENT OF TOTAL REWARDS MODEL

Anna Albrychiewicz-Słocińska<sup>1</sup>, Aleksandra Czarnecka<sup>1</sup>

<sup>1</sup>Czestochowa University of Technology, Dąbrowskiego, Czestochowa, Poland

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## 1 INTRODUCTION

Changes in the labour market as well as socio-civilisation and generational changes force the transformation of the personnel function and a review effectiveness of the solutions traditionally used in this area. One of the key challenges faced by organizations is the ability to provide an attractive salary offer. The main goal of the remuneration system is to attract valuable employees, retain them and motivate them to achieve the goals of the organization. The remuneration system must be interesting enough to attract candidates with the expected qualifications. And once they join the organization, they should meet the conditions of fairness, transparency and consistency to reduce their retention and motivation. The system must not only appreciate the results achieved by the employee, but also support the recommended attitudes and behaviors. The conditions of such a modern remuneration system are met by the Total Rewards Model.

The traditional remuneration system is based on three basic elements: basic pay, variable remuneration and benefits. It links the level of remuneration of an employee with the results of their work, competences and the position in the hierarchy. Unlike the traditional approach, the Total Rewards concept is a more comprehensive view of salaries. It takes into account all the elements that affect employee engagement and increase the added value for the organization. The Total Rewards model includes six key elements: financial compensation, benefits, work-life balance, appreciation, performance management and development [1, 2].

The aim of this study is to identify recognition practices used by companies in Poland, their assessment in the context of changes in the labour market and consistency with the Total Rewards model. Recognition is understood as both, formal and informal activities aimed at recognizing, distinguishing and rewarding exceptional employee performance and behavior that have a significant impact on the success of the organization [2].

## 2 MATERIAL AND METHODS

The main terminological issues used in the study have been prepared on the basis of literature studies. The practical part of the study is an analysis of practices in the field of recognition implemented by enterprises in Poland over a period of 5 years. In this respect, the desk research method [3] was used, based on cyclical reports prepared by the HRM Institute [4]. The following questions were asked in the research process:

- Do companies understand the importance of recognition?
- Do employers have knowledge about the use of the element of recognition in the process of designing the remuneration system?
- How has the perception of the issue of recognition in organizations in Poland changed over the years?

### 3 RESULTS

An analysis of recognition reports covering the period 2019–2024 revealed several regularities. The 2019 report presents results in the light of which recognition was mainly identified with giving appreciation. These situations mainly included formal praise related to the accountability of the employee's effectiveness in the long term. In 2020, the HRM Institute did not prepare a report due to the COVID-19 pandemic. In the following years, reports showed the growing importance of recognition processes and understanding of the benefits of its use. Starting from increasing employee satisfaction and motivation, to building loyalty and reducing employee retention rates. The year 2024 presented recognition as a coherent element of the remuneration system related to other components of this system. Employees notice that it no longer takes on the incidental character of praise, but is part of the culture of recognition. Organizations build it in a systemic way through employee training, because appreciation is no longer only the task of managers, but also of co-workers. The culture of recognition is used in Employer Branding as an element of the Employer Value Proposition and determines the attractiveness of the employer for candidates and already employed employees.

The results in which remote employees assess recognition processes better than employees working on-site also seem interesting. In addition, it has been observed that organizations are much more willing and systemic in their approach to appreciating young and new employees. With regard to employees with longer work experience, recognition practices are carried out much less frequently.

### 4 CONCLUSIONS

The issue of recognition as an element of the remuneration system in Polish organizations is still used to an insufficient extent. The reason for this situation is probably cultural conditions, but also the fact that many companies still do not see the benefits of using the Total Rewards model as a modern tool that meets the needs of modern employees. Recognition is one of the less expensive instruments for motivating and retaining employees. However, it requires creation of a culture of recognition and a change in the approach to the treatment of staff. This task should not be assigned only to the Compensation & Benefits departments, but should be a determinant of various HR sub-strategies.

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### Contact information

Corresponding author's e-mail: a.albrychiewicz-slocinska@pcz.pl