

# Rewards systems in india

[Design](#)



1. Summarise the recent trend of reward systems in India. The current trend is one of integrated reward approach. Reward system usually mean the financial reward on organization gives its employees in return for their labour. While the term reward system, not only includes material rewards, but also non-material rewards. The components of a reward system consist of financial rewards (basic and performance pay) and employee benefits, which together comprise total remuneration. They also include non-financial rewards (recognition, promotion, praise, achievement responsibility and personal growth) and in many case a system of performance management. Pay arrangements are central to the cultural initiative as they are the most tangible expression of the working relationship between employer and employee. The integrated reward system includes: Job evaluation and profiling Defining key performance indicators Analysis and modification of pay levels and structures to reflect both internal and market relativities Designing of performance evaluation processes Structuring of individual, team and corporate performance bonuses Social climate surveys with focus on remuneration Designing flexible benefits plans Implementation of new reward components in compensation package Implementation and assistance in change communications Training for internal specialists in reward structure planning and maintenance Performance Based Reward is based on the definition of key performance indicators identified as part of job evaluation, and linking these indicators with reward components. A combination of performance measuring system and additional motivational components delivers an integrated performance-based reward system. Flexible Benefit Schemes are a modern approach to the management of budgets for staff remuneration. Employee benefits constitute a considerable

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portion of staff costs, but they are often expended without the desired effect since employees do not perceive the full value of benefits. This system increases the effectiveness and enable better control. Why reward system is required? These components will be designed, developed and maintained on the basis of reward strategies and policies which will be created within the context of the organizations between strategies, culture and environment: they will be expected to fulfill the following broad aims; 1. Improve Organizational Effectiveness: Support the attainment of the organization's mission, strategies, and help to achieve sustainable, competitive advantage. 2. Support and change culture: Under pin and as necessary help to change the 'organizational culture' as expressed through its values for performance innovation, risks taking, quality, flexibility and team working. 3. Achieve Integration: Be an integrated part of the management process of the organization. This involves playing a key role in a mutually reinforcing and coherent range of personal policies and process. 4. Supportive Managers: Support individual managers in the achievement of their goals. 5. Motivate Employees : Motivate employees to achieve high levels of quality performance. 6. Compete in the Labour Market: Attract and retain high quality people. 7. Increased Commitment: Enhance the commitment of employees to the organization that will a) want to remain members of it, b) develop a strong belief in and acceptance of the values and goals of the organization and c) be ready and willing to exert considerable effort on its behalf. 8. Fairness and Equity: Reward people fairly and consistently according to their contribution and values to the organization. 9. Improved Skills : Upgrade competence and encourage personal development. 10. Improved Quality: Help to achieve continuous

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improvement in levels of quality and customer service. 11. Develop team working : Improve co-operation and effective team working at all level. 12. Value for money: Pride value for the money for the organization. 13. Manageable: Be easily manageable so that undue administrative burdens are not imposed on managers and members of the personal department. 14. Controllable: Be easily controllable so that the policies can be implemented consistently and costs can be contained within the budget.

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===== 2. Analyse it with respect to your organisation or an organisation you are familiar with and discuss its impact on productivity. Describe the organisation you are referring to.

Describe the organisation you are referring to The organization, I am familiar with is a -a large manufacturer/ marketer of safety products -the products are used as [personal protection safety] [ industrial safety] -the products are distributed through the distributors as well as sold directly - the products are sold to various industries like mining/fireservices/defence/ as well as to various manufacturing companies. -the company employs about 235 people. -the company has the following functional departments \*marketing \*manufacturing \*sales \*finance/ administration \*human resource \*customer service \*distribution \*warehousing/ transportation \*TQM

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THE ORGANIZATION , I ASSOCIATED WITH HAVE THE FOLLOWING SYSTEM The Reward systems 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. The SMART criteria. These criteria 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

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Performance Management. The process of performance management reflects how the work gets done and creates the environment in which people feel valued for their achievements. The performance management process includes four critical components: Focus on what is important to change or be improved. Measures to determine whether and how much progress is being achieved. Feedback so that performers will know whether and how much progress is being achieved. Reinforcement so that everyone celebrates achievements as they are unfolding. Indicators of successful performance management include the following: All measures are understood by the employees, who can describe the importance of their activities to the agency. Measures address results and behaviors/processes. A tracking system is used to monitor performance in the areas identified. The performance measures and progress are displayed in a public area.

Data on the performance charts is current. The team leaders/managers are actively engaged in coaching staff members and providing assistance to improve performance. Periodic celebrations mark achievements as they are realized. These celebrations are regarded positively by employees. Data indicate performance is improving. Recommend that organizations: focus on variables critical to success; create timely, chart-oriented feedback; create celebrations that mean something to the performers; use performance reviews as an opportunity to reflect " how we won" and " how we lost" make them as often as necessary to cement the learning; anchor the memory of achievements achievement-oriented firms measure a lot, accomplish milestones frequently, and do much celebrating; don't rely on annual performance appraisals as the sole source of feedback; when designing programs, avoid copying programs used by other organizations; and don't make the design process into the " let's make a form" game.

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THE REWARD SYSTEM IS TWO-FOLD 1. RECOGNITION FOR PERFORMANCE. 2. PAYMENT. WHICH INCLUDES -base pay -cost of living rise -merit INCREASE , which is based on \*performance against the KEY PERFORMANCE INDICATORS. \*bonus for exceptional performance with the scope of the job position