

# [The relevant theories about reward management commerce essay](https://assignbuster.com/the-relevant-theories-about-reward-management-commerce-essay/)

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Reward direction has been described as a cardinal map in HRM systems in modern organisations, and it is frequently designed to pull, retain and actuate employees ( Milkovich and Newman, 2004 cited in Yu, Ying ying and Angeles, 2011, pp 2 ) . Because of the strategic nature of human resource in the attainment of corporate ends and organisational fight ( Wright and McMahan, 1992 ) , many writers have discussed the topic of wages direction from different positions. Some of these positions focus on spliting reward systems into two classs ; Extrinsic and intrinsic wagess. Extrinsic wages systems by and large focus on offering performance-linked salary additions, pecuniary wagess, long term inducement programs, team-based wagess, and security benefits to employees ( Laursen and Foss, 2003 ) . These writers argue in favor of the values of these types of wages in hiking the morale of employees and bettering their productiveness as the same clip.

The consequence of this to the organisation is better bottom line public presentation through increased gross and profitableness ( Yu, Ying Yang and Angeles, 2011 ) . Intrinsic wagess are non-monetary wagess and could come in signifier of enriching occupation duty and authorization ( Oldham and Cummings, 1996 ) , supplying preparation resources and comprehensive acquisition chances ( Hennessey and Amabile, 1998 ) , and keeping good interpersonal relationships among employees ( Ruppel and Harrington, 2000 ) . Yu, Ying and Angeles ( 2011 ) place two reward direction positions based on the above categorization and they call extrinsic wages systems, utilitarianism and intrinsic wages systems, romanticism.

Harmonizing to these writers, these are the two extremely problematic theories of reward direction in the HRM field. One of the basic premises underlying the theories of reward direction is that the public presentation and motive of employees can be improved by set uping a nexus between attempts and wagess through formalised and specific single marks ( Fay and Thompson, 2001 ) . Although many writers and authors have established that there are tremendous benefits for organisations in seting in a topographic point an effectual wages direction system, some writers still warn against over-reliance on wages systems because of its possible to make several organisational issues which focus on equity and diverseness ( Beer and Cannon, 2004 ) . Many other writers have critically examined the underlying doctrines of reward direction and the variables that make up a typical wages mix. Baeten ( 2008 cited in Jonathan and Clare, 2011, pp 2 ) provides a deeper penetration into this when they argue that there are 34 different possible theories underlying a wages direction system.

Eisenhardt ( 1988 cited in Jonathan and Clare, 2011, pp 3 ) nevertheless limits reward direction theories to two viz. : The bureau theory and the institutional theory. Agency theories of wages direction fundamentally seek to aline organisation and single aims. The chief purpose is to utilize inducements to direct employees towards the involvements of the proprietors of the concern, and to plan the wages mix to reflect that. On the other manus institutional wages direction theory focuses on the formal and informal force per unit areas exerted on organisations by other organisations with which it is connected. Some of these force per unit areas could come in signifier of employment statute laws, legal demands, revenue enhancement policies, and a desire to follow the policies that others have adopted so as to derive the security that conformance is perceived to convey ( DiMaggio and Powell, 1991 ) .

Finally other known theory of reward direction under the institutional categorization is normative force per unit area. This occurs when members of an organisation jointly come together to specify the conditions and methods of their plants. HP operates in a extremely competitory industry with a curious high staff turnover rates. Employees are frequently influenced by competitory wages policies that contribute to the attainment of their personal development ends and aims. Kerr ( 1999 ) argues that wagess should be the 3rd thing in an organisation ; measurings should be 2nd, and clear articulation of the coveted results should be the first.

In planing a wages policy for HP the followers are the cardinal aims to be attained: HP`s end is to pull and retain the most gifted work force which are strategically connected to the organization`s ability to run into its strategic ends and aims. With this in head we seek to offer a combination of the most competitory and flexible fiscal wagess in the US Mobile and computing machine industry to all cells of employees instantly they join us. We believe that this is of import to the care of our bing leading place in the industry and we seek to prosecute this policy every bit tenaciously as possible with all equity and equity. The cardinal purpose of this policy is to enable enhance HP`s ability to enroll the most gifted experts in the US Mobile and computing machine engineering industry which we consider as strategic to the accomplishment of our corporate ends and aims. Scope This fiscal wages policy shall use to all regular full clip and regular portion clip employees of HP instantly they join the company. Principles The full wages policy of this company shall be built on a foundation of equality, committedness to diverseness, equity and a sense of good opinionThe full wages policy will be operated every bit transparently as possible and it will be made to follow with national regulative models for employee battle in the computing machine and nomadic engineering industry All classs of employees that contribute more by step of productiveness shall be financially rewarded more. HP shall non take any excess part of any employee for granted.

We believe that is important to carry throughing our committedness to equality and equity.