

Reward Management as a Motivational Tool in an Organization

Abstract

An employee reward system consist of organizations integrated policies, processes and practices for rewarding its employees in accordance with their contribution, skill and competence and their market worth. It is developed within the framework of the organization reward philosophy, strategies and policies, and contains arrangements in the form of processes, practices, structure and procedures which will provide and maintain appropriate types and levels of pay, benefits and other forms of reward.

Keywords: Reward, Management, Motivation, Organization, Reward-Philosophy, Emphasize, Financial-Rewards, Non-Monetary Rewards, Remuneration, Job-Evaluation, Employee-Benefits, Achievements - Appreciation etc.

Introduction

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Components of Reward System

The main components are –

1. Processes for measuring the value of jobs, the worth of individuals in those jobs and the range and level of employee benefit to be provided.
2. Practices for motivating people by the uses of financial and non-financial rewards.
The financial rewards consist of base and variable pay and employee benefits and allowances.
Non-financial rewards are provided generally by the culture and value of the organization and specifically by the quality of management and leadership.
3. Structures for relating pay and benefit level to the value of positions in the organization and for providing scope of rewarding people according to their performance, competence, skill or experience.
4. Schemes for providing financial rewards and incentives to the people according to individual, group and organizational performance.
5. Procedures for maintaining the system and for ensuring that it operates efficiently and flexibly and also provides value for money.

Aim of Employee Reward

The Organization's Requirements

The reward system expresses values organization and is prepared to pay for.

Overall aim

The overall aim of employee reward is to support the attainment of the organization's strategic and shorter term objectives by helping to ensure that it has the skilled, competent, committed and well motivated workforce it needs, this means providing for the continuing improvement of individuals, team and therefore organizational performance.

Theoretical Approach

Money and Motivation

People need money and therefore it is the powerful motivator although not only motivator while lack of it may cause dissatisfaction, money does not result in lasting satisfaction. However, it must be re-emphasized that different people have different needs. What cannot be



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assumed is that money motivates everyone in the same way and to the same extent

Do financial incentives motivate people?

The answer is yes, for those people who are motivated by money and whose expectations that they will receive a worthwhile financial reward are high.

But less confident employees may not respond to aims they do not expect to achieve.

Fairness, equity and consistency

Fairness

The reward system should not only be fair, it should be seen to be fair in accordance with the 'felt fair' principle. It must therefore transparent-everyone should know the various parts of the system operations and how they personally affected by them.

Equity

Equity is achieved when people are rewarded appropriately in relation to others within the organization and in accordance with their worth and value of their contribution. An equitable reward system ensures that relative worth is measured as objectively as possible, that the measurement processes are analytical and that they provide a framework for making defensible judgments about job values and grading.

Consistency

The system should allow consistent decisions to be made about reward levels and individual rates of pay. Policy guidelines should be available to line managers to ensure that they avoid making decisions which deviate irrationally from what would be generally regarded as fair and equitable. But consistency should not be enforced through rigid rules and by insistence on slavishly following precedents. There has to be some flexibility in dealing with reward issues in the light of the current situation and its particular demands, but such decisions should be consistent with the organization's reward philosophies, strategies and policies.

Aim of Study(Employee Reward)

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Conclusion

The organizations need to develop a reward strategy that is how its reward policies and processes should be developed so that it is mutually beneficial to the employees and the organization. And the reward should succeed in motivating the employees according to their needs and the reward policy is driven by the business needs.

People need to know not only how well they have achieved their objectives or performed their task but also that their achievements are appreciated. Non-monetary rewards can motivate employees better if it is integrated with financial rewards, in the total reward system. However, it is important to note that needs of the individuals varies from individual to individual and depends on his or her psychological makeup. So, it cannot be generalized but what the organizations can do is increase the employee participation in deciding their overall compensation.

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