

Reward management system

[Business](#), [Management](#)



TERM PAPER OF PERFORMANCE MANAGEMENT TOPIC: REWARD

MANAGEMENT SYSTEM {draw: frame} SUBMITTED TO: SUBMITTED BY:

OVERVIEW: REWARD MANAGEMENT Reward management is about the development, implementation, maintenance communication, and evaluation of reward processes. These processes deal with the assessment of relative job values, the design and management of pay structures, performance management, paying for performance, competence or skill (contingent pay), the provision of employee benefits and pensions, and management of reward procedure.

Employers and managers should pay attention to their employees and special attention to the best employees. This is done to encourage good performers, to push them to greater heights. Positive recognition for people can ensure a positive and a productive organization. The recognition of outstanding performance aims to create an understanding of what behavior might add significant value to the organization and to promote such behavior. Awards- monetary and non-monetary - should be given based on the achievements and accomplishments of workers. (The Business Research Lab, 2006) But first, let's take a quick look at the primary goals of rewards and recognition. Jack Zigon defines rewards as " _something that increases the frequency of an employee action_" (1998). This definition points to an obvious desired outcome of rewards and recognition: to improve performance. Non-monetary recognition can be very motivating, helping to build feelings of confidence and satisfaction (Keller 1999). Another important goal is increased employee retention.

LINKAGE OF PERFORMANCE MANAGEMENT TO REWARD SYSTEM

Performance management is concerned with measuring individuals' effectiveness in their roles, understanding their aspirations and determining which development actions would be most appropriate. Reward management is about understanding individuals' motivating factors, and determining the level of pay, bonus and other rewards they receive. In some organizations the links between the two are strong and explicit, while in others they are kept deliberately separate.

Work in these areas can be prompted by evidence of employee dissatisfaction, such as high turnover or poor morale, or by the desire to drive a change in some aspect of employees' behavior. The effectiveness of an organization's performance and reward management can have a major impact not only on morale and productivity but also its ability to attract and retain staff. Many companies have found that far from complementing the stated aims of the business, their performance and reward systems were actually driving counter-productive behavior. Motivation and Reward System Management

Employee motivation is the psychological feature that arouses an employee to behave in a certain manner for accomplishing certain organizational goals. It is imperative for the organization to enhance motivation level of the employees in order to bring out the best in them. The motivation-level of the sales force must be kept high in order that the sales force efficiently realizes the sales goals. Reward system management is the framework that envisions formulation of different types of reward systems to boost the

motivation of the salespersons. Role of Compensation and Rewards* in Organization: Compensation and Reward system plays vital role in a business organization. Since, among four Ms, i. e. Men, Material, Machine and Money, Men has been most important factor, it is impossible to imagine a business process without Men. Land, Labor, Capital and Organization are four major factors of production. Every factor contributes to the process of production/business. It expects return from the business process such as Rent is the return expected by the Landlord. Similarly Capitalist expects Interest and Organizers i. e Entrepreneur expects profits. The labour expects wages from the process. It is evident that other factors are in-human factors and as such labour plays vital role in bringing about the process of production/business in motion. The other factors being human, has expectations, emotions, ambitions and egos. Labour therefore expects to have fair share in the business/production process. Advantages of Fair Compensation System: Therefore a fair compensation system is a must for every business organization.

The fair compensation system will help in the following: If an ideal compensation system is designed, it will have positive impact on the efficiency and results produced by workmen. Such system will encourage the normal worker to perform better and achieve the standards fixed. This system will encourage the process of job evaluation. It will also help in setting up an ideal job evaluation, which will have transparency, and the standards fixing would be more realistic and achievable. Such a system would be well defined and uniform.

It will be apply to all the levels of the organization as a general system. The system would be simple and flexible so that every worker/recipient would be able to compute his own compensation receivable. Such system would be easy to implement, so that it would not penalize the workers for the reasons beyond their control and would not result in exploitation of workers. It will raise the morale, efficiency and cooperation among the workers. It, being just and fair would provide satisfaction to the workers.

Such system would help management in complying with the various labor acts. Such system would also bring about amicable settlement of disputes between the workmen union and management. 10. The system would embody itself the principle of equal work equal wages. Encouragement for those who perform better and opportunities for those who wish to excel.

RESEARCH METHODOLOGY DATA COLLECTION The data I've chosen for my study is **SECONDARY** data. The relevant secondary data is collected from the sources like Internet and books. **RESEARCH OBJECTIVES** The purpose of this study is to:

Investigate the relationship between the human resource function and payroll administration
Evaluate the link between pay and performance
Understanding the overall objectives and structure of the organisation, and the factors that have prompted the review of performance and reward
Understanding how the current performance and reward management systems work, how they are perceived, and what effect they are having
Agreeing what behaviours and capabilities should be rewarded, and what

reward elements and approaches should be used, for which employees Goals and objectives of rewarding in an organization

The main purpose of this rewarding strategy is to support business goals and to recruit and retain high performers'. Compensation and rewarding is important. A recognition programme can be arranged anytime and it does not have to be expensive. All it needs is fairness, high visibility and consistency. To be fair, a programme must not favor one employee over another. Making certain that a programme is highly visible will help to ensure consistent implementation. The reward should just be part of the process. Recognition, however, can be achieved by the reward given at a gathering of employees.

A good manager automatically knows that employee satisfaction is essential to healthy teamwork and productivity. The best manager will always try to find ways to bring out the strengths in every employee but when an employee just isn't fit for the job, the manager should take a hard look for a better way to use their talents. Management To insure fair and consistent application, set of rewards and recognition programmes should be developed. This should be characterized by pre-arranged frequently scheduled ways of acknowledging contributions and accomplishments for an individual or team.

Reward and recognition should be given as acknowledgements and appreciation for attendance, safety, customer service, productivity, public service, outstanding achievements and the like. Attendance reward is given as an incentive to reduce the number of unplanned sick days or lost days

due to injury and to reduce the level of over time required to back bill absent employees. Customer service rewards help to promote and recognize employees for outstanding customer service. Sales award provides an incentive for employees to increase the sales margin over the previous fiscal year, such as in a bookstall.

Another approach to employee recognition is by providing employee rewards and recognition at anytime for demonstration of behaviors and values of the organization; contributions to the goals and objectives of the organization or work unit and to acknowledge individual or team accomplishments. Such behaviors and contribution are team work, project completion, suggestion for a new or modified business practice, exemplary efforts, employee appreciation, employee of the month and honouring separating employees.

PAY AND REWARD SYSTEM

Pay is an important feature of human resource management - after all, it is the main reason why people work. It is a sensitive and controversial area that has been extensively debated at both practical and theoretical levels. In the US the term 'compensation' is used to encompass everything received by an employed individual in return for work. For example, Milcovich et al (2001: 6) state that: " Employees may see compensation as a return in exchange between their employer and themselves, as an entitlement for being an employee of the company, or as a reward for a job well done".

The term 'reward management' covers both the strategy and the practice of pay systems. Traditionally, human resource or personnel sections have been concerned with levels and schemes of payment whereas the process of

paying employees - the payroll function - has been the responsibility of finance departments. There is a trend towards integrating the two, driven by new computerized packages offering a range of facilities. There are two basic types of pay schemes, although many organizations have systems which include elements of both: Fixed levels of pay.

Wages or salaries which do not vary from one period to the next except by defined pay increases, generally on annual basis. There may be scales of payments determined by age, responsibility or seniority. Most 'white-collar' jobs were paid in this way until recently. Reward linked to performance. The link may be daily, weekly, monthly or annualized. Payment for any one period varies from that for any other period, depending on quantity or quality of work. Sales functions are commonly paid on the basis of turnover; manual and production workers may be paid according to work completed or items produced.

Catering staff typically rely on direct payment from satisfied customers in the form of service charges or tips (gratuities). Both methods work smoothly, provided that scales are easy to understand and the methods of measuring completed work are overt, accurate and fair. However, there has been considerable dissatisfaction with the management of pay on both sides of the employment relationship. In recent years, attempts have been made to remedy the situation through new systems and a greater reliance on performance-related pay. 5 Ways to Reward Employees (Without Spending a Dime) Your firm's employees work hard (well, most of them). And in a world where corporations like to boast about running "lean and mean," it may

seem nearly impossible to compensate employees for doing good work without breaking the budget. Here's the hard-earned advice to reward employees.

1. Flex those hours. If there's one free reward that rises above the rest, it's flexible work schedules. Nearly every expert suggested flex time as a perk that offers the most gain with the least pain. Give a little latitude in determining work schedules and to take time for family or personal issues (such as a doctor's appointment and banking errands)," advised Richard Martin, president of Alcera Consulting Inc. "As long as the employee is deserving and doesn't abuse the privilege, this can go a long way to building trusting and mature relationships with key workers."
2. Send a handwritten note. Supervisors should ask top brass to write a personal note to employees who deserve recognition. For example, Advanced MD CEO Jim Pack handwrites his thank-you notes to employees on a \$2 bill. In three years of doing this, only one employee has asked if he could spend it," said company spokesman John Pilmer.
3. Make work fun. "Everyone must be having fun and socializing while doing work. The environment of the organization must be very conducive.
4. Help them connect. Introducing employees to key suppliers, customers or someone in senior management can help make an employee's career, and it won't cost you a thing.
5. Lose the shoes. Kerrie Ray, an account executive with the Echo Media Group public relations firm, said implementing a "no-shoes policy" can make employees feel right at home with each other, which translates into increased productivity. (But she suggests keeping the footwear handy in case clients come in.) "It's great to be in an office where employees are more concerned about doing quality work than what shoes or jewelry they have on," she said. "We get so much

done. " 6. Send them to the showers. (As in parties, not lathering and rinsing.) " Every birth and wedding deserves a shower,". " Echo employees always leave early on shower days, and the food is on the house.

No need to make up the time. " 7. Reward effort as well as success. Even if their ideas sometimes fail, you want employees to keep producing them, said Alan Weiss, president of the Summit Consulting Group Inc. " When I consulted with the CEO of Calgon, we created an annual award for 'the best idea that didn't work' and presented a loving cup at the annual awards dinner. This stimulated innovation and positive behavior, not 'winning. '" 8. Give them a free pass. Levine suggests giving out a certain number of free days off to employees to use as they see fit. Employees get a few of these a year and can use them as they like," she said. " They don't have to pretend to be sick. They can go to the beach, read a book, play with their kids ... it doesn't matter. " 9. Dole out cream and sugar. During the busiest times of the year, executives at the Cigna Group push coffee carts around the office, serving drinks and refreshments to their colleagues, noted Steve Harrison, author of " The Manager's Book of Decencies: How Small Gestures Build Great Companies. " As they serve, executives coach and encourage colleagues and hear about real consumer issues. 10.

Blow out the candles. Cisco Systems Inc. 's CEO John Chambers hosts a monthly hour-long birthday breakfast for any employee with a birthday that month, says Harrison. " Employees are invited to ask him anything. They feel recognized, and he gains loyal employees who share their ideas. " 11.

Spread the love. Ask co-workers to write something they truly like or admire

about an employee on a scrap of paper, then frame them along with a photograph of the employee, suggested David Russell, author of " Success With People - A Complete System for Effectively Managing People in Any Organization. " 12. Offer a swap.

Giving your best employees a chance to pick their own projects or trade tasks with a colleague empowers and rewards them at the same time, said Harrison. 13. Applaud their efforts — literally. If someone has done something really worthwhile, your entire staff must give them a standing ovation at the next meeting. 14. Say it with flowers. Reward the top employees by bringing in flowers and arranging them in a spectacular crystal vase on their desks. " Everybody knew what having the custody of the flowers meant," " Surprisingly, even the men competed fiercely for custody of the flowers. 15. Walk it as you talk it.

The City of Dallas sponsored a walkathon where employees set goals for walking a certain number of steps each day, offering a free gym membership to those who walked the farthest. Not only did they get more fit, they turned their daily walks into traveling staff meetings. " Group members must be able to update one another on projects, solicit team input and improve their fitness," 16. Pass the bucks. Handing out monopoly money that can be redeemed for gifts and other goodies may not be strictly free, but it pays off handsomely in the long run. For example, associates at Bank Atlantic can pass out " WOW!

Bucks" to colleagues who've done something outstanding, said bank vice president Gregory Dalmotte. The bucks can eventually be traded in for real

goods. " There's a clear correlation that words of encouragement have created associates who perform at a higher level," he says. 17. Share thememories. " My team created a scrapbook chronicling the impact I'd had on their company and gave it to me on my last day in the office," said Lopeke. " People who'd worked on my teams wrote testimonials and creative graphics highlighting some our team successes. It's the best gift I ever received in my 40-year career. " 18.

Elect them to the Wall of Fame. Several experts suggested setting aside a public space inside your firm and placing photos of employees who've accomplished something truly special, along with the details of what they did to earn their place on the wall. 19. Create your own " Club Med. " Set aside a quiet space or unused office in your building where employees can meditate, chill out, nap or otherwise re-center themselves, said John Putzier, author of " Get Weird! 101 Innovative Ways to Make Your Company a Great Place to Work. " 20. Stoke their passion. " Great employees are not mercenaries," said Dr.

Richard Chang, CEO of Richard Chang Associates Inc. , a performance-improvement consultancy. " They don't just want to enjoy their work, they want to be passionate about it ... if you want your employees to feel valued and inspire their passion on your behalf, encourage them to make their own decisions. You can have systems in place to control the implementation of ideas, but you must be certain not to compromise the enthusiasm, creativity andhard workthat make them possible in the first place. " 21. Give them a

place to park it. Reserve the best parking spot for employees who've done something truly worthwhile, said Lopeke.

And if it's next to the CEO's Lexus so the employee can chat him or her up on the way into work, so much the better. 22. Remember the spouses.

Independent management consultant Nan Amish recalled one time when she had 16 employees trapped in a hotel lobby on a Sunday night, waiting for the ballroom to open so they could set up a trade-show booth. " I bought flowers at a farmers market, a nice \$6 bouquet of roses for each person," she said. " I told them to take them home to their significant others, apologizing for me taking them away from their families on a Sunday. The next day I got thank-yous from most of them.

One wife sent a letter saying I could keep her husband until Friday. " 23. Publicize their successes. " We like to publicly recognize employees so the whole company can share in their accomplishments," noted Scott Ragusa, president of contract businesses for staffing firm The Winter, Wyman Companies. " Each week, nominations for our quarterly 'Clutch' award are shared with the whole company. The Clutch nominations are a way to recognize our administrative and nonmanagerial professional staff members who have come through in the clutch in supporting their departments or the firm. 24. Let them phone it in. Telecommuting programs can relieve stress and make workers feel more appreciated, as well as more productive. " Reward the employee by starting with one day of telecommuting, then add additional days as performance heightens," suggested Brian Margarita, president of IT staffing firm TalentFuse Inc. "

Having the option to cart the kids to soccer practice, visit the beach during the afternoon or cut out early to avoid traffic congestion is becoming more important than working an 80-hour week for a larger paycheck. " 25.

Remember the secret words. The two most underused words in corporate America that get the highest ROI (return on investment) and ROT (return on your time) are the simple words 'thank you,'" noted Michael Guld, president of the Guld Resource Group author of " The Million Dollar Media Rep: How to Become a Television and Radio Sales Superstar. " While telling the employees , appreciation should be obvious, no one does it enough or is specific enough about what the employee did. " So when you share your appreciation, be specific about what you really liked, so they not only feel appreciated but can do it again. The Do's and Don'ts of Effective Reward Programs Effective Reward Systems. Reward systems should focus on positive reinforcement. Positive reinforcement is the most effective tool for encouraging desired behavior because it stimulates people to take actions because they want to because they get something of value (internally or externally) for doing it. An effectively designed and managed reward program can drive an organization's change process by positively reinforcing desired behaviors. There is a criterion for building effective reward systems that is the SMART criteria.

These criteria should be used when designing and evaluating programs. Programs should be: Specific: A line of sight should be maintained between rewards and actions. Meaningful: The achievements rewarded should provide an important return on investment to both the performer and the organization. Achievable: The employee's or group's goals should be within

the reach of the performers. Reliable: The program should operate according to its principles and purpose. Timely: The recognition/rewards should be provided frequently enough to make performers feel valued for their efforts.

Case Study Employee Incentive Safety Program: “Rim Safe Colleagues at Work” Rim Hospitality is a hotel, resort and boutique property management company offering full-service property management solutions including Rim Office2 hotel property revenue management software, fully integrated real-time payroll, hotel revenue data collection & reporting, and employee staffing and training programs. With rising workers compensation expenses, Rim Hospitality needed to find a cost effective solution that would motivate employees to help reduce these costs, and also maximize efficiencies with employee productivity and scheduling.

A comprehensive plan outlining all of the program objectives, requirements, communications, training, projected costs and benefits were developed. A safety team leader was appointed at each property to facilitate the program, maintain frequent communication about the program, and reinforce the messages coming from upper management. Consistent communication from the home office, to team leaders, to colleagues is an important reminder to drive this new behavior. They decided to implement a prepaid MasterCard card as the award. This provided the employee the freedom to choose what they want, when they want it, making them feel truly rewarded.

The list of recipients is communicated to Springbok Services each quarter that provides the personalized MasterCard cards with a safety logo and bulk ships them to Rim Hospitality. Awards are handed out at each hotel property

to provide a personal touch and give upper management the opportunity to again, reinforce the positive behavior they are looking for and share the results of the program amongst all the hotels in a motivating way. Rim Hospitality experienced positive results almost immediately which have steadily increased.

Over two years, they reduced workers compensation claims by 29%. This meant a savings of \$634, 000 and a 3. 4 to 1 ROI to the bottom line. Peer-to-peer Employee Recognition Program: “ Informal Awards Program” Applied Materials is the global leader in nano manufacturing technologiesolutions for the electronics industry with a broad portfolio of innovative equipment, services and software products. Applied Materials innovates and commercializes the processing and manufacturing technology that helps semiconductor manufacturers produce the world's most advanced chips.

Applied Materials had implemented a peer-to-peer employee recognition program that was being manually tracked and awards were being fulfilled out of their company store. Managing the program was utilizing resources that could be focused on other productive projects. They needed to find a solution that would automate the program and award fulfillment. Applied Materials chose the Reward Incentive Management System (RIMS) from Springbok Services to fulfill this need. RIMS is a web based application that was easy to integrate with The Applied Materials reward and recognition program.

RIMS fully automated the process of setting up and tacking budgets, nominating and approving awards, collecting recipient information and

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streamlining the award fulfillment process through its integration into Springbok's MasterCard card management system. The goal of the program is to encourage outstanding performance and consistent behavior for employees and temporary or contract personnel to support corporate goals and values related to the following categories: Safety First: Individual award to promote positive safety-related behaviors and/or results that go beyond the normal job scope.

Quality Counts: Individual award to promote positive quality-related behaviors and/or results that go beyond the normal job scope. Achieving Excellence: Individual award to promote outstanding behaviors and/or results toward corporate goals and objectives. TEAM Award Together Everyone Achieves More: Award to promote outstanding behaviors and/or results demonstrated or obtained by a team of 10 or less. Employees can nominate each other for awards, email notifications are sent to managers for approval, and once approved, the MasterCard prepaid card is mailed to the recipient.

Fulfillment of awards through their company store has been eliminated and the whole award nomination and approval process has been automated and streamlined increasing both employee productivity and satisfaction. Health & Wellness Initiative: "Healthy Living" The Pepsi Bottling Group (PBG) is the world's largest manufacturer, seller and distributor of Pepsi-Cola beverages — some of the world's most recognized consumer brands. The PBG sales force of more than 30,000 customer representatives sell and deliver nearly 200 million eight-ounce servings of Pepsi-Cola beverages per day.

PBG's focus is on superior sales execution, customer service, merchandising and operating excellence. In 2005, PBG was working to better manage the rising cost of health care for its employees. They decided they could do that by educating their employees on various health related issues. To narrow the scope of broad number of health related topics, PBG implemented an employee survey to get feedback on the interest of their employees. Beginning in January 2006, employees were provided the opportunity to complete a healthcare survey and receive a prepaid MasterCard card as an incentive.

In addition to the employee receiving the incentive, participating spouses in the healthcare benefits program could qualify as well. Qualifying employees were collected on a weekly basis by a third party healthcare management company and the data file was submitted to Springbok. The prepaid MasterCard Cards were made and mailed directly to the employees who completed the survey. The participation rate from employees in the survey was over double the rate PBG has projected going into the program. Following the survey period, results were analyzed and employees were offered a variety of healthcare educational classes to attend.

When the class was completed, the employee received an additional prepaid MasterCard as a reward for completing the class. The educational program is on-going at this time. PBG rolled the program out with a multi-media communications campaign, from emails and newsletters, to direct mail pieces mailed to employee's homes. A custom branded PBG Healthy Living prepaid MasterCard card was used along with a custom card carrier and

envelope. This branding helped tie the incentive back to the program continuing to remind and motivate employees to further participate.

They attribute the success of the program to the amount and consistency of communication and the attractiveness and flexibility of the incentive, Springbok's prepaid MasterCard card. Employee Service Awards Program: "Iowa Telecom's Personal Touch" Iowa Telecom is the second largest local telephone company in Iowa. They work hard to provide their customers with reliable dial tone, long distance and Internet services every second of every day. They provide telephone service to over 440 communities across the state. Their 600+ trained professionals are working across the state to provide reliable service with a personal touch.

That personal touch is not only conveyed to their customers, but to their employees as well. With the large number of employees and diverse interests they have, Iowa Telecom was faced with trying to consolidate their service anniversary awards program, to a streamlined, single awards program. After considering a variety of different awards, Iowa Telecom decided to utilize Springbok's prepaid Service Awards MasterCard. Since the fall of 2002, Iowa Telecom has been awarding their employees for length of service, celebrating the employees' anniversary during the month it occurs.

Each calendar year, an employee file is sent to Springbok to manage the program and order the prepaid MasterCard. Orders are placed for people whose anniversaries are in the following month. That schedule, gives Iowa Telecom plenty of lead time to verify the employee's status and provide payment for the order. Orders are fulfilled and the prepaid MasterCard cards

are bulk shipped to Iowa Telecom's human resource department. They utilize the "service awards" branded card to reinforce what the incentive is for and the card is personalized with the employees name for that special recognition.

To show appreciation to these loyal employees, Iowa Telecom President, Alan L. Wells, includes a letter of appreciation acknowledging the employees loyalty for service. This personal touch is consistent with the pleasant work environment and efforts to recognize and reward employees for their achievements. The program has been running over 4 years and employee feedback has been positive with regard to receiving the prepaid MasterCard card as it provides them the flexibility to choose their own reward by purchasing what they want, from millions of places, wherever MasterCard debit cards are accepted.

Employee Sales Incentive Program: "Balkamp - NAPA Auto Parts" NAPA purchases auto parts from various manufacturers and redistributes them to NAPA warehouses. The role of Balkamp is to take the NAPA Auto Parts Store into new markets and to provide the necessary support to enable the store to gain market share. Balkamp adds value to NAPA stores through packaging, order quantities, catalogs, sales, pricing, service, promotions, warranty, obsolescence, innovation, and a product mix that includes hard parts, tools and equipment, accessories, service items, performance and SUV accessories, and chemicals.

Coordinating with so many different parts manufacturers and their individual incentive programs, Balkamp was challenged with finding a way to increase

sales by their district reps to their franchises and streamline the payments to the sales team upon achieving their goals. Balkamp also needed the flexibility of managing multiple incentive programs at the same time for multiple manufacturers. Grouping the awards into one payment vehicle simplified the process for Balkamp and the recipient.

Balkamp selected a re-loadable prepaid MasterCard debit card that can be used anywhere MasterCard debit cards are accepted. The Balkamp incentive award program started in 2005 to help increase sales company wide through their distribution channels to their franchises. With 100+ district sales representatives, Balkamp can implement incentive programs relatively easily, communicate the goals, track the sales and award the sales person very quickly. Requirements are built for sales people to achieve certain criteria.

For various products at different times, the sales people are tasked with selling truck loads of product through their distribution centers to any of their stores nationally. Upon reaching certain thresholds, the award amounts are loaded onto their prepaid MasterCard card from Springbok Services which they retain and can be re-loaded each time a new incentive threshold is achieved. Into the second year of the program, Balkamp is continuing with this incentive program as it has made a positive impact in increased sales, and decreased costs associated with administering their sales incentive program.