Reward Management

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Abstract: Reward management is concerned with the formulation and implementation of strategies and policies that aim to reward people fairly, equitably, and consistently in accordance with their values to the organization.

1. Introduction

Reward management consists of analyzing and controlling employee remuneration, compensation and all of the other benefits for the employees. Reward structure usually consists of pay policy & practices, salary and payroll administration, total reward, minimum wage, executive pay & team reward.

2. Objectives:

- support the organization strategy
- motivate employees
- internal and external equity
- strengthen psychological contract
- financially sustainable
- comply with legislation
- efficiently administered

Retaining quality employees can be a challenge. High turnover not only affects morale. It’s incredibly inefficient to train new people or get them up to speed.

Employees are rewarded for more productivity, greater loyalty, and eager to contribute to the organization in an impact and meaningful way.

3. Types of Reward Programs:

There are number of different types of reward programs aimed at both individual and team performance

- Variable pay / pay for performance: Variable pay can be tied to the performance of the company, individual achievements and the result of the business units. There are many forms including bonus, stock options and one time award. Companies attempt to motivate and reward employees for their performance in their work.

- Bonus: It is frequently used to reward individual for their achievement and also to encourage them to generate additional business or high profits. Rewarding for their outstanding performance and also used as a powerful tool to encourage future top-level efforts.

- Profit sharing: It refers to the strategy of creating pools of monies to be disbursed to employees by taking a stated percentage of company's profit. Idea behind profit sharing is to reward employees for their contributions for achieving company's profit goal. It helps company to retain their employees.

- Stock options: Employees right to buy a specified number of company's shares at a fixed price for a specified period of time.

- Group based reward system: It is based on a measurement of team performance with individual rewards received on the basis of this performance.

A reward program recognizes individual achievements in addition to group performance can provide extra incentive for employees. Tangible and intangible rewards are just motivating as a long term pay increase and have impact on the company.

3. Motivation: Motivation can also be defined as one's direction to behavior, or what causes a person to want to repeat a behavior and vice versa.

4. Compensation and reward system: It plays a vital role in business organization. Since among the four M's (i.e.) Men, Material, Money, and Machine. Men have been most important factor, it is impossible to imagine a business process without men.

5. Job Evaluation: Job Evaluation is the process in which jobs are systematically assessed to one another with in an organization in order to define the worth and value of the job, to ensure the principle of equal pay for equal work.
6. Performance appraisal: It is the method in which an employee's job performance is evaluated and reviewed.

4. References
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