

Reward

What is reward? “That which is given in return for good (sometimes evil), or in recognition of merit, or for performance of a service” *Chambers* - Interesting that you can be rewarded for evil?

Also: compensation, pay in HR / Personnel systems **but** there are intrinsic rewards to work, and non-monetary benefits, which are obviously cheaper and may prove more effective anyway.

Types of Reward:

Promotion

Pay (PRP, shares)

Bonus

Recognition (Timely Accurate Relevant Reliable) can be a powerful way of managing culture (Xerox put recognition *before* pay - they have a ‘recognition and reward’ system)

Awards (employee of the month)

Making someone feel special (putting in think tanks, teams etc. or *just by saying so*)

Appraisal (handle with caution)

Training and Development

Empowerment (paradigm example in R. Semler’s *Maverick*)

Job Satisfaction... and the job itself can be a reward (being given a ‘cushy number’)

Purpose of Reward:

Incentive (carrot: as in Locke’s goal theory)

Retention (is merely paying more a reliable way of keeping staff?)

Recruitment (‘if you pay peanuts, you get monkeys’ – is this really true?)

Motivation (can we sustain it though? – problem with e.g. year end bonuses)

Symbolic (badge)

Build team ethos (only if it’s not competitive like PRP can be)

Encourage Innovation (e.g. incentivise suggestion schemes)

How can we best use reward?:

In T&D we may not often be able to offer financial rewards – what’s left?

The most valued rewards are free – “they said I was / my work was...” we need to consistently be *the person who said*. This could be a very effective way of raising the T&D department’s (our) profile, visibility etc. especially if people’s line managers aren’t as open to new ideas or encouraging. Remember it’s very easy to criticise and the alternative (praise) is far more powerful and potentially reforming.

“Be hearty in our approbation and lavish in our praise.” D. Carnegie

Recognition is a key way to encourage repeat behaviour – *positive reinforcement theory*

A couple of good quotes on reward:

“In today’s rapidly changing and highly competitive environment, a message that says grow, develop and perform well seems to be more on target than one that says you will be rewarded for outgrowing your job and getting promoted. In organizations whose key assets are its human resources, a system that focuses on people rather than on jobs would seem to be a better fit.” Lawler (1990) *Strategic Pay* p142.

“The design and management of reward systems constitute one of the most difficult human resource management tasks for the general manager. Of the policy areas in HRM, this is where we find the greatest contradiction between the promise of theory and the reality of implementation.” Beer M. Spector B. Lawrence P. Mills D. and Walton R. (1984) *Managing Human Assets* p113.

“There are strong grounds for contesting the suggestion that rewards systems in Britain have been selected on the basis of a systematic assessment by managers of business plans, other human resource management policies and the range of internal and external contingent factors ... Rather it has been driven by relatively crude and unplanned attempts to relate pay to performance in a manner detached from a consideration of contextual factors.” Kessler I. *Reward Systems in Human Resource Management – A Critical Text* ed. Storey (1995) p270.

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