



5HR03

Reward for Performance and Contribution

Saima Arfeen

PART 1 Learning – Learning Journal

- Let's look at what we have noted in the Learning Journal –
 - i. What is your understanding of Reward?
 - ii. What is a specific area of reward that interests you?
 - iii. How will you apply this area of reward to your role?



AIMS

1.To explore how internal and external business factors influence reward strategies and policies, the financial drivers of the organisation and the impact of reward costs.

2.To consider the importance of the role of people practice in supporting managers to make robust and professional reward judgements and the impact of rewarding performance.

3.To analyse the potential cost to the organisation if this is poorly managed, and the tools and interventions required to mitigate this risk.

4.To apply theory in practice – embed your learning in the context of your role.

Learning outcomes

1

Understand the impact of reward approaches and packages.

- 1.1 Evaluate the principles of reward and its importance to organisational culture and performance management.
- 1.2 Explain how policy initiatives and practices are implemented.
- 1.3 Explain how people and organisational performance can impact on the approach to reward.
- 1.4 Compare the different types of benefits offered by organisations and the merits of each.
- 1.5 Assess the contribution of extrinsic and intrinsic rewards to improving employee contribution and sustained organisational performance.

Learning outcomes

2

Be able to develop insight from benchmarking data to inform reward approaches.

- 2.1 Assess the business context of the reward environment.
- 2.2 Evaluate the most appropriate ways in which benchmarking data can be gathered and measured to develop insight.
- 2.3 Develop organisational reward packages and approaches based on insight.
- 2.4 Explain the legislative requirements that impact reward practice.

Learning outcomes

3

Understand the role of people professionals in supporting line managers to make reward decisions.

- 3.1 Assess different approaches to performance management.
- 3.2 Review the role of people practice in supporting line managers to make consistent and appropriate reward judgements.
- 3.3 Explain how line managers make reward judgements based on organisational approaches to reward.



Assessment - Scenario

- The board at GA Pensions has decided to undertake a review of its reward strategies across the whole company. It is aware that the way reward is currently being implemented is **fragmented** and is causing elements of **dissatisfaction** amongst employees which is **affecting business as well as employee performance outcomes**.
- **In your role as Reward Advisor**, the board has asked you to provide it with a **report that gives it an understanding of the context and approaches to reward and how these might influence a range of organisational and psychological factors**. It also needs you to clarify the role that people professionals have in supporting line managers to make reward decisions.



Task One

**Report –
Case Study**

**Word count
2600 words
(+ / - 10%)**

**Harvard Referencing
(Mandatory)**

Focus on the command verbs
Assess, Advise
Compare, Choose, Discuss,
Explain, Examine, Evaluate,
Identify, Summarise, etc...



Learning Outcome 1

Importance of Reward Principles to Performance Management



A.C.1.1

Evaluate the principles of reward and its importance to organisational culture and performance management. (Approx. 300 words)

Identify 3 key principles of reward (e.g. fairness; equity; transparency etc.)

Evaluate why these principles of reward are important to GA Pensions' organisational culture – what impact do they have?

Evaluate why these principles of reward are important to GA Pensions' performance management- what impact do they have?

Reward Defined

- Reward is defined as *“all financial provisions made to employees, including cash pay, and the wider benefits package (such as pensions or private medical insurance). It can also include wider provisions for employees, with the term ‘total reward’ sometimes used to encompass non-pay benefits, such as flexible working opportunities.” CIPD (2022)*
- **Compensation** – Financial rewards – Fixed + Variable
- **Remuneration** – Reward – Wider Benefits Package
- **Total Reward** – Financial + Non-Financial + Psychological
- **Intrinsic** – Psychological – meaningful work and good performance
- **Extrinsic** – Tangible and visible in exchange for performance - monetary



Let's Reflect...

- Write down 3 key principles of reward that are most important to you?
- Justify each
- Does your organisation's reward policy reflect these principles?
- Why or why not?





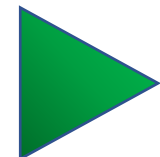
Principles of Reward

- Reward principles are broad statements which shape **how** a company pays its employees and **how** to reward them for on-target or above-target performance. **They define what a company pays its employees and why.**
 - Fairness
 - Consistency and transparency
 - Promoting a culture of trust
 - Balancing internal fairness with external market rates
 - Integrating reward with business objectives



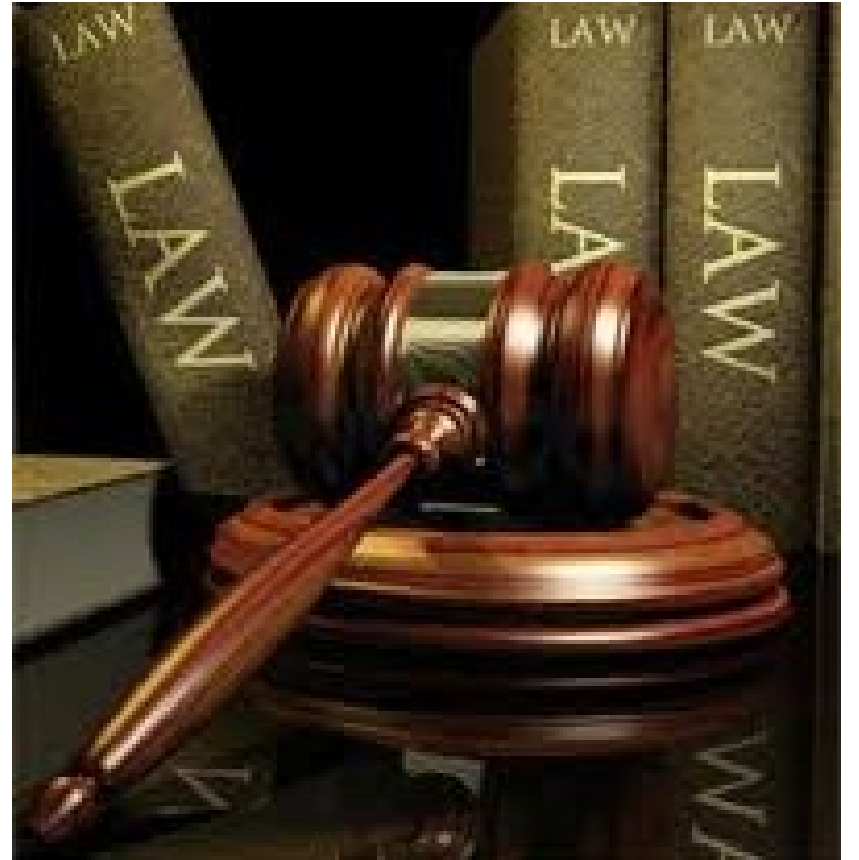
Importance of Reward Principles to Organisational Culture and Performance Management

- Reward should be aligned with the organisational context and culture, relative to the external market environment.
- A good reward system aims to motivate employees to work harder, and align their goals with those of the organisation they work for.
- Supports the organization maintain a balance between providing market competitive wages to attract and retain talented people.
 - **Fairness** – merit-based pay ensures employees know they will be paid for performance, experience etc
 - **Consistency and transparency** – no hidden agendas
 - **Promoting a culture of trust** – Clarity of communication
 - **Balancing internal fairness with external market rates** – Are we in line with the market or competitive enough?
 - **Integrating reward with business objectives** - impact everything from employee wellbeing and engagement, through to the productivity of your workforce and staff retention.
- Stimulating performance by rewarding for value created
- Link to employee engagement - engaging employees to drive performance.
- Reinforcement Theory – cause and effect



Impact of Legislation

- UK Equality Act 2010
- Principles:
 - Equal pay for equal work
 - Same pay for jobs of equal value
- Anti-discrimination
- Nationals v expats?
- Regional legislation?



A.C.1.1 - Practical – Flip Chart Discussion

Identify 3 key principles of reward (e.g. fairness; equity; transparency etc.)

Evaluate why these principles of reward are important to GA Pensions' organisational culture – what impact do they have?

Evaluate why these principles of reward are important to GA Pensions' performance management - what impact do they have?



A.C.1.2
Explain How
Policy Initiatives
and Practices are
Implemented
(Approx.200
words)

Explain 1 example of a reward policy

Explain how GA Pensions could put this reward policy into practice. How is it implemented?

Summarise the key steps: who is involved; the role of line managers; consulting employees to influence the design; integrating the reward policy with other people practices; evaluating the success of the policy and how it can be kept up to date.

What's a Reward Policy?

- A **documented set of guidance** that:
 - **Itemises what is included** in the reward system i.e. monetary and non-monetary (extrinsic – linked to the economic wellbeing of the employees)
 - **Details on how** the pay system is graded
 - **How this fits with accepted best practice** across the industry/sector (perhaps referring to a salary survey)
 - **Measures/statement avoiding discrimination** on the grounds of protected characteristics (UK Equality Act 2010)
 - Takes into account **the fit between the employee and the role that they perform**
 - Emphasises and itemised **intrinsic reward e.g. recognition**



Reward Policy: Purpose

- To ensure that the organisation is able to recruit and retain sufficient number of employees with the right skills.
- To motivate and engage employees.
- Increase productivity.
- To comply with legal regulations.
- Appropriate acknowledgement and appreciation of employees' efforts in a fair and timely manner.
- Employees are acknowledged for their performance in intrinsic or extrinsic ways.

ACCA Global (n.d.)



Examples of Reward Policies

- **Flexi-working**
 - You have control over your start and end work times within the scope of regular office hours. The only requirement is you must be in the office during core hours
- **Over-time**
 - All salaried employees now receive extra pay for working more than forty hours per week.
- **Vacation and other time off**
- How do reward policies inform reward decisions?
- How are reward policies implemented to manage people successfully?



STARBUCKS®



pepsi



How to Create a Reward Policy

- **Step 1:** Assess the Current System in the Workplace
- **Step 2:** Have a Predetermined Goal Before You Start
- **Step 3:** Research Types of Rewards and Recognition for Employees
- **Step 4:** Implement and Optimize the Companywide Policy
- Creating an Employee Rewards and Recognition Program



Key Steps...

- Who should be involved?
- The role of line managers
- Consulting employees to influence the design
- Integrating the reward policy with other people practices
- Evaluating the success of the policy and how it can be kept up to date.



A.C.1.2 Practical Activity - Design a Reward Policy

- Outline a reward policy for your organization
- Include key elements to be included based on your organization, employees, legislation and regional context
- **Summarise** the key steps: who is involved in the design (stakeholders); the role of line managers; consulting employees to influence the design; integrating the reward policy with other people practices; evaluating the success
- How would this be put into practice?



A.C.1.3
Explain how
people and
organisational
performance can
impact on the
approach to
reward.
(Approx. 250
words)

Briefly explain what people performance is and how you can measure it

Briefly explain what organisational performance is and how you can measure it

Explain how specific issues with people performance could impact GA Pensions' decisions about which reward approaches to take? (e.g. if your employees had high absenteeism, what reward approaches could help address this?)

Explain how specific issues with organisational performance could impact GA Pensions' decisions about which reward approaches to take? (e.g. if the organisation has low productivity, what reward approaches could help address this?)

People Performance: Defined and Why Do We Measure

- **People Performance** relates to how the individual employee is motivated, incentivized and reviewed in terms of their performance.
- **Why do we measure?**
- Measuring employee performance **helps assess those goals by providing insight into where someone is doing well and could be stretched and areas that are not a strength yet.**
- Based on performance feedback, self-reflection, and business needs, employees should set their own goals – not the manager or the organization.

PERFORMANCE MEASUREMENT



People Performance: How Do We Measure?

- **How do we measure?**
 - **Step 1: Clearly define**, and ensure all employees **understand**, the true purpose of measurement.
 - **Step 2:** Increase employee buy-in to measuring performance and **ownership** of KPIs
 - **Step 3: Remove KPIs and performance measures** from employee performance appraisals.
 - **Step 4: Upgrade your definition** of accountability for performance.
 - **Step 5: Focus teams on measuring their impact** on business performance and strategy execution.



Organisational Performance: Defined and Why Do We Measure?

- Organizational performance is **the ability of an organization to reach its goals and optimize results**. In today's workforce, organizational performance can be defined as an organisation's ability to achieve goals in a state of constant change.
- Organizational performance means the actual output or results of an organization as measured against its intended outputs (or goals and objectives).
- **Why do we measure?**
 - Measuring organizational performance is an essential part of strategic decision-making. Understanding organizational performance helps leaders at every level to set targets, track their impact, and provide accountability to stakeholders.



Organisational Performance: What Do We Measure?

- **Three basic measures of organisational performance: an essential tool for strategic decision-making, measures at different levels are necessary.**
 - **Individual Level Performance** – shows employee contribution to the organization's success
 - **Team-Level Performance** - Helping teams establish effective measurements will provide them with the information they need to improve their performance
 - **Organization-Level Performance** - Better understand how well their organizations are competing in the market, as well as future predicted results.



Organisational Performance – How Do We Measure?

- Organizational performance includes three specific areas of firm outcomes:
 - **Financial performance** (profits, return on assets, return on investment, etc.);
 - **Product market performance** (sales, market share, etc.); and
 - **Shareholder return** (total shareholder return, economic value added, etc.).



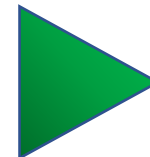
How Specific Issues With People Performance Impact Organizational Decisions On Which Reward Approaches To Take

- Employee behaviour
- Quality and quantity of work – absence of role clarity
- Unclear or unrealistic expectations
- Timeliness of the output
- Current Knowledge, Skills, Abilities / capability
- Absenteeism
- Presenteeism
- Lack of:
 - Employee voice, commitment and motivation
 - Feedback mechanisms, awareness, and autonomy
 - Training and development, and empowerment
- Decreased productivity
- Resistance to change



How Specific Issues With Organisational Performance Impact Organizational Decisions On Which Reward Approaches To Take

- Toxic Culture
- Increased labour turnover
- Difficulty blending different personalities into a unified team
- Lack of feedback mechanisms, awareness, empowerment, autonomy and commitment
- Low productivity
- Lack of innovation
- Shortage of the right talent, skills and resources
- Inadequate rewards and recognition
- Inability to provide coaching and mentoring
- Failure to develop key competencies and behaviours



A.C.1.3 - Practical – Flip Chart Discussion

How do people and organisational performance impact its approach to rewards both positively and negatively?

How do companies use rewards strategies to influence employee performance and motivation?



AC 1.4
Compare two
different types of
benefits offered by
organisations and the
merits of each.
(Approx. 250 words)

Explain what a benefit is

Identify 1 financial benefit that GA Pensions could offer
as part of their reward strategy

Identify 1 non-financial benefit that GA Pensions could
offer as part of their reward strategy

Identify the merits and de-merits of each benefit

Compare them – what are their similarities and
differences

A table is a good format for comparison

Benefits: Defined

- Benefits are a form of non-cash compensation, which your employer usually states in your contract. Benefits aren't linked to employee performance, unlike Rewards.
- **Examples:**
 - Base pay (either a salary or hourly wage rate)
 - Access to healthcare / health insurance.
 - Dental and vision benefits.
 - Retirement plans and/or contributions.
 - Life insurance.
 - Paid time off (PTO)
 - Stock options (if applicable)
- What benefits are offered in your organisation?



FINANCIAL BENEFITS A benefit, direct or indirect, which is either money or has a monetary value. (Anything that is a cost the organisation)	NON-FINANCIAL BENEFITS (Employee rewards are the non-cash benefits that organisations provide to their employees. (Anything that is NOT a cost to the organization)
Health insurance cover	Flexible working
Bonuses	Job enrichment
Retirement plans	Well-being events / workshops
Education costs	Empowerment
Paid leaves	Employee recognition
Commissions	Mentorship programmes
Life insurance	Birthday off
Disability insurance	Employee of the month / quarter
Individual or company-wide performance awards	Recognition on social media
Company equipment (including vehicles, laptops, phones)	Give employees chance to show appreciation for each other
Paid time off	Allow time for volunteer work
Tuition assistance / reimbursement	Give employees time to work on their own projects
Staff loans	Training
<i>Others?</i>	<i>Others?</i>

Benefits of Financial and Non-Financial Benefits

- **Advantages –**

- Attract and retain top talent
- Boost morale, energy and productivity
- Healthy workers = happy workers
- It can save the employee and employer money
- Helps shape the culture of the organisation
- Others?

- **Disadvantages –**

- Rising costs
- Administrative costs
- May not appeal to all employees
- Others?



Considerations in Planning Benefits

- Budgets – can the organisation pay?
- Culture – what's the organisational culture?
- Employee preferences – diversity?
- Employee Value Proposition (EVP) – will they help attract potential talent?
- Business case for the proposed benefits and advantages – is it worth it? ROI / ROE
- Facilitate motivation and increased performance – will these benefits help?
- *Others?*



A.C.1.4 - Practical – Sample Case Study - Reckitt

How did thinking beyond financial incentives help Reckitt?

Were there any other alternatives?

What recommendations would you make to strengthen the reward strategy?



This is how you need to answer your assessment case study – GA Pensions



A.C.1.5

Assess the contribution of extrinsic and intrinsic rewards to improving employee contribution and sustained organisational performance.
(Approx. 300 words)

Define 'Extrinsic' rewards

Explain the link between Extrinsic reward and employee contribution

Define 'Intrinsic' rewards

Explain the link between Intrinsic reward and employee contribution

Explain how both intrinsic and extrinsic rewards could support organizational performance for GA Pensions.

Extrinsic and Intrinsic Rewards

- **Extrinsic Rewards:** *usually financial or tangible rewards* given to employees, such as pay raises, bonuses, and benefits. They are extrinsic because they are external to completing the work itself and are controlled by people other than the employee – short-term
- **Intrinsic Rewards:** *Usually non-financial or intangible rewards* - the sense of satisfaction that an employee feels when performing a specific task. Intrinsic rewards are especially effective when one-off tasks are being completed, typically which are considered to be unusually challenging for an employee – long-term (behaviour)



Extrinsic and Intrinsic Reward: Link to Employee Contribution

- Benefits of both types of rewards?
- What factors need to be considered balancing both types of rewards?
 - **Extrinsic:**
 - Budgets
 - Industry standards
 - Competitive
 - **Intrinsic:**
 - Employee Value Proposition (EVP)
 - Employee retention
 - Organisational culture
 - Autonomy
 - Social interaction
 - Sense of satisfaction and achievement
 - Highlights confidence and improves performance
 - Improves organisational performance
 - Essential to sustained behaviour change



Extrinsic and Intrinsic Reward: How They Support Organisational Performance

- **Extrinsic:**
 - Motivates and inspires employees based on financial rewards
 - Directly proportionate to employee performance in most cases
 - Boosts the employees' performance through good working condition, noble policies, security and reliable relations among peers
 - *Others?*
- **Intrinsic:**
 - Strengthens the employer brand and EVP
 - Improves organisational performance
 - Higher productivity
 - *Others?*



A.C.1.5 - Practical – Multiple Choice Qs

- Which of the following is an example of extrinsic motivation? Discuss.

Need for achievement

Level of aspiration

Anxiety

Reward

- The passion for doing anything in the absence of any compulsion or reward is Justify.

Intrinsic motivation

Extrinsic motivation

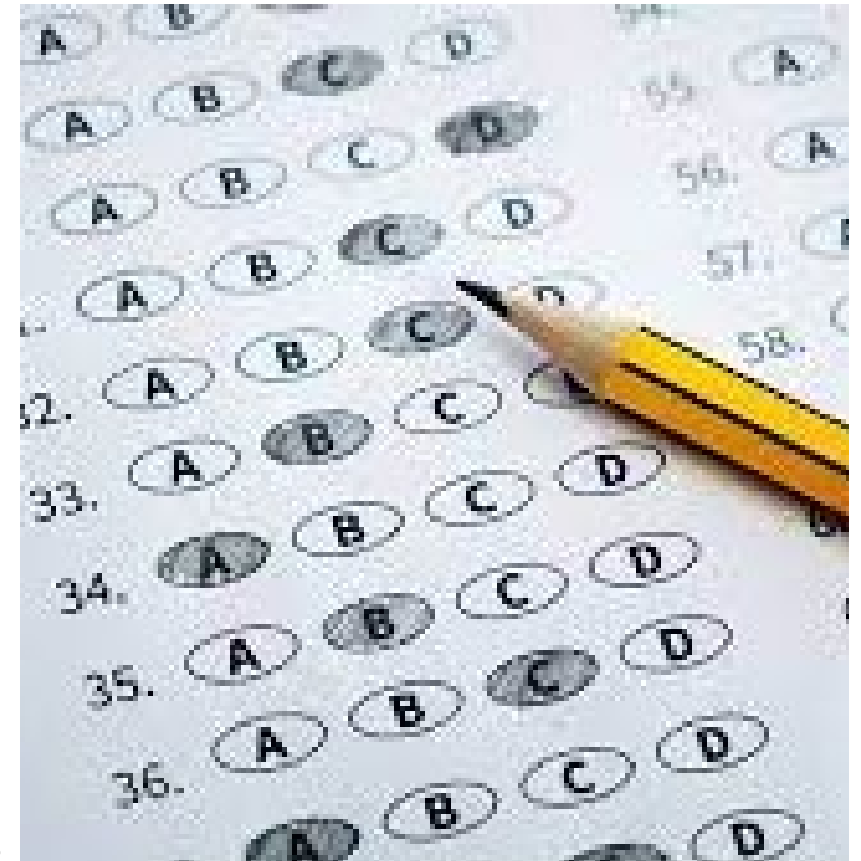
Achievement motivation

Level of Aspiration

- Organisations need a balance between extrinsic and intrinsic rewards.....Justify.

True

False





Recap of Day 1

- What are rewards?
- What are principles of rewards?
- What is a reward policy? Examples?
- What are people performance and organisational performance?
- What are benefits – Financial and Non-financial?
- What are extrinsic and intrinsic rewards?

- Look at the assignment writing guide on the HUB
- Against each AC, put a tick on any task that you can answer, and highlight you need clarity on
- There are additional resources on the HUB can help you with that



Learning Outcome 2

Be able to develop insight from benchmarking data to inform reward approaches.



Pick 3 elements of a PESTLE analysis and relate these to the reward environment. (e.g. legal, economic and social)

Assess how these elements impact on GA Pensions' reward decisions (e.g. how would recent legislation on equality impact reward strategy?)

You could consider equality legislation; regional differences in pay; labour force trends, pay trends, the economy; the political environment etc.

AC 2.1

Assess the business context of the reward environment. (Approx. 400 words)

PESTLE Analysis

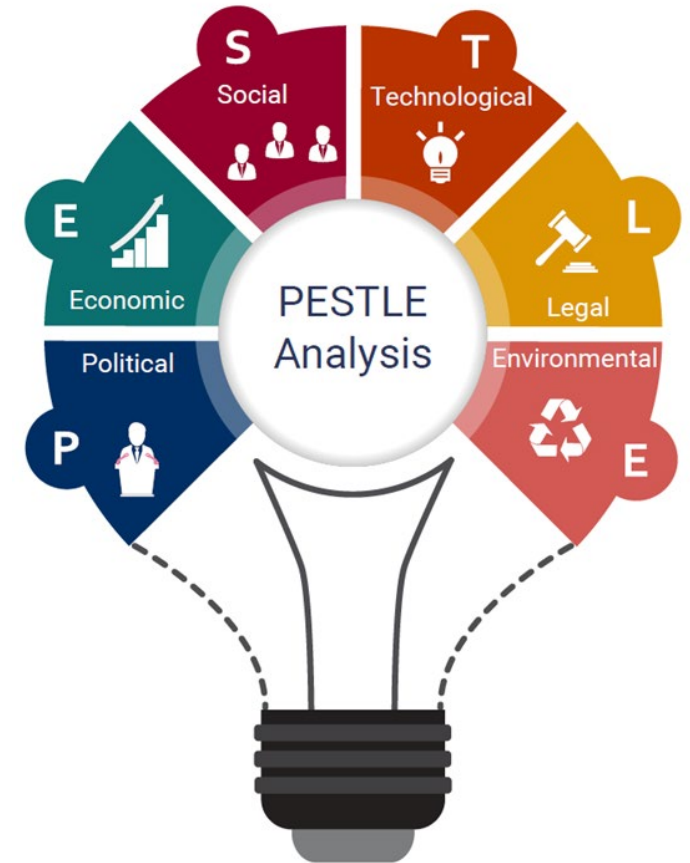
- **What is a PESTLE analysis?**
 - A PESTLE analysis studies the key external factors (Political, Economic, Sociological, Technological, Legal and Environmental) that influence an organisation.
- **How is it used?**
 - It can be used in a range of different scenarios, and can guide people professionals and senior managers in strategic decision-making.

CIPD (2021)



How does the PESTLE analysis relate to the reward environment?

- Governs how much you can give your employees as rewards and how often you can introduce rewards.
- Legislative and regulatory compliance
- Competitiveness of reward
- Shortage of skills / tight labour market – availability of talent
- Demographics
- Income distribution
- Environmental considerations
- Political complexities and alliances
- Budgets – ability to pay
- Regional context
- Industry trends



Legislation UK Equality Act 2010



- **The Equality Act 2010 legally protects people from discrimination in the workplace and in wider society.**
- **Protects people from discrimination, harassment and victimisation.**

gov.uk (2015)

A.C.2.1 - Practical Activity – PESTLE Analysis

- **Pick any 3** relevant elements of the PESTLE analysis and relate these to the reward environment.
- **Assess how** these elements impact on your organization's reward decisions (e.g. how would recent legislation on equality impact reward strategy?)
- **You could consider** equality legislation; regional differences in pay; labour force trends, pay trends, the economy; the political environment etc.
- Do any of the PESTLE elements link to GA Pensions in their current situation?



AC 2.2
Evaluate the most appropriate ways in which benchmarking data can be gathered and measured to develop insight.
(Approx. 400 words)

This task is about benchmarking as the basis for planning a reward strategy

Explain what is meant by benchmarking

Identify 3 different ways in which GA Pensions can gather benchmarking data. (e.g. published data; pay clubs; special surveys; reward consultants etc.)

Evaluate each example - what are their pros and cons?

Provide a conclusion - which method would be the most useful for GA Pensions to develop insight into their reward strategy?

Benchmarking Defined and It's Importance

- *The process of gathering information from outside an organisation in relation to benefits and pay and using this data to compare with remuneration and reward packages offered by others in the market for the same role.*
- Benchmarking **matches** internal jobs with market pay data, by using a salary survey aiming to **identify the market pay rate** for each position.
- **It's a vital component of your organisation's talent management strategy and contributes to your employee engagement strategy.**
- **Ensuring competitiveness** with the market rate
- **Alignment** with the employment market
- **Strengthening** the Employer Brand
- **Compliance** with legal requirements
- **Pay 'efficiency'** - the level of wages paid to workers above the minimum wage to retain a skilled and efficient workforce.
- **Ensuring** equity and fairness
- **Avoid** losing talent to the competition



How Is Data Gathered For Benchmarking?

- Networking
- Formal interviews with potential candidates
- Questionnaires / surveys – profession specific
- Consultants – Korn Ferry, Hay Group, Towers Watson
- Published data
- Pay clubs
- Pros and cons?
- Effectiveness?



A.C.2.2 - Practical – Creating a Business Case

- *Your CEO has asked to review the current reward strategy and wants a report on the short presentation on the following:*
- **Identify** 3 different ways in which your organization can gather benchmarking data. (e.g. published data; pay clubs; special surveys; reward consultants etc.)
- **Evaluate** each example - what are their pros and cons?
- **Provide a conclusion** - which method would be the most useful for your organisation to develop insight into your reward strategy
- Which method is most relevant to GA Pensions?



AC 2.3
Explain how
organisations use
insight to develop
reward packages
and approaches.
(Approx. 400
words)

This section focuses on how you would make sense of the data to inform the creation of a reward strategy

Explain how you could develop an organisational reward package based on the information gathered as part of your PESTLE analysis in AC 2.1

What things would GA Pensions need to consider when developing a reward strategy? You need to include job evaluation, grade and pay structures, ensuring fairness of reward and correct levelling of jobs within your narrative

Provide a clear conclusion. How do these factors help to develop a strong reward package or approach?

How Is A Reward Package Built Based On The PESTLE Analysis

- Remember these are external factors
- Understand the impact of each factor and how it links to the creation of a reward package
- The reward package must be suitable to the regional and organisational context
- Job evaluation
- Correct leveling of jobs/ job classification –
 - A system the People Function and People leaders use to define a job role, develop career pathways and internal mobility processes, and create clear levels or job hierarchies within an organization.
- Availability of budgets / organisational capability to pay
- Prioritise from high importance to low importance
- Ensure it's fair and competitive



A.C.2.3 - Practical

Develop a Reward Package

- Using the data from the PESTLE analysis used in AC 2.1, develop your organisational reward package.
- What things would you need to consider when developing the reward strategy
- How would these factors help to develop a strong reward package?





Task Two



Report – Case Study



**Word count - 1300 words
(+ / - 10%)**



**Harvard Referencing
(Mandatory)**



**Focus on the command
verbs –
Explain, Examine, Discuss,
Evaluate, Summarise, etc...**

AC 2.4
Explain the legislative requirements that impact reward practice.
(Approx. 300 words)

Identify the legal requirements that must be considered by GA Pensions when creating a reward strategy. We expect to see 3 specific examples of UK legislation such as equal pay, minimum wage, working hours, paid leave etc

You must provide the full name and title of each piece of legislation. Ensure you include your source short references

Explain how each of these legislative requirements impact on GA Pensions' reward practice.

Legislation – UK Equality Act 2010

- **Equality Act 2010** - gives a woman the right to be paid the same as a man (and vice versa) when carrying out:
 - **Like work** – two employees who are doing the same or broadly similar roles, or
 - **Work rated as equivalent** by analytical job evaluation study – this could be totally different jobs which have been given the same rating as the result of an analytical job evaluation, or
 - **Work of equal value** – when there are two jobs that are very different, but the employee claims that they require a similar level of skill and ability
- What happens within your regional context?



How Does Legislation Impact Organisational Reward Practice?

- Sets a minimum standard of pay for employees, which results in employers not paying staff less than the stipulated standard.
- Organisations are subject to monetary penalties in case of any breaches
- Ensures fairness, transparency and equity.
- Boosts organizational reputation
- Supports talent attraction
- Lends credibility to the organization
- Others?



A.C.2.4 – Practical - Presentation

- Create a short presentation on the following:

Identify the legal requirements that must be considered by your organization when creating a reward strategy. We expect to see 3 specific examples of UK legislation such as equal pay, minimum wage, working hours, paid leave etc

You must provide the full name and title of each piece of legislation.
Ensure you include your source short references

Explain how each of these legislative requirements impact on your organization's reward practice.

Explain how each of these legislative requirements impact on GA Pensions' reward practice.



Learning Outcome 3

Understand the role of people professionals in supporting line managers to make reward decisions.



A.C.3.1

Assess different approaches to performance management. (Approx. 350 words)

Define and explain what the performance management cycle is. What are its key steps?

Advise GA Pensions of 3 suitable approaches that they could use to manage performance. (e.g. review meetings; developing capability through continuous professional development (CPD), coaching and mentoring; objective-setting, appraisal process, 360-degree feedback)

Assess the pros and cons of each

Performance Management Defined

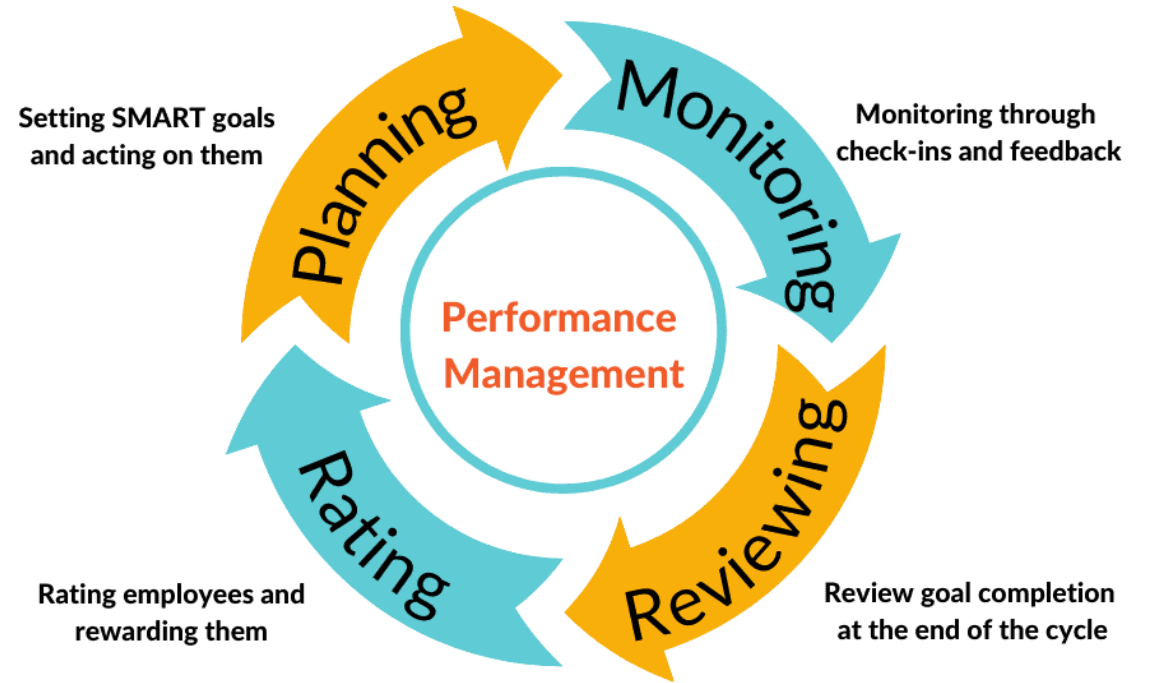
- **'Performance management'** describes the attempt to maximise the value that employees create. It aims to maintain and improve employees' performance in line with an organisation's objectives. It's a not a single activity, but rather a group of practices that should be approached holistically. *(CIPD,2022)*
- Performance management is a set of processes and systems aimed at developing employees, so they perform their job to the best of their ability. The goal is to help employees build on skills that enable them to perform better in their roles, reach their potential, and boost their success while also accomplishing the strategic goals of the organization.
- Effective performance management establishes a continuous conversation between employees, managers, and HR.

Academy to Innovate HR AIHR (n.d.)



Performance Management Process

- The performance management process is used **to communicate organizational goals and objectives, reinforce individual accountability for meeting those goals, and track and evaluate individual and organizational performance results.**



Performance Management Approaches

- Review meetings
- Developing capability through Continuous Professional Development (CPD)
- Coaching and mentoring
- SMART objectives – setting
- Appraisal process
- 360-degree feedback
- Performance roadmaps
- KPIs
- Reward and recognition programs
- Continuous feedback



A.C.3.1 – Practical – Debate

- **Choose 3 suitable approaches that could be used to manage performance.**
- **Group 1 will discuss the benefits / pros**
- **Group 2 will discuss the risks / cons**



A.C.3.2

Review the role of people practice in supporting line managers to make consistent and appropriate reward judgements.
(Approx. 300 words)

Advise GA Pensions as to why is it important for People Professionals to support Line Managers in their reward related activities

Provide 2 examples of how People Professionals could support GA Pensions' line managers in making decisions on reward

Why is it important that reward decisions are consistent and appropriate?

Why People Professionals Need to Support Line Managers in Reward Related Activities

- **Support** line managers and supervisors to have a constructive conversations with employees regarding their performance.
- **Improves** their performance and help to retain employees
- **Maintaining** equity, fairness, consistency and transparency
- **Compliance** with law
- **Ownership** of extrinsic and intrinsic reward
- **Job evaluation**
- **Promoting responsibility**
- **Reporting requirements**



How People Professionals Support Line Managers in Reward Related Activities

- **Provide leadership from the top:** Ensure that the line managers **understand** the overall reward strategy of the company.
- **Provide systems support:** technologies should be used to support line managers, ex: conducting pay reviews.
- **Communicate and train:** Offer **training and coaching** and clear guidelines on the importance of **communicating** your reward offer to staff, people management and how to have difficult conversations.
- **Ask for frequent feedback:** ask line managers on what they think is attractive to staff – **managers are a vital source of information.**
- **Brief:** To **provide insight and educate managers** of up-to-date rewards data about both financial and non-financial rewards - remote working, training, and development opportunities - encourage line managers to take ownership of the process and to communicate the results to their subordinates.
- **Involve:** **Develop ownership and commitment by involving line managers in the design and development of reward management processes**, for instance, through membership of working parties looking at a range of issues such as performance measures, competencies, pay-banding and the appraisal system.

Why Is It Important for Reward Decisions to be Appropriate and Consistent?

- Reward distribution should be consistent and based on predetermined policies
- Increases productivity and motivation
- Be ethical
- Easy to administer
- Comply with legislative regulations



A.C.3.2 – Practical – Group Discussion

- **As a People Professional, how would you support line managers in your organisation in reward related activities?**
- **Identify and explain 3 examples**
- **How will you ensure consistency and fairness?**
- **Discuss the benefits and challenges**



A.C.3.3
Explain how line managers make reward judgements based on organisational approaches to reward.
(Approx.350 words)

Identify 3 organizational approaches that line managers at GA Pension's could use to make reward judgements. Approaches include ethics and organizational values; specific policies; career development opportunities; line management approaches to non-financial rewards (e.g. work-life balance, recognition etc.)

Explain how these approaches help line managers to make consistent and fair reward judgements

Identify 1 check GA Pensions might use to ensure fairness and equity in line management reward decision making

Approaches Used by Line Managers to Reward Performance	How Do They Help Make Consistent and Fair Reward Judgements
Use of organisational policies	Provides guidance
Performance Related Pay	Reward based on merit and output
Evidence Based Judgement	No discrimination / based on objectivity
Alignment with Organisational Values and Approach to Ethical Behaviour	Value based decision making
Career Development Opportunities	Encourages motivation and improves retention
Checks and balances the organisation might use to ensure fairness and equity in line management reward decision-making	Avoids bias
Decisions about non-financial rewards such as work-life balance, working conditions, work itself, job enrichment, development	Rewards are in line with industry norms and are seen as competitive

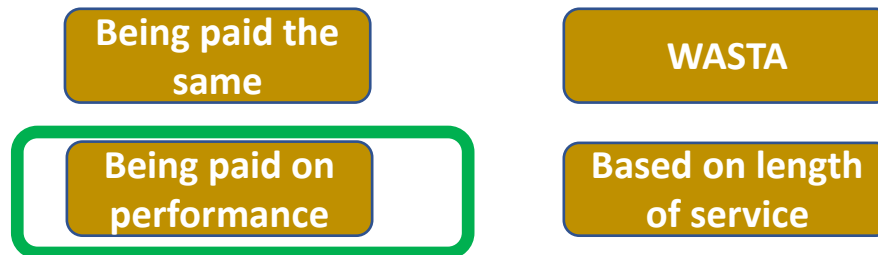
What Checks Might the Organisation Use to Ensure Fairness and Equity in Line Management Reward Decision Making?

- Regular compensation reviews
- Peer Reviews
- Surveys
- Audits
- Training and resources for line managers to make informed and equitable decisions.
- Check for gender bias
- Check for cultural bias
- Review the relative impact on your employees
- Understand industry compensation norms
- Factor in cost-of-living differences

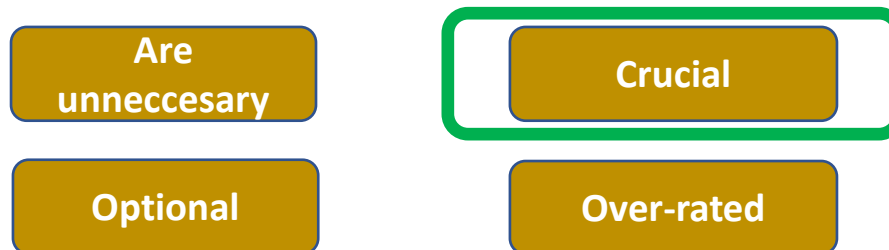


A.C.3.3 – Practical – Multiple Choice Qs

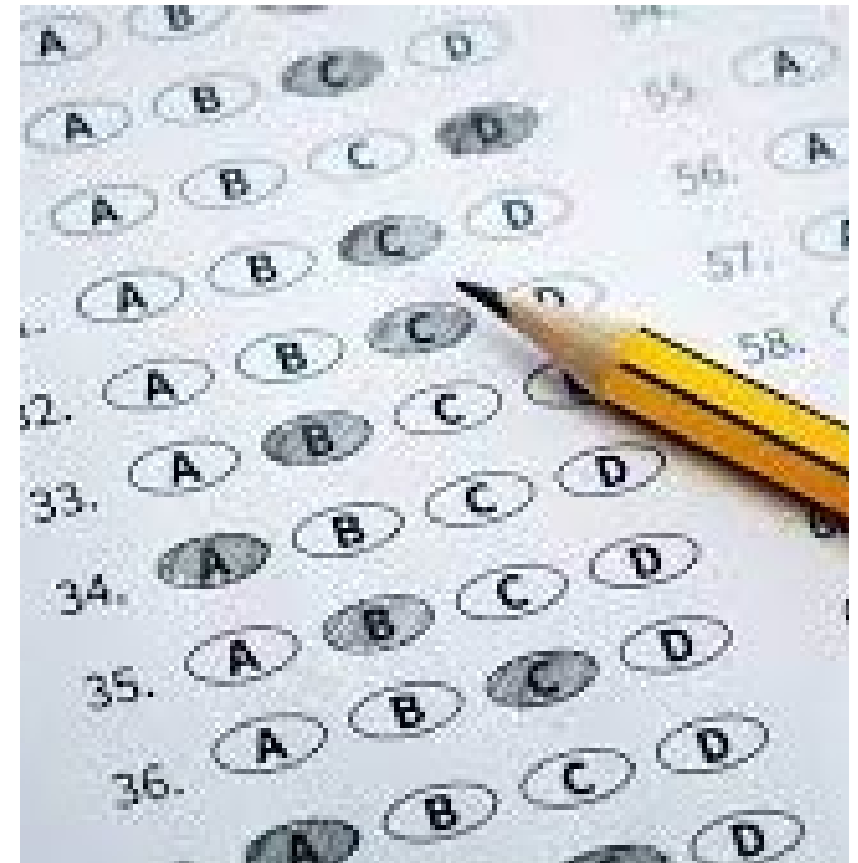
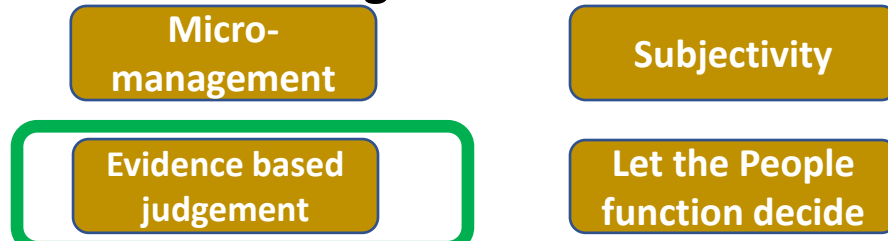
- Fairness and equity in reward mean all employees are paid: Discuss



- Checks and balances in reward decisions : Discuss



- What approach can line managers use in reward decisions: Justify



Recap of Day 2

- How does the PESTLE analysis relate to the reward environment?
 - What does the UK Equality Act 2010 discuss?
 - What's benchmarking and why is it important?
 - How is a reward package built based on the PESTLE analysis?
 - How does legislation impact organisational reward practice?
 - Discuss 5 performance management approaches?
 - Why and how do people management professionals need to support line managers with reward related decisions?
 - Why is consistency and appropriateness important in reward related decisions?
 - What approaches do line managers use to reward performance? How do they help make consistent and fair reward judgements?
 - What are some checks the organization could use to ensure fairness and equity in line management reward decision making?
-
- Look at the assignment writing guide on the HUB
 - Against each AC, put a tick on any task that you can answer, and highlight you need clarity on
 - There are additional resources on the HUB can help you with that





Questions?

Assessment Brief

- Pre-assignment activities
- Assignment template
- Explain theory and practical application
- Research
- 'Assessment Guidance' document
- 'Materials'
- Harvard Referencing – minimum of 1/question
- Structure
- Spelling and grammar
- Wordcount (+/- 10%)
- Assignment writing guide on the HUB



Final last checks before you submit your work. Tick as completed.

Any boxes you do not tick could result in a serious delay to the marking of your reports, or result in a refer grade

<input type="checkbox"/>	You must submit your assessments as a Word document. The Learner Assessment Brief will clearly explain the format you need to use. Is the correct format used?	<input checked="" type="checkbox"/>
	You should use black font for submission 1, Red for new narrative in submission 2 and blue for new narrative in submission 3	<input checked="" type="checkbox"/>
	The CIPD Membership Number must be completed and included in the Learner Assessment Brief together with your name and Cohort Number.	<input checked="" type="checkbox"/>
	The 'wet' signature and date of submission must be included in every Learner Assessment Brief - you MUST add a new date for each submission	<input checked="" type="checkbox"/>
	Assessment Criteria Evidence Checklists should ideally be completed for every Learner Assessment Brief - just repeat the example already given (do not put long references here)	<input checked="" type="checkbox"/>
	Have you included both your long and short references? Are these in the right place? Please check the guidance on the learner platform as to how to do Harvard referencing	<input checked="" type="checkbox"/>
	Have you checked your word count? You are allowed 10% + or 10% - the indicative word count.	<input checked="" type="checkbox"/>
	Have you recorded your wordcount in the correct place in the LAB?	<input checked="" type="checkbox"/>
	Have you <u>made reference</u> to the Case study if stated in the Learner Assessment brief? You should also try to use examples from your own organisation to support your points where possible.	<input checked="" type="checkbox"/>
	Have you shown wider reading, use of sources in each of your answers?	<input checked="" type="checkbox"/>
	Have you used clear sub-headings linked to the elements of the task to help structure your work?	<input checked="" type="checkbox"/>
	Have you added your submission dates to page 2? A new date should be added for each submission.	<input checked="" type="checkbox"/>

Thank You!
