**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 value to the organization.

**Objective**

Reward management deals with processes, policies and strategies which are required to guarantee that the contribution of employees to the business is recognized by all means. Objective of reward management is to reward employees fairly, equitably and consistently in correlation to the value of these individuals to the organization. Reward systems exist in order to motivate employees to work towards achieving strategic goals which are set by entities. Reward management is not only concerned with pay and employee benefits. It is equally concerned with non-financial rewards such as recognition, training, development and increased job responsibility.

Kerr (1995) brings to attention how Reward Management is an easily understandable concept in theory, but how its practical application results often difficult. The author, in fact, points up how frequently the company creates a Reward System hoping to reward a specific behavior, but ending up rewarding another one. The example made is the one of a company giving an annual merit increase to all its employees, differentiating just between an "outstanding" (+5%), "above average" (+4%) and "negligent" (+3%) workers. Because the difference between the percentage increasing was so slight, what the company obtained from the employees was indifference to the extra percentage point for a superlative job or the loss of one point for an irresponsible behavior. In the following table other common management errors are summarized.

**Types of Rewards**

There are basically two categories of reward which is

1. Extrinsic rewards: These are concrete rewards, rewards that are tangible

Below are some examples

|  |  |
| --- | --- |
| Types | Summary |
| Bonuses | Usually annually, Bonuses motivates the employee to put in all endeavors and efforts during the year to achieve more than a satisfactory appraisal that increases the chance of earning several salaries as lump sum. The scheme of bonuses varies within organizations; some organizations ensure fixed bonuses which eliminate the element of asymmetric information, conversely, other organizations deal with bonuses in terms of performance which is subjective and may develop some sort of bias which may discourage employees and create setback. Therefore, managers must be extra cautious and unbiased. |
| Salary raise | Is achieved after hard work and effort of employees, attaining and acquiring new skills or academic certificates and as appreciation for employees’ duty (yearly increments) in an organization. This type of reward is beneficial for the reason that it motivates employees in developing their skills and competence which is also an investment for the organization due to increased productivity and performance. This type of reward offers long-term satisfaction to employees. Nevertheless, managers must also be fair and equal with employees serving the organization and eliminate the possibility of adverse selection where some employees can be treated superior or inferior to others. |
| Gifts | Are considered short-term. Mainly presented as a token of appreciation for an achievement or obtaining an organizations desired goal. Any employee would appreciate a tangible matter that boosts their self-esteem for the reason of recognition and appreciation from the management. This type of reward basically provides a clear vision of the employee's correct path and motivates employee into stabilizing or increasing their efforts to achieve higher returns and attainments. Monetary gifts, such as [Gift cards](https://en.wikipedia.org/wiki/Gift_cards) are also more likely to be used for luxury purchases and can build an emotional bond with the organization |
| Promotion | Quite similar to the former type of reward. Promotions tend to affect the long-term satisfaction of employees. This can be done by elevating the employee to a higher stage and offering a title with increased accountability and responsibility due to employee efforts, behavior and period serving a specific organization. This type of reward is vital for the main reason of redundancy and routine. The employee is motivated in this type of reward to contribute all his efforts in order to gain managements trust and acquire their delegation and responsibility. The issue revolved around promotion is adverse selection and managers must be fair and reasonable in promoting their employees. |
| Vacation |  |

Intrinsic Rewards: These rewards are not tangible but they tend to help employees feel better in the organization

|  |  |
| --- | --- |
| Rewards | Summary |
| Trust/empowerment | In any society or organization, trust is a vital aspect between living individuals in order to add value to any relationship. This form of reliance is essential in order to complete tasks successfully. Also, takes place in empowerment when managers delegate tasks to employees. This adds importance to an employee where his decisions and actions are reflected. Therefore, this reward may benefit organizations for the idea of two minds better than one. |
| Recognition | Is recognizing an employee's performance by verbal appreciation. This type of reward may take the presence of being formal for example meeting or informal such as a "pat on the back" to boost employees’ self-esteem and happiness which will result in additional contributing efforts. |
| Information and feedback | Another type of significant type of reward that successful and effective managers never neglect. This type of rewards offers guidance to employees whether positive (remain on track) or negative (guidance to the correct path). This also creates a bond and adds value to the relationship of managers and employees. |

**Note:** The reward also needs to be according to the employee's personality. For instance, a sports fan will be really happy to get some tickets for the next big match. However a mother who passes all her time with her children, may not use them and therefore they will be wasted.

When rewarding one, the manager needs to choose if he wants to rewards an Individual, a Team or a whole Organization. One will choose the reward scope in harmony with the work that has been achieved.

* Individual
  + Base pay, incentives, benefits
  + Rewards attendance, performance, competence
* Team: team bonus, rewards group cooperation
* Organization: profit-sharing, shares, gain-sharing

**Application to GOSHRM**

Our aim is to automate the whole process

Since reward is performance driven, I propose that

1. A set up for reward should made available and the set up should cater for
2. The type of reward
3. Mode of reward
4. Since it is also performance driven , I suggest that reward could be tied to
5. Daily or weekly target
6. Each appraisal cycle
7. Attendance
8. A set up for others

The above findings is subject to discussion with Comfort Oyeniyi (Head Business Consulting Unit)