

# Reward and recognition plan

Psychology, Motivation



In the contemporary workplace, money is no longer sufficient as the only motivator. Maslow's hierarchy explains that the acquisition of money as compensation can be used to satisfy basic needs, such as " food, shelter, and safety" (Langton et al., 2016, p. 166). However, Herzberg's motivation-hygiene theory suggests otherwise; money is necessary for the day-to-day survival of a person, but intrinsic (hygiene) rewards offered by an organization will sufficiently motivate persons at work and provide satisfaction. As defined in the Organizational Behaviour textbook, intrinsic rewards are presented as personal recognition programs (Langton et al., 2016, p. 174).

Having organizational behaviour recognized, rather than only compensated for, can have a positive impact on job satisfaction, and this shifted mindset can enhance performance and efficiency in the workplace. The existing program at Ace Technology focuses on the hierarchy of the organization, which fails to align correctly with the newly introduced strategy. Before, over 59% of firms were recognizing and rewarding employees based on their " years of service" (see Part 1: Table 1 in Appendix).

Now, employee expectations are evolving and require employers to reward high performance, no matter how long their peers may have been employed before them. A careful and analytical review of Ace Technology's values and mission has concluded that the pay and reward programs currently in place are impeding success in the marketplace. Elements of a Successful Program  
A successful reward and recognition program can be pursued if the organizational foundation on which it is built is strong, and the firm is clear in its mission. It will be contingent on the critical success factors of Ace

Technology, some of which are: Becoming more responsible and valuable to customers Improving processes of the organization Maintaining a work environment where people feel valued Providing the customer with high-quality products and services in a timely fashion Retaining and attracting employees who are qualified and committed to their organization is becoming a top priority for management. In order to do this, firms need to have appropriate reward and recognition systems in place which encourage employees to remain focused on achieving organizational goals (Mujtaba & Shuaib, 2010, p. 113).

Bill and his executive team should concentrate on a greater alignment between Ace Technology's mission, strategies, and measures of quality with the performance of their employees. According to Mujtaba and Shuaib, a quality reward system is linked with employee development and team performance (2010, p. 113). Management must shift from the traditional hierarchy to a team-based management system so they can decentralizes the decision-making to the employees who are actually performing the tasks, thus empowering them. Ace Technology's reward system should “ focus on team performance and the positive progression of employees in each unit, so it can translate into increased morale among employees” (Mujtaba & Shuaib, 2010, p. 113).

A base pay program can be beneficial when employees are able to match their competencies in parallel with the company's core values. In the new customer-focused strategy, Ace Technology's employees can showcase their customer service skills at the forefront of the firm, where their strengths can

be observed and measured against the benchmark at Ace Technology and can then be compensated accordingly. On the other hand, Ace Technology can consider a variable pay system for employees performing work tasks in a group setting. In variable pay programs, team performance can be emphasized and awarded bonuses when individuals in teams exceed established goals over a period of time.

Additionally, Ace Technology should present stock options to provide certain individuals with a “ meaningful stake in the future of the company.” Other ways to offer intrinsic rewards include: providing employees with short-term and long-term incentives, implementing gain-sharing programs to heighten and recognize team performance (Long & Shields, 2010, p. 1152), encouraging a work-life balance for job satisfaction, offering training, career and professional development, and providing freedom and autonomy at work for a sense of fulfillment (Mujtaba & Shuaib, 2010, p. 114).

Regardless of the type of reward program, what is most important is the feedback. Immediate feedback on performance is paramount in motivating the workforce to adapt to the changes of their environment and perform better to achieve the organization’s mission. Feedback (to and from employees) ensures that the program in place is “ result-oriented,” and that management is committed to achieving the best results (Mujtaba & Shuaib, 2010, p. 114).

Behaviours that are to be Recognized and Awarded to the Organizational Mission Ace Technology’s executives should recognize and award those behaviours which pair with the organization’s critical success factors, such as

providing customer satisfaction. As Ace Technology's success is directly dependent on its shareholders, customers, and employees, several key behaviours have been determined which tie together strategic performance and reward: Focusing on customers and taking initiative to do what needs to be done Increasing knowledge and job capabilities Working as a team with mutual respect and collaboration Fulfilling the commitment to achieve desired results for the customer and the company If Ace Technology's management emphasizes the importance of customer intimacy and satisfaction, for example, employees will likely adjust and change their behavior “ to build a good relationship with customers in order to know and satisfy their needs” (Mujtaba & Shuaib, 2010, p. 111).

To encourage and motivate employees, management in each department can decide on how to recognize top-performing employees. This can be done through periodic organization-wide meetings or presenting small awards at special events held by Ace Technology. Training all Levels of Management Effective facilitation of such a program requires that management across the board are trained all together about the organization's overall mission and strategies, and also individually for each department's particular expectations. Bill and the other executives at Ace Technology will benefit from group training where appropriate time is spent emphasizing each component of the new reward and recognition program. What else is important is that this organization is in the phase of changing its values and transforming its culture, therefore, measures must be taken to “ unlearn” customary management practices and turning to the art of adaptation. Low

uncertainty avoidance in the firm can help shift the reward preference from seniority-based pay to performance-based pay (Langton et al., 2016, p. 192).

**Communicating the Program's Existence** It is vital that management effectively communicates the implementation of a new program to their employees and informs them about the changes that will surface as a result of it (Future Shift in Employee Reward Programs, 2009). Ace Technology executives must recognize this importance because employees wish to feel valued; including the workforce openly in such decisions shows that their presence is valued. Treating the workforce as assets, and not costs, allows a firm to “invest strategically” (Future Shift in Employee Reward Programs, 2009) in talent using a broad rewards program and effectively communicating it. Communicating the program's existence at Ace Technology will require executives to unambiguously state organizational goals, the means to achieve them, and which actions will be sought out as high-performing. Essentially, Bill and the executives should “emphasize ends as well as means; otherwise some people will create unethical means of accomplishing the results” (Mujtaba & Shuaib, 2010, p. 119) to reap rewards. As for the flow of information, it should move horizontally, from side-to-side, and vertically, up and down, to all employees (Mujtaba & Shuaib, 2010, p. 113), because open communication is instrumental. Furthermore, recognition and reward programs should communicate a set of messages that “attach significance to the behaviours being recognized” (Hansen B., Hansen F., & Smith, 2002, p. 68).

As defined previously, intrinsically motivated behaviours are those that have personal meaning to the individual, but employees must also understand why certain behaviours are important and tactical to the organization (Hansen et al., 2002, p. 68). If employees lack awareness of the appropriate behaviours for a specific reward, “ it can result in that reward influencing a different set of behaviours that could be counter-productive to the ones intended by management” (Kanungo & Mendonca, 1988, p. 30).

Therefore, before the program is communicated, management must take a great deal of care in reflecting the possible perceptions and expectations all employees may experience and how it may impact the overall organizational behaviour. Evaluate the Program’s Effectiveness Ace Technology’s reward and recognition program should identify the importance of a strong bond between firm and employee. In other words, employees should perceive the reward or recognition for their performance as valuable, just as they value the organization’s goals. When evaluating the effectiveness of the program, management should focus on the extent to which the minimum requirement was achieved; for example, the percentage of employees above the threshold (Hansen et al., 2002, p. 70).

This would help determine how effective the program has been in motivating and retaining a high-performing workforce. A reliable method in evaluating the effectiveness of the reward and recognition program would involve surveying employees to assess how they perceive each reward (Kanungo & Mendonca, 1988, p. 30). Such a means would provide important feedback to management about each reward, and whether it is perceived as valuable

and relevant. Rewards that rank as highly valuable satisfy esteem needs and would be considered acceptable to employees (Kanungo & Mendonca, 1988, p. 30).

Rewards that rank as highly salient, or relevant, would ensure complete correspondence between Ace Technology's objectives and the performance of the employees. With the survey's findings, management could conclude whether or not its administration of the reward or recognition method has been effective in eliciting the behavior established for it (Kanungo & Mendonca, 1988, p. 30). Where the results show that employee perceptions of behaviour-reward are different than what was established by Ace Technology, it would attest that the reward administration failed to attain the objective (Kanungo & Mendonca, 1988, p. 30).

Even in this case, it does not mean that all is lost. Measures can be taken to ensure satisfaction and acceptance of the type of reward or recognition offered. For instance, if the results state that a particular means of recognition, such as promotion, is not favourable for an employee, then it could be concluded that the employee lacks the skills for the promotional job, so in this case, training would be recommended (Kanungo & Mendonca, 1988, p. 31).

Next, if employees do not have a desire for enhanced self-esteem and are content with their present jobs, then counselling may help, followed by training (Kanungo & Mendonca, 1988, p. 31). Finally, employees may perceive that a reward is administered inequitably, and hence not valued. In this case, the obvious remedy would be to "remove the inequities involved



through corrective measures in the form of performance appraisals and peer-evaluations” (Kanungo & Mendonca, 1988, p. 31).

If, however, the inequities in reward or recognition are not real but only perceived as such, then the next step would be to ensure that Ace Technology facilitates improved communication and develops of a climate of trust.