

Rewards management incentives for employees



Reward management is whereby organisations distribute different types of incentive to employees both in the form of direct and indirect monetary and non-monetary rewards according to their contribution (Armstrong 1999). It is also an essential part of encouraging employees to work as you want, so that those goals are met. The goal of the reward management is to improve the overall organisation's output and performance by developing a system aimed at rewarding employees of the organisation based on their contribution to the organisation (Armstrong & Murlis 2007). In doing so, the employees will feel that they belong part of the organisation as their works are being recognised by their superiors. This will at the same time, create a sense of belonging and improve employees' loyalty to the organisation.

What are the exact roles played by the reward management in the organisations? Firstly, it allows the organisations to attract and retain suitable employees by paying the employees based on their excellent performance and ensuring direct and indirect rewards thus implying the organization recognises and values manpower. Therefore organisations are able to control labour costs so they can remain aggressive in the competitive market. Secondly, rewards improve employees work performance and keep them motivated. As all organisations want to improve productivity and enhance profit, effective reward management systems which lead to a more committed workforce will certainly play an important role. In addition, by having an effective rewards system, it will motivate employees to showcase their skills and abilities to obtain effective performance. Lastly, comply with employment legislation and regulations as employment laws changes

occasionally in the UK and European Union hence the need make some modification (Bratton & Gold 1999).

What kinds of recognition and rewards do employees want most (Nelson 2003)? Nelson (2003) stated that employees value managerial support and involvement in organisation future projects. Being part of decision making, support them when they made mistakes and giving them trust and authority in doing their job. There are different types of praise employees wants, mainly personal praise, written praise, public praise and electronic praise.

In this essay, I will mention about how rewards are seen as a powerful tools for driving cultural change in organisation in Singapore using Singapore Airlines, as an example, to show how rewards can drive cultural change. I will also mention whether rewards play a role in managing cultural and change in firm operating internationally with specific example from Pakistan. Also, some negative impacts of the reward system will also be discussed.

Rewards system in Singapore

During the 1960's-1980's, incentives such as rewards, benefits and recognition are not highly practice in the labour force. As the people then were poorly educated and the lack of family planning resulted in a large family, the heads of the family (mainly the fathers) most of the time do not have much bargaining power as they have only one think in mind, that is to support their family member at all cost. In order to feed their, they have to do whatever the company want them to and they would take on any jobs that were available to them. They did not expect any bonus and incentives

from the company and they were easily satisfied as long as they can support their family.

However as the government shift from labour intensive industry to knowledge base industry people are getting more highly educated than before, (people no longer stop at ' A' or Diploma) more people will pursue higher education such degree. They no longer have the burden to support the family, like what their parents used to experience thus they no longer have the sense of loyalty and have more tendency to job hop whenever better opportunity comes about. They will tend to be fussy about the job they work in, choose jobs that they fancy or a better organisation who can give them higher benefits. Therefore organisations now have to come up with effective reward and recognition scheme to attract employees. It is proven that highly motivated employees will come up with high quality performance and by rewarding them it will also lead to employee job satisfaction.

Singapore Airlines (SIA) is one organisation in Singapore who promotes motivating their staffs through rewards and recognition. Singapore Airlines adopt a series of rewards and recognition which include interesting and varied job content, symbolic forms of recognition and performance-based share options (Heracleous, Wirtz & Pangarkar 2006). Recently SIA introduced a new benefit scheme rewarding their crews monetary whereby the company associated many types of variable components to the organisation financial performance such as salary according to the individual employee contribution to the organisation and profit sharing incentive (Wirtz, Heracleous & Pangarkar 2008). A non-monetary form of motivation and

<https://assignbuster.com/rewards-management-incentives-for-employees/>

recognition which the organisation came up with is by awarding the best crew with ' best cabin crew service award.' By obtaining this award, it will boost the morale of the crew thus stimulate them to work harder. Another form of recognising service excellence is by communication. The annual Deputy Chairman's Award, Mr Sim stress the importance of recognition, " We know that a pat on the back, a good ceremony, photographs and write-ups in the newsletters can be more motivating than mere financial rewards, hence we put in a lot of effort to ensure that heroes and heroines are recognised for their commitment and dedication (Heracleous, Wirtz & Pangarkar 2006 p. 165.)" With such attractive reward scheme, the crew are highly motivated hence producing high quality service. All these factors helped SIA to build and sustain excellence service consistently for over few decades therefore Singapore Airlines was being crowned one of the best airlines in the world.

Reward system in Parkistan

Pakistan is developing into one of the more developed country in the world therefore in order to be kept up to date, the working environment is becoming more and more competitive. Organisation productivity is dependent on the employees hence employees request for extra training, skills and attractive package such as incentives, working conditions, recognitions and fringe benefits (Warsi, Fatima & Sahibzada 2009). In every organisation, the performance of employees plays a crucial role in the organisation accomplishment. The success of an organisation is how an organisation keeps its employees motivated and shows how they value their employees. Nowadays people do not want to stay or work in an organisation for long, they will see there is any better opportunity outside and get better

job prospect for that reason the relationship between organisation commitment and rewards and recognitions plays a crucial role in retaining good employees.

In the recent year, many organisations hope that, through different types of incentive and performance recognition, to improve employee commitment and their performance in the organisation as rewards are being identified as the most important tool in recognising their contribution and performance (Danish & Usman 2010). Rewards are deemed as a motivational tool for employees today as it able to motivate them thus increasing job performance and satisfaction. By motivating employees organisations can also increase their productivity by giving them recognition which will eventually lead to increasing organisation performance. There are many types of incentive, in the form of financial rewards (improved pay and performance bonuses), promotions and incentives (parental leave for sick children and family day) that satisfy employee to a certain extent. It has also been showed that rewards are required to ensure committed employees feel appreciated and to keep them motivated and committed (Danish & Usman 2010). Rewards and recognitions is a form of communication with employees. It is a way to acknowledge their hard work, appreciate, motivate and to keep them committed. Thus employees feel that what they have done is being recognised and this will ultimately lead to increased employee's loyalty and job satisfaction.

Despite all the advantages of reward system, there is an also a disadvantage side of reward system. Although the reward system can motivate employees to do better in their work, it can also have a negative impact of the

<https://assignbuster.com/rewards-management-incentives-for-employees/>

organisation. This is because rewards are usually very limited and precious, and as a result, this reward system has increased the competitiveness of the employees in the organisation. As only a few employees out of the whole organization are entitled, this will lead to unhealthy competition between different departments of the organisation and even within the department itself. This will eventually lead to lower productivity because people no longer willing to share their knowledge with one another as they are afraid that others might have the upper hand to obtain the reward. In order not to lose out, they will no longer share their knowledge so in long term, this might not be beneficial as what they initially thought.

In the commercial bank of Pakistan, they agree that rewards and recognitions play a significant role in helping the organisation achieving organisation efficiency. Employee motivation is identified as one of the main issues in the commercial banks. In today's competitive world, the organisation has to work closely together with the employees in order to remain competitive among peers.

As the banking industry contributes to a large extent to the economy of the nation, it is important to ensure that employees are motivated since employees play an important role in today's highly competitive banking sector. The management of the bank have to come out with different ways to attract and motivate the employees since for most of the commercial banks, employee loyalty and motivation are important issues as it is not an uncommon scene to see a promising employees joined to a rival bank. As the employees play an important role in the banking industry to provide good service to the customers, their enthusiastic, commitment and determination

<https://assignbuster.com/rewards-management-incentives-for-employees/>

towards job completion play essential role in the success of the bank (Khan, Farooq & Ullah, cited in Cheng 2010). By providing excellent service, customers will have a good impression and developed a positive perception in their eyes. This is especially important for the banking sector.

According to Khan, Farooq & Ullah (cited in Petcharak 2010), maintaining employee satisfaction with their jobs has been included as one of the job scope for the human resource manager. This strongly suggests the importance of employee motivation. To improve the productivity of the organisation, it is important to have a pool of highly motivated employee. In order to achieve that, reward and recognition system plays an important role. This system not only provides financial rewards but also it encourages their morale and consciousness with regard to their job, resulting in improvement of individual performance which eventually benefited the entire team and even the organisation. It has also been reported that poor employee and organisation performance is usually caused by workplace displeasure.

Conclusion

From the example taken from both domestically and international firms, we can see a strong relationship between reward and organisation's productivity. This strongly highlights the importance of reward system in today's labour market. Therefore rewards play an important role in ensuring that an organisation remains competitive and productive. Rewards lead to increasing employee's motivation and job satisfaction which in turn lead to organisation profitability. Reward systems come from theories of motivation and experimental research evaluation strategies to motivate employees will <https://assignbuster.com/rewards-management-incentives-for-employees/>

affect job performance. Two most common of theories which discussed work motivation includes Maslow and Herzberg. Maslow states that higher-order needs become progressively more important as lower-order needs are satisfied (Bratton & Gold 1999). Herzberg demonstrated that motivation of employees play a significant source of satisfaction when it comes to a form of reward (Bratton & Gold 1999). Even though rewards might have some negative impacts on the organisation, with proper planning of the reward and recognition system I strong believe that the advantages of this system will surely outweigh the disadvantages. Therefore it can be seen that rewards do play an important role in managing cultural changes in firms operating domestically and internationally.

Word Count: 1916 words

References List

Armstrong, M 1999, A Handbook of Human Resource Management Practice, 7th edn, Kogan Page Limited, The Bath Press, Bath.

Armstrong, M & Murlis, H 2007, Reward Management: A Handbook of Remuneration Strategy and Practice, 5th edn, MPG Books Ltd, Great Britain.

Bratton, J & Gold, J 1999, Human Resource Management Theory and practice, 2nd edn, Macmillan Press Ltd, Great Britain at The Bath Press, Avon.

Danish, RQ & Usman, A 2010, ' Impact of Reward and Recognition on Job Satisfaction and Motivation: An Empirical Study from Parkistan', International Journal of Business and Management, February, vol. 5, no. 2, pp. 159-167, viewed 9 August 2010, Proquest Database.

<https://assignbuster.com/rewards-management-incentives-for-employees/>

Heracleous, L, Wirtz, J & Pangarkar, N 2006, Flying High in a Competitive Industry Cost-Effective Service Excellence at Singapore Airlines, Mc Graw-Hill Education (Asia), Singapore.

Khan, KU, Farooq, SU & Ullah, MI 2010, ' The Relationship between Rewards and Employee Motivation in Commercial Banks in Parkistan', Research Journal of International Studies, issue 14, pp. 1-18, viewed 16 August 2010, Proquest Database.

Nelson, B 2003, ' Five Questions About Employee Recognition and Reward', Harvard Management Update, September, vol. 8, issue 9, p. 3, viewed 9 August 2010, Proquest Database.

Wirtz, J, Heracleous, L & Pangarkar, N 2008, ' Managing human resources for service excellence and cost effectiveness at Singapore Airlines', Managing Service Quality, vol. 18, no. 1, pp. 4-19, viewed 9 August 2010, Proquest Database.

Warsi, S, Fatima, N & Sahibzada SA 2009, ' Study on Relationship Between Organizational Commitment and its Determinants among Private Sector Employees of Parkistan', International Review of Business Research Papers, April, vol. 5, no. 3, pp. 399-410, viewed 9 August 2010, Proquest Database.