

Reward Management Module - Learning Outcomes

On successful completion of this module, you will be able to:

- Theorise how reward management can be utilised to drive change and behaviours in an organisation.
- Discuss what is meant by performance management and the processes and tools supporting it.
- Analyse and develop a critique of the approaches to reward management to check if meeting organizational needs
- Develop a knowledge of the range of benefits and remuneration that can be employed to attract, motivate and retain key groups of employees
- Carry out basic role analysis and draw on benchmarking and other factors affecting pay to advise on appropriate reward systems and remuneration packages
- Develop a knowledge of the basic terminology and elements involved in pension schemes

Cont. Reward Management Module - Learning Outcomes

On successful completion of this module, you will be able to:

- Undertake academic research to analyse and recommend to an organisation of your choice, the key factors for a successful reward strategy in the organisation.
- Critically evaluate the advantages and disadvantages of the total reward approach
- Explore rewards, reward strategies and their use in organisations
- Analyse and discuss characteristics of reward strategies and review what contributes to their effectiveness

Session 1 – Introduction to Reward & Performance Management

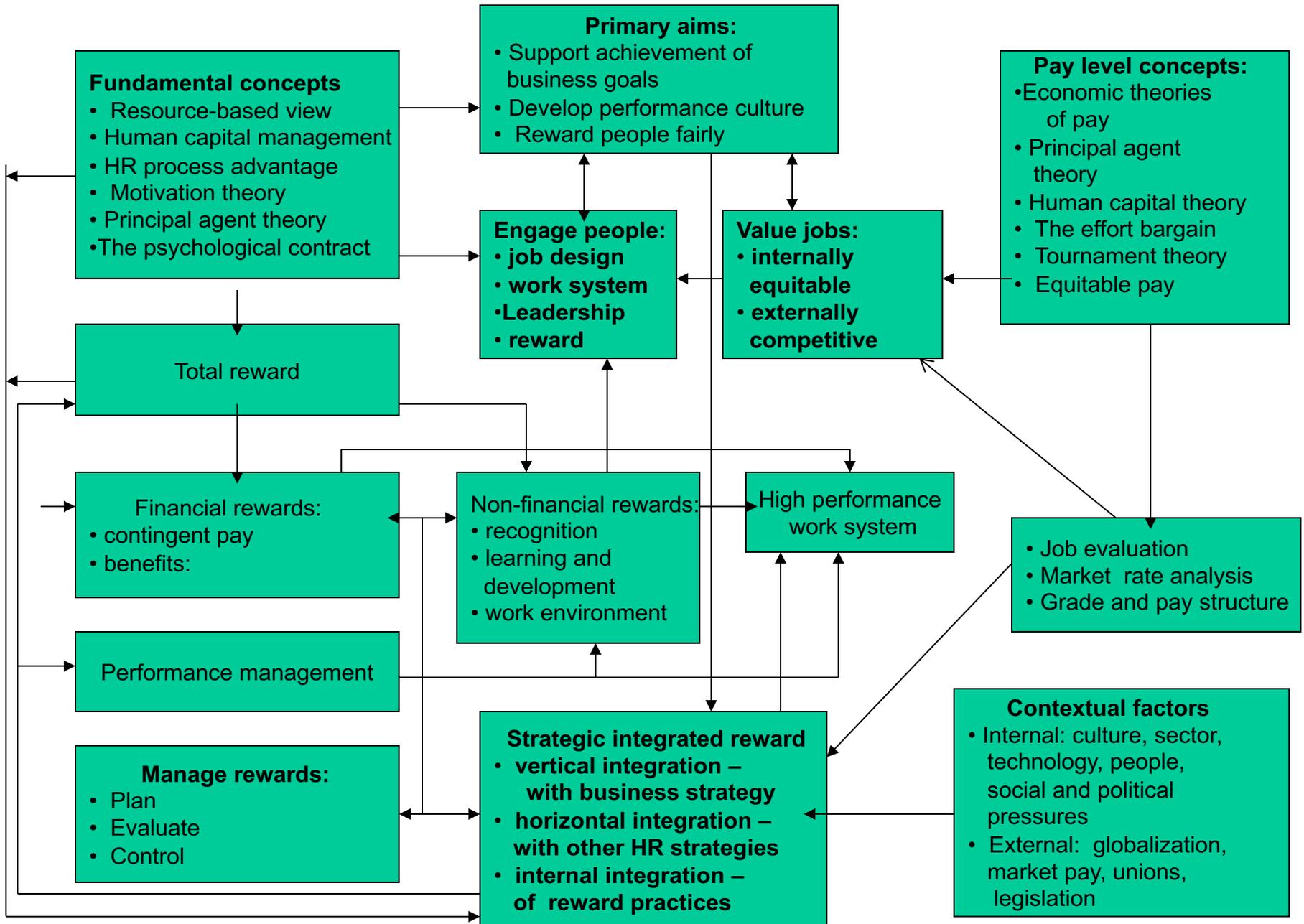


Learning Outcomes

In this topic you will

- Examine what is meant by the concepts such as Reward Management and Performance Management
- Analyse the key aims of Reward Management
- Analyse the 3 key drivers of Reward Management
- Examine the Reward Policies and Reward Systems
- Examine the values and beliefs in Reward Management

The Reward Management Framework



Performance Management



Performance Management

Performance management is a holistic set of processes and centred on two-way discussion and regular, frank, yet supportive feedback of progress towards objectives.

CIPD, (2020)

What is Performance Management?

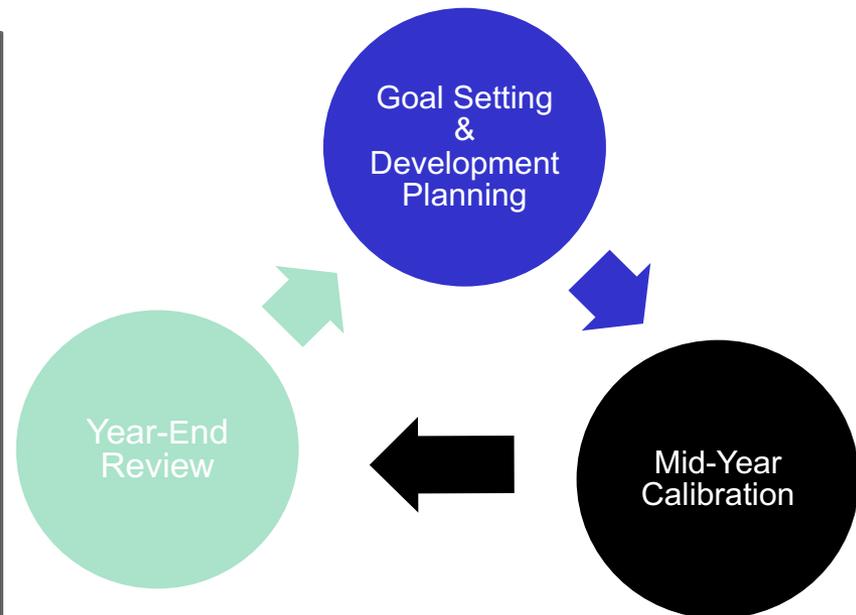
It is the process of **setting expectations, aligning goals, assessing results, and focusing on staff development** through ongoing conversations between managers and their direct report(s).

Setting Expectations The process of discussing what is expected from an employee in terms of job roles and responsibilities	Goals and Objectives Desired results each employee aims to achieve, determined based on conversations between managers and employees	Goal Alignment Process of ensuring individual goals support the achievement of units goals and units goals support the achievement of the organisational goals
Assessment Review of goals, objectives, and other factors, and the determination of the level of successful achievement	Performance Calibration Process in which supervisors and managers at the same level in an organization discuss staff performance ratings and outcomes to ensure ratings and development messages are applied consistently across the organisation	Feedback and Development Focus of the conversations between managers and employees in determining strengths, opportunities for improvement, and how to grow and develop

Performance management is not just a once-a-year conversation. It impacts employees over their career life cycle

Performance Management Processes

- Performance Management is an ongoing process involving feedback, coaching and recognition.
- Effectively manage performance by acting with purpose to enhance competence, confidence and capability.
- Three key phases throughout the year help maintain a focus on building talent and driving results through employee contributions.



Phase 1: Goal Setting & Development Planning

Purpose: Clarify and align goals for the year

- Set clear and measurable goals; define expectations
- Discuss Organisations wide competencies; identify development opportunities in both the short (current role) and longer term (career goals)



Phase 2: Mid Year Review

- **Purpose:** Informal discussion to solicit and provide feedback, coaching, guidance
- and recognition for contributions
- Discuss progress on performance, goals, and competencies; recognize accomplishments and identify challenges
- Calibrate on goals for the remainder of the year and adjust plans as needed to accurately reflect changes to expectations and priorities

Phase 3: End of Year Review

Purpose: Discuss annual performance in relation to goals, competencies,

- and development plans
- Identify and celebrate achievements (inclusive of goal delivery and competency demonstration)
- Assess performance of goals and competencies and determine performance ratings

Challenges to traditional performance management practices



What are the challenges with
traditional performance
management practices?

In-Class Video

Watch this video from
the Clydesdale Bank
Performance
Management Case Study -
@ the CIPD Conference
Is this a sustainable
approach?

<https://www.youtube.com/watch?v=xRzEMdpe3oQ>



Effective Performance Management Enables an organisation to:

- Target critical talent for development and retention
- Execute strategy by prioritizing and aligning goals and objectives
- Improve performance of groups and individuals
- Make better pay decisions based on performance and desired results
- Identify top performers to develop a succession plan

Effective Performance Management

Enables an organisation to:

- **Establish objectives** through which individuals and teams can see their part in the organisation's mission and strategy.
- **Hold people to account** for their performance by linking it to reward, career progression and termination of contracts.

**Effective
Performance
Management
Involves
Everyone!**

**Employee:
“I own the process.”**



**Supervisor:
“I partner in
the process.”**

**Leader:
“I champion
the process.”**

**Human Resources:
“I support the process.”**

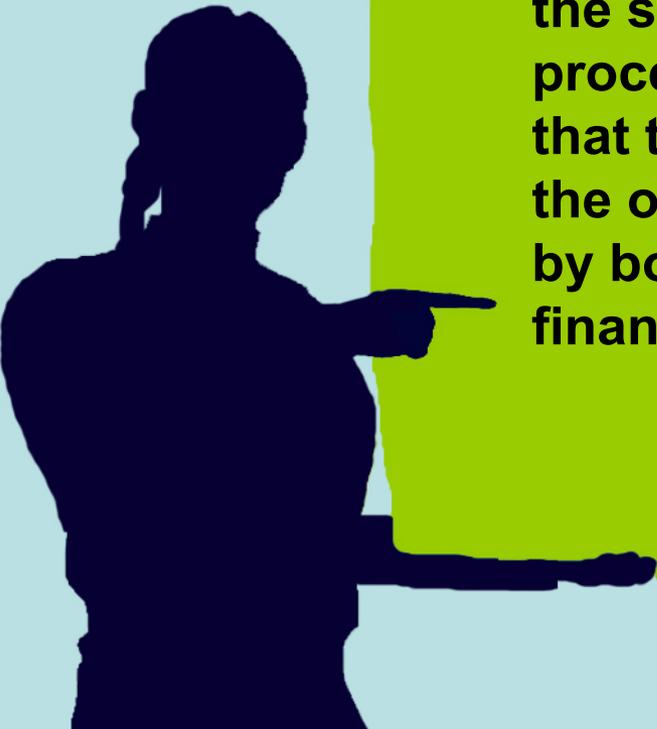
Performance Management Systems

For Employees	For Managers	For organisation
The definitions of job and success are clarified	Supervisor's views of performance are communicated more clearly	Organisational goals are made clear
Motivation to perform is increased	Managers gain insight about subordinates	Organisational change is facilitated
Self-esteem is increased	There is better and more timely differentiation between good and poor performers	Administrative actions are more fair and appropriate
Self-insight and development and enhanced	Employees become more competent	There is better protection from lawsuits

Disadvantages of Poor Performance Management Systems

For Employees	For Managers	For organisation
Lowered self-esteem	Increased turnover	Wasted money and time
Employee burnout and job dissatisfaction	Decreased motivation to perform	Unclear ratings system
Damaged work relationships	Unjustified demands on managers' resources	Emerging biases
Use of false or misleading information	Varying and unfair standards and ratings	Increased risk of litigation

REWARD MANAGEMENT

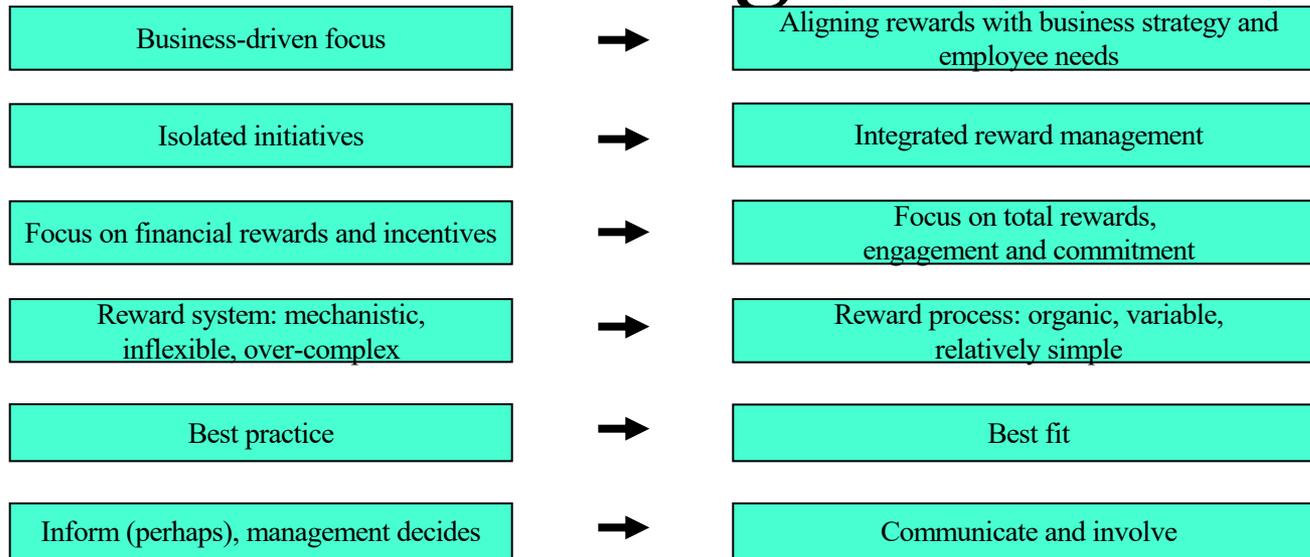
A dark silhouette of a person is shown on the left side of the slide, pointing their right hand towards a large, bright green rectangular area. The person's head is turned towards the text box, and their right arm is extended with the index finger pointing at the text. The green area has a slightly irregular, torn-edge appearance.

Reward management deals with the strategies, policies and processes required to ensure that the contribution of people to the organization is recognised by both financial and non-financial means.

Reward Management

- Reward Management (RM) is all about ensuring firms have an integrated process which deals with the strategies, policies and practices required to ensure that the value and contribution people make to achieving organisational, departmental and team goals is recognised and rewarded.
- This is to ensure an integrated, strategic and evidence-based.

Developments in Reward Management



Reward Management and Human Resource Development (HRD)

Reward Management has its roots in a related area known as Human Resource Management (HRM)

- It is about the design, implementation and maintenance of reward systems which aim to satisfy the needs of both the organisation and its stakeholders and to operate fairly, equitably and consistently.
- RM is not just about pay and employee benefits - it is equally concerned with non-financial rewards such as recognition, learning and development opportunities and increased job responsibility.

Aims of Reward Management

- Reward Management activities aim to:
 - Support the achievement of business goals,
 - Ensure people are rewarded according to the value they create; &
 - Align reward practices with employees needs
(Armstrong, 2019).



Aims of Reward Management

- Reward Management activities aim to ensure that
 - People are rewarded according to what the organization values and wants to pay for;
 - to help to attract and retain the high quality people the organization needs; &
 - to motivate people and obtain their engagement and commitment;
 - develop a high performance culture.



(Armstrong, 2019).

The Values and Beliefs in Reward Management

These are a set of guiding principles such as:

- Developing reward policies and practices which support the achievement of business goals;
- Providing rewards which help to develop a high performance culture and attract, retain and motivate staff;
- Allowing a reasonable degree of flexibility in the operation of reward processes and in the choice of benefits by employees;
- Devolving more responsibility for reward decisions to line managers.

The Values and Beliefs in Reward Management

- Maintaining competitive rates of pay;
- Rewarding people according to their contribution;
- Recognising the value of all staff who are making an effective contribution, not just the exceptional performers;
- Emphasising the importance of dealing with gender pay issues;
- Accepting the need to deal with reward matters ethically;

The Guiding Principles of Reward

Three key guiding principles are:

- Develop reward policies and practices which support the achievement of business goals.
- Provide rewards which attract, retain and motivate staff and help to develop a high performance culture.
- Maintain competitive rates of pay.

Group Activity

- Why do you think reward management matters? Discuss from different perspectives – individual, unit/team and organisation.

The Importance of Reward Management

There are three drivers of any reward management system:

- internal considerations of fairness and relativities, supported by job evaluation systems and grading structures;
- external considerations of market rates of pay, to enable the employer to recruit and retain, supported by internal pay levels and ranges; and
- performance-related factors linked to guaranteeing the delivery of the strategic goals of the organization and ensuring pay budgets are affordable, as well as rewarding and recognizing employee performance.

Employee Demands have Changed

Employees want:

- More Career Opportunities
- Meaningful work, make a difference
- More Job Challenges
- Self directed learning opportunities
- Flexible working, WLB

Are reward practices in organisations still relevant?



Reward Management: **Philosophy**

- A set of beliefs expressed through guiding principles that are consistent with the values of the organization and help to enact them.

What is A Reward Philosophy?

- A reward philosophy can be expressed through a set of guiding principles that define the approach an organization takes to dealing with reward.
- They are the basis for reward policies and provide guidelines for the actions contained in the reward strategy. Importantly, they can be used to communicate to employees how the reward system operates and takes into account their interests as well as those of the business.

Reward Policies

They:

- set specific guidelines for decision making and action;
- provide the framework for managing a reward system;
- indicate what the organization and its management are expected to do about managing reward;
- define how managers should behave in given circumstances when dealing with reward issues.

Reward Policy Areas: Why it matters?

- Level of rewards
- External competitiveness versus internal equity
- Segmentation
- Assimilation
- Protection
- The role of managers



Factors Affecting Reward



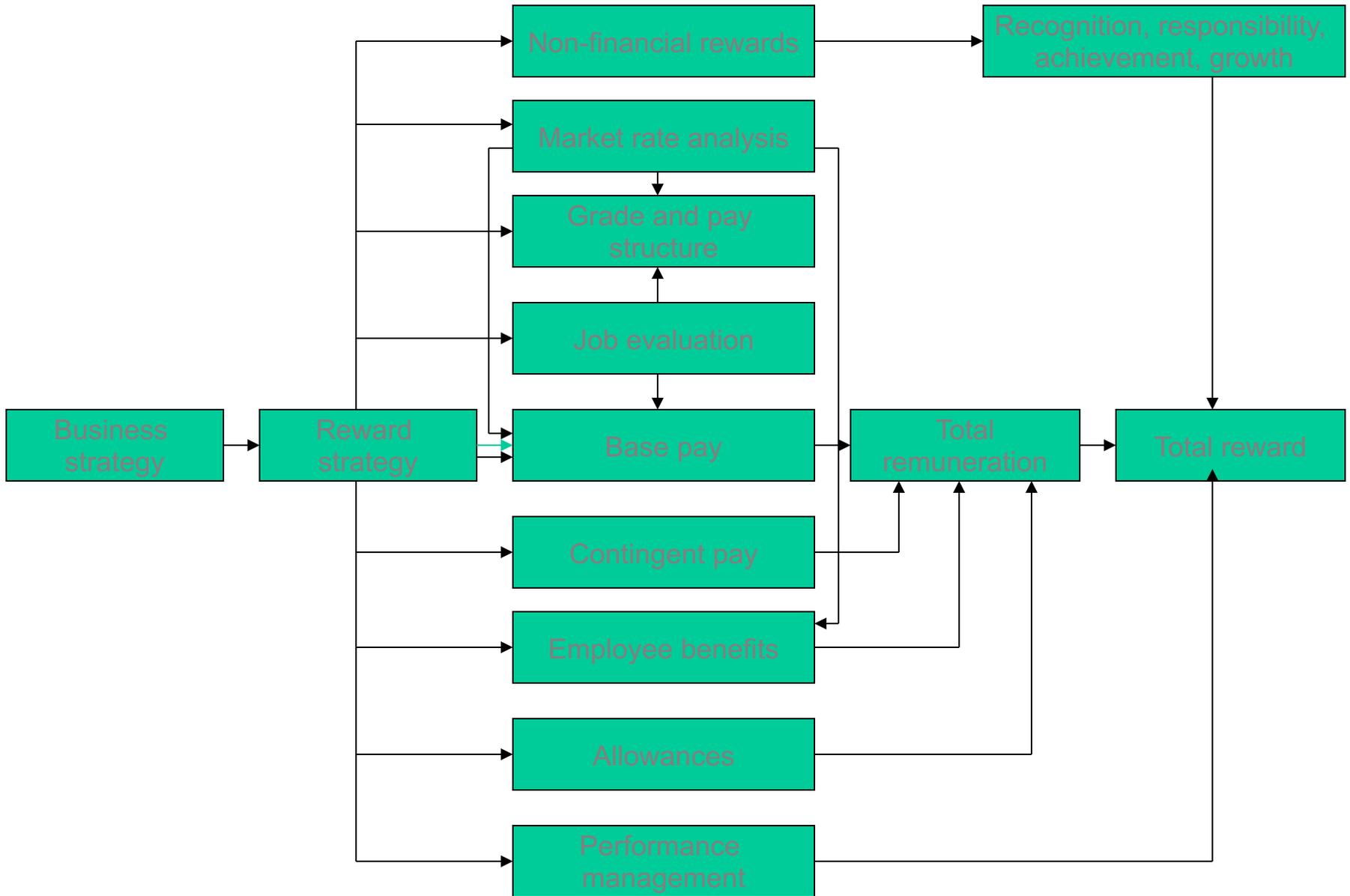
Internal Factors impacting Reward

- Organisation Culture
- Organisation Type
- Organisation Business or Sector
- Work Environment
- People
- Business Strategy
- Political and Climate

External Factors impacting Reward

- Globalisation
- Rate of pay in the market
- Economy
- Societal factors
- Legislation
- Trade Union

A Reward System



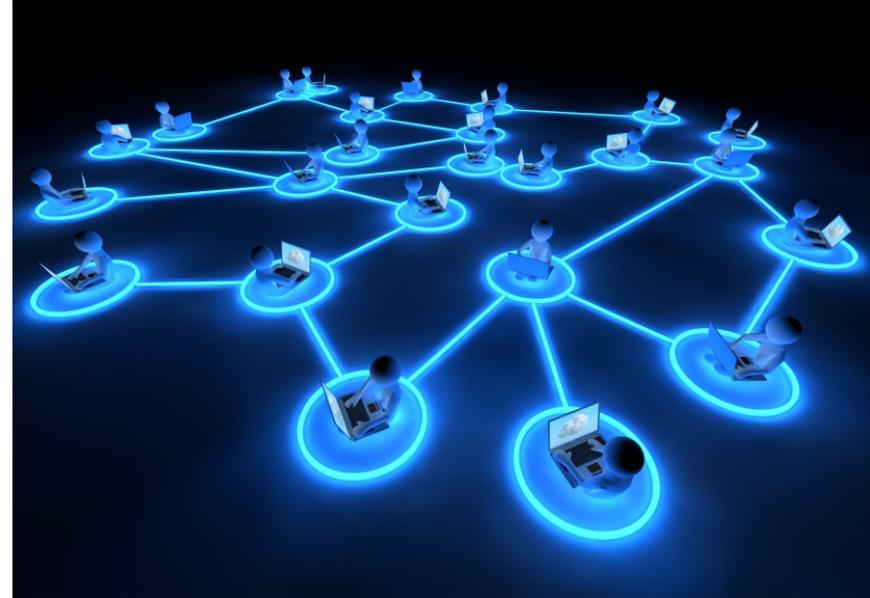
Reward Systems

- A reward system consists of inter-related reward processes, practices and procedures covering:
- how jobs and people should be valued;
- the design and administration of grade and pay structures (base pay management);



Reward Systems

- rewarding and recognising achievements and performance (base pay progression and variable pay);
- providing employee benefits;
- implementing procedures for managing reward.



Reward Systems – What are the objectives?

Employer Perspective

- Prestige
- Competition
- Control
- Motivation
- Performance
- Cost

Employee Perspective

- Recognition
- Internal & external relativities
- Composition
- Felt-fair
- Purchasing power