

# Employee reward and recognition systems essay sample

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



## **Introduction**

This assignment is aimed at providing an overview of what Reward Management is concerned with including key areas organizations formulate reward policies, defining strategies of Reward System as well as Reward policies and practices that support the achievement of organizational objectives. It further sets out to determine values, culture and reward systems that match the interest of employees in organizations.

This paper explores to establish the following:

How can reward policies and practices support the achievement of business goals;

What are the key areas in which reward policies need to be formulated?

Employees have the right to determine whether the values, cultures and reward systems of the organization match their own.

## **QUESTION ONE**

### **1. 0. 1HOW CAN REWARD POLICIES AND PRACTICES SUPPORT THE ACHIEVEMENT OF BUSINESS GOALS?**

Definition of Reward Management. Reward Management can be defined as an organization's effort to attract and retain staff through provision of competitive rewards. Competitive rewards motivate attracts the right quality and quantity of candidates to join an organization in an exchange for the value they would wish to add to the institution in terms of knowledge and skill. According to Michael Armstrong, (2007), Reward Management and practices: Reward management deals with the strategies, policies, and processes required to ensure that the value of people and the contribution

they make to achieving organizational, departmental and team goals are recognized and rewarded. It is concerned with the formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organization.

Reward Policies and practices clearly set out compensation eligibility according to grades and qualifications that staff has to support the achievement of business goals. It clearly defines a hierarchy of compensation according to the value individuals add to the organization.

When compensation policies are competitive, employees thrive to work extremely hard appreciating what they are getting from the organization in return. Reward policies and practices reinforce positive behaviors and competition in staff towards the attainment of goals and objectives.

According to John Shield (2009), *Managing Employee Performance and Reward*, s that in essence, a reward system maintained by a working organization is likely to have three (3) primary objectives;

- To attract the right people at the right time for the right jobs, tasks or rules;
- To retain the best people by recognizing and rewarding their contribution;
- To motivate employees to contribute to the best of their ability.

The motivated workforce can be a substantial factor in organizational achievement. When employees are motivated to put in their level best, the organization is more efficient in attaining it's strategic intent. There is a positive relationship between employee performance and rewards. As such, it is imperative that Managers understand the power of reward systems and

how they are used to influence employee output. According to Brown Duncan (2001), Reward Strategies - From Intent to Impact, consideration of how organizations create value and where the most value is added are now often the critical component of business strategies and need to inform the strategic rewards approach. Organizations need to ensure that incentive plans are focused on these high-value focus areas and measures. Staff needs to also understand the various reward programs and how they interrelate and fit in their roles.

## **QUESTION TWO**

### **2.0. 2WHAT ARE THE KEY AREAS IN WHICH REWARD POLICIES NEED TO BE FORMULATED?**

The organizations should, first of all, develop Reward Strategies in line with the overall HR strategy of the organization. The strategies should address contingent pay structures as well as developing reward policies that support the achievement of the organizational goals through providing rewards which attract, retains and motivates staff to develop a high-performance culture. An effective strategy is one in which there are clearly defined goals linked to business objectives whilst maintaining competitive rates of pays.

There are so many talented persons on the market who are willing to join dynamic organizations to offer their skills and knowledge in return for a competitive compensation. Reward strategies outline how an organization can reward people according to what the organization values as well as for the value that people bring to the organization. Reward policies should

motivate people to be committed and engaged and are formulated in the following key areas in the case of ZICTA.

### Salary

Salaries being offered by organizations should be viable in order to attract and retain staff. Salaries being offered by ZICTA are competitive and able to sustain employees' livelihood. This motivates employees to stay with the Authority as there are few firms that can compete with ZICTA in terms of compensation.

### Job evaluation

Job Evaluation is a systematic process of identifying the worthiness of jobs within an institution in order to establish internal relativity as well as providing the basis for designing equitable pay structure. ZICTA has used Job Evaluation to measure the importance of different jobs and ascertain their worthiness in order to come up with attractive pay structures. This is done according to employee's qualifications and other required qualities such as competences and knowledge that staff possesses that adds value to the proposition of the Authority.

### Market Rate Analysis

Market Rate Analysis is the process of ascertaining the rates of pay in the labor market. ZICTA has in the past carried out surveys in other related institutions to compare with the prevailing salaries in order to determine and justify pay increase for staff to the Board. However, since ZICTA is one of the

institutions with very high pay structures, it has been challenging to find institutions to compare with in order to make a justification for further salary increments. However, the Authority will still continue to benchmark with other high paying institutions to be used as a reference point for justifying pay rise for staff.

### Grade and Pay Structures

At ZICTA Jobs are placed in a graded structure according to their relative size. Jobs are ranked in grades i. e Grade 1 to 8. Factors such as qualifications, experience, competence, levels of decision making and other qualities are used to rank jobs in order of value hence coming up with a salary structure which the Authority still uses to reward its staff.

### Employee benefits

Employee benefits are benefits such as pension, sick pay, insurance cover, company cars as well as social reaction facilities such as gym membership.

### Employment Categories

ZICTA has two type of employment categories - the staff of permanent and pensionable and staff on contract. Staff on permanent and pensionable are entitled to gratuity payment from the Authority after upon attaining retirement age. Staff on fixed term contract are entitled to gratuity paid at the end of the three (3) fixed term contract calculated at 35% of annual gross salary tax-free.

Permanent employment applies to unionized staff as well as support staff

whereas fixed-term contracts apply to professionals and core staff. Benefits for staff on fixed term contracts are more enhanced compared to benefits that apply to the other category of employment.

### Medical Scheme

ZICTA staff are also entitled to medical scheme cover at 100% meaning the Authority. Pays for medical for all its employees, however, spouses and dependents of the staff are covered at 80% by the organization and the 20% is recovered from staff. In an event that an employee has been diagnosed with a chronic ailment that cannot be handled by medical specialists in Zambia, the Authority shall pay 100% for the employee to be evacuated abroad for specialized treatment.

### 5. 3Recreation Facilities

ZICTA also pays for recreation facilities for all members of staff such as Gym membership for staff to consistently keep fit for them to remain productive. We always urge employees to utilize these facilities offered by the organization for their own benefits health lives.

### Group Life and Group Personal Accidents

ZICTA also subscribe to Group Life and Group personal accidents for all staff, wherein an event of death, the group life firms are able to compensate staff who pass on whilst in employment.

### Training and Development

ZICTA has a training policy in place that provides for staff training and development. It encourages staff to continually grow and long-term staff training is fully sponsored by the Authority.

#### Staff Loans

ZICTA also offers construction and vehicle loans. These loans are insured as they are sometimes huge amounts. The purpose of ensuring these loans is to ensure that in an event of the death of an employee, the authority does not repossess the house from the family of the deceased, but claim the money from the insurance firm.

#### Performance Management System

ZICTA has a Performance Management System in place where at the end of the year, all staff is appraised by their supervisors to determine eligibility for the payment of bonus. Payment of bonus is done on the following basis;

- Exceptional performers during the year are paid 100% of their gross salary
- Superior performers during the year are paid 80% of their gross salary
- Competent performers during the year are paid 60% of their gross salary.

This makes employees work extra hard for them to attain exceptional performance.



## QUESTION THREE

### **2. 0. 3EMPLOYEES HAVE THE RIGHT TO DETERMINE WHETHER THE VALUES, CULTURES AND REWARD SYSTEMS OF THE ORGANIZATION MATCH THEIR OWN. WHAT DOES THAT TELL US ABOUT AN ORGANIZATION'S REWARD PRACTICES?**

This tells us that organizations should offer competitive rewards that motivate staff in order to retain them in the institution, and employees also have a critical role to play in attaining objectives of the organization. There is a correlation between employees' performance and organization reward. For an organization to reward employees, the running of business should be with a view to achieving the overall objectives through staff knowledge and skills. Employees should always be committed towards the achievement of organizational goals. Reward Practices in organizations should attract, motivate and retain the right quality of staff. In turn, staff would be motivated and committed to achieving organizational goals. Commitment and engagement is the common thing that enables organizations to realize the potential of people. According to Michael O Malley and William Mercer (Creating Commitment: How to attract and retain Talented employees by building Relationships that Last. Organizations should compete favorably within the job market and within the job sector of the economy in order to attract and retain staff committed and engaged candidates in order to achieve its strategic objectives. Compensation systems should be flexible to adapt to environmental changes such as inflation. It should be socially acceptable to the organizations public, trade unions. The system should further be perceived as reasonable within the framework of impartiality and equity.

#### 4. Conclusion

Having an implemented well-defined reward policies in organizations is a yardstick to attaining organizational objectives. Competitive reward policies attract employees in their work performance. Employees develop confidence in management when organizations have policies clearly defining purposes and intent. Having established and clearly defined policies provide guidance and reduce grievances in staff as there is a clear guide and reward management. System.

The overall objective of implementing a Reward Strategy is to make the strategy an operating reality which the organization can systematically follow to attain its goals through employees. The strategy should be communicated to staff explicitly stating the purpose and how it will affect staff. Through effective communication, employees develop a culture and beliefs of working hard towards the attainment of the organizational objectives. These norms are shared by all staff and usually lead to a positive work outcome.

#### **References**

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