

The differences between reward and recognition



Whilst these terms are often used interchangeably, reward and recognition systems should be conceived individually. Employee reward systems pertain to programs arranged by an organization to reward performance and motivate employees on separate and/or team levels. They're generally conceived individually from pay but possibly pecuniary in nature or differently have a monetary value to the organization. Although antecedently believed the area of big companies, small business sector have also commenced hiring them as an instrument to entice top employees in a competitive job market as well as to increase employee performance.

As observed, while employee acknowledgment programs are frequently aggregated with reward programs they hold a different aim altogether.

Recognition programs are normally not pecuniary in nature although they may have a cost to the organization.

What is Merit Pay?

In contrast to bonuses and incentives, merit pay requires giving employees a permanent pay rise established on his/her past performance. Often the company's performance appraisal system (PAS) is used to check performance levels and the employees are granted a salary increase, such as a 10% increment in pay. One likely problem with merit pay is that employees come to expect pay increments. In companies that give yearly merit raises without a different raise for increments in cost of living, merit pay finishes up serving as a cost-of-living allowance and creates a feel of entitlement on the part of employees, with even low performers anticipating them. Therefore, making merit pay more effectual depends upon making it

genuinely dependent on performance and designing a comparatively objective appraisal system.

What are Compensation Factors that Management Should Consider?

When management is setting salaries for their employees there are numerous factors to consider. Their compensation should be decided by more than just whether they can do work for you or not?

Management need to be sure that they're looking at what compensation factors will impact those that work for them. They've to remember that employees are going to go where it will be of more benefit to them. That means that management require to be able to make a good offer if they want employees to work for them.

listed below are few thoughts for compensation factors that management should consider. For each business sector there will be different applications, so not all of them are right for your choice of business.

What type of business sector you own. If you are a sales outlet then commission will work great, but if you are a production company then sales will not impact many of your workers. The different sections and divisions within the business enterprise will also make a difference. The waitresses will be able to accumulate tips but the cooks aren't out with the customers to be tipped.

The list of duties and responsibilities that are anticipated of the employee. At the lowest of the food chain there will be less obligation, if the person that just got employed is making as is as the supervisor over them, but the duties

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are different, you may find you've few disturbed supervisors. As their job requisites increase there should be more compensation given.

The time and exertion that has put into the job. You'll find that some employees have a driving force to do everything they can to give it their best. Other people will be more prepared to take the minimal workload and be through with work the moment the clock assures them it's alright. For those employees that volunteer to do more and that give a distinguished effort, there should be more compensation for them. If you're anticipating committee members to set up a presentation, give them additional pay for the time they put into it.

On that same note, you'll find that some people are collecting the abate from those that are just there to do the lowest they can. For those that are accepting additional and doing all they can to compensate for those that do not care, there should be a reward. They should be acknowledged for their efforts and compensated in addition to their normal salaries.

When an employee is employed, look at their education. If they've an accounting degree and you're seeking a financial consultant or an accountant, then you should be conformable pay a little more for their knowledge. You'll have applicants that come in below and over qualified, be sure that you've adequate compensation budgeted that you are able to hire the person with the right knowledge for your company.

Consider their work history. If they've years of experience, they should be compensated. Those years help you to have that much more of an advantage, adding their education to their experience you may have

someone that can make a big difference in your company. Also, if you are employing even for the least job, then you need to know that they're going to be with you for at least a good amount of time. It's expensive to train, so if you are able to reward them for being at their preceding jobs for an extensive amount of time then you may find a patriotic employee.

Remember that happy employees are the only way to keep a business running in the right direction.

How to Motivate Employees at Workplace?

By Updating the " Employee of the Month" program: Besides placing their picture and allotting them a terrific parking zone, give them something they could actually enjoy, Something that will motivate your staff to be the best they can be.

Commence by determining a goal for your staff: Getting them recognise what you'd like do and allowing them help come up with a plan of action to accomplish that goal. And after that, inform them what their reward will be for finishing the task.

Motivate employees with a free day: You can motivate employees by giving them a day off from work and a free pass to watch some movie or enjoy hi-tea etc. A day off with salary is something every employee wish to savor! It will surely motivate employees to work for those day offs with free passes.

Family Day: How about planning a family day for the employees where they are invited along with their immediate families to enjoy a fun-filled day. There could be various activities invloved for children and others to enjoy.

Donuts Treat: Sometimes actions like as simple as buying donuts and coffee for your employees once a week and discussing something other than work for an hour or so will motivate employees also. You need to show your care to employees.

Annual and Individual Bonuses: Annual Bonuses are basically one-time rewards that might be in result of some specific achievements of employees. For instance, an employee who accomplishes the quarterly goals set for his/her may be rewarded with a lump sum bonus. Employee motivation consequent from a bonus is normally related to the degree of advanced knowledge considering bonus particulars.

Team Bonuses: There are certain situations in which employees should collaborate with one another and setting apart employee performance is harder, companies are progressively recurring to binding employee pay to team performance. E. g., in 2007, Wal-Mart gave incentives to around 80% of their associates based on overall store performance. If employees have a reasonable power to enhance their overall team's performance level, these programs can be handy.

Organizational Examples:

Following rewards and compensation benefits are seen in different renowned organizations around the globe.

Wal-Mart Stores: –

Out of many factors that have resulted in the success of Wal-Mart is its happy employees. Wal-Mart has successfully managed to retain happy bunch of employees through effective motivation. Motivation at Wal-Mart can be <https://assignbuster.com/the-differences-between-reward-and-recognition/>

seen at all levels of positions and departments at Wal-Mart. Wal-Mart have various motivational techniques in order to prove that they not only care about profit they attain through their workforce, but employees personal being as well.

Here are some other ways of motivation in place at Wal-Mart Stores:

Calling employees as “ associates” instead of employee

Calling each other by their first name – from top management to hourly associates.

Giving respect to each associate irrespective of their position in the company.

Health insurance for each associate and their immediate family members.

By hiring a psychologist to give counseling to associates facing some problems.

Mobilink GSM – Pakistan

Mobilink runs its business enterprise on the basis of its slogan that “ Our people are our greatest assets. We take great pride in admitting the contribution each one of us makes”.

Mobilink use the following motivational techniques to motivate their employees:

Management by objectives

Employee acknowledgment programs

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Employee engagement programs

Variable salary programs

Skill-based salary plans

Compromising benefits.

Nestle Pakistan Ltd.

Specified contribution program: The Company engages a accredited provident fund for all its regular employees. Equal monthly shares are constituted to the fund both by the Company and the employees at the rate of 12% of the basic pay and cost of living allowance in addition to it. Nestle has clear plans for betterment of its employees, thus leaving employees with clear knowledge of how the organization is caring about its employees by providing sustainable resources in terms of health, insurance and incentives etc. Suggestions and ideas towards the betterment of any organizational processes are encouraged.

Other main facilities which Nestle grants to its employees to keep them motivated at workpalce are:

Incremented salary

Job Security and Integrity

Annual Gratuity

Annual Bonuses

Old age benefits

Residence facilities and Allownces

Transportation

Health and safety

Telenor Pakistan Ltd.

Below are different ways in which employees are motivated at Telenor Pakistan are:

Solving everyday residence issues of employees including remodeling, repairs, house-sitting, etc.

Supporting in any legal issues.

Supporting in financial issues.

Education plans for childrens.

Health care.

Tesco – UK

Staff training and devlopment programs

Discount for staff purchases

Club points system

Flexibility

Bonuses

Free uniform

Holidays/holiday vouchers – Free Passes

Open opportunities

Unilever – India

Motivational techniques in place at Unilever – India, includes Provident fund, off days. Pick and drop facility, training camps, health care, meternity care and pesion schemes.

Flex Industries Limited

At Flex Industries Ltd, they have a generous incentive scheme, which has assisted them in increasing productiveness by 30-40% as well as minimizing wastage by 2-3 %. Bonuses are extended to all levels of employees.

Ford

Workplace safety

Diversitification

Professional Growth and devlopment

Achievement rewards

Trainings

Remuneration and benefits

Volvo

A Learning and competitive Environment

A Fair Wage Policy

Regular Medical Examination of all employees

Openness and Respect amongst co-workers

Measuring Progress with effective performance appraisal system

Rewards

Diversity

Volkswagen

Attractive employment plans

Job security

Good working climate through leadership and cooperation

payment in line with performance

Personal development opportunities

Coca Cola

By furnishing competitive compensation and benefits, coca cola endeavor to motivate its employees though bounding employee turnover. Besides compensation and benefits, coca cola also extend several other programs for its employees that broaden beyond the workplace. For example, as part of its loyalty to youth development, Coca cola offer college scholarship opportunities to the children of its employees. coca cola also provide opportunities for employees to improve their educational standing.