**Introduction**

Kyatwa Couriers is a mid-sized company with 200 employees operating in parcel collection and distribution venture. It has been operational seven years, operating various departments including customer service department, parcel collection, and distribution up to human resource department. In relation to people management, Kyatwa Couriers employs skilled workers rather than training its own. Further, it conducts performance assessment to determine those to get rewards and those to be dismissed. Kyatwa Couriers suffers from various human resources including lack of employee training and development, reliance on the financial rewards system, and other thing like rigid organizational structure and culture affecting employee performance assessment. As such, performance assessment design has resulted in problem promoting the management to seek HR consultancy firm to assess the problem. In this light, this report explores HR consultancy finding on the Kyatwa Couriers performance management and reward system. First, the essay conducts strategic analysis related to Kyatwa Couriers firm to determine the human resources situation existing in the organization. In addition, it explores both the internal and external environment such as cost defender competitive strategy to determine the organization’s main performance requirements and the success factors.

**Strategic analysis**

Kyatwa Couriers firm employs 200 staff in the parcel collection and distribution venture operating in Bukoba for a period of seven years. Since the firm operates several departments, employees work in different departments including customer service, accounts, legal, parcel collection, and distribution, vehicle maintenance, marketing, and human resource. Therefore, most of the firm’s employees work in different departments.

For people management, the Kyatwa Couriers firm human resource manager says that the firm uses pragmatic approach. In particular, the human resource manager does not read books on the latest management articles and books. Moreover, he has little interest in further training including university degrees or reflecting upon the best practices on people management. The company does not believe in employee training and development, quite contrary, it recruits skilled employees in the market.

The firm conducts annual performance assessment using a one-page form for all its employees including non-managerial staff such as parcel dispatch employees, call centre employees, drivers, administration and maintenance employees. The performance assessment results is used to determine the employees to receive Tzs 10,000,000 bonus for their performance. In addition, the company uses the assessment results to dismiss non-performing employees annually. However, the performance assessment raised discontent among employing recruited from the same competitors. The cause of discontent is performance assessment accuracy and equity in the assessment of the issues.

Kyatwa Couriers internal and external environment is dictated by cost-defender competitive strategy, conventional management structure, and mechanistic organizational structure. The cost-defender strategy implies that the company stays in their already established domains and market niches. Control and efficiency is the most critical factor for the company, which is evident by the human resource manager control of people management strategies. Often, cost-defender competitive strategy ensures that firm ignores issues outside it domain such as education and training of employees. Other issues associated with the cost-defender strategy are functional division of labor to employees such as parcel collection and distribution, marketing, and human resource. The conventional management structure and mechanistic organizational structures ensures that top managements decides objectives, policies, and practices including performance assessment approaches without input from employees.

In sum, the several approaches adopted by the Kyatwa Couriers subject employees to poor assessment practices. Subjecting staff to poor performance management approaches, lack of training and development and performance assessment practices disposes them to anger, demoralization, and lack of motivation. In addition, the cost-defender competitive strategy, mechanical organizational structure, and traditional management culture where managers dictate everything kills employee motivation and performance is affecting their motivation and satisfaction based on their displeasure with the performance assessment approach.

The matrix of human resources processes for Kyatwa Courier Company.

**Management of performance, feedback, and development**

It is apparent that Kyatwa Couriers performance management approach fails to capture diversity recruiting initiatives. According to Shields (2007, pp. 261) say that diversity is a context that involves variation in experiences, ideas, opinions, suggestions, and perspectives among staff in decision-making practice. Kyatwa Couriers performance management and assessment lack diversity because it lacks employees input and opinions in designing it. Therefore, to enhance employee motivation is to ensure effective performance assessment and feedback practice. In performance assessment, new employees receive feedback pertinent to their performance and development needs. Moreover, Kyatwa Couriers performance assessment and feedback are not constructive because they result in dismissal of employees. In addition, performance assessment is standardized on a single form and not comprehensive enough to cover various aspect of employees such as history and backgrounds.

As such, to address performance management and feedback issues, it imperative to ensure that the company adopts steps critical for effective performance assessment process. Planning is the first step in managing performance, by ensuring careful planning of performance assessment process. Here management must meet employees to discuss organizational and job-related goals and objectives. In addition, it is critical to incorporate then in personal career of employees. During the planning stage, human resource manager decides how an organization evaluates employees’ movement toward their goals. In the second step, the human resource manager should conduct performance evaluation (Rowden & Conine, 2005, pp. 84). Under this, the manager will evaluate whether employees are achieving their goals. During this phase, the manager provides employees with support and guidance, and recommends spheres and issues for further improvement. In the third and last step, the manager should conduct formal assessment of the employees’ performance and point areas that require improvement. The performance review should allow employees to express their ambitions, opinions, suggestions, and frustrations (Lyster, Arthur & Arthur, 2007, pp. 23). This performance assessment lacks option for employees to raise their frustration with the processes resulting in disagreements.

This implies that for the performance system to work, it is critical for managers to communicate it to employees and managers. Training is critical to those providing performance assessments, particularly for managers evaluating employee performance. Training is critical for the dynamic environment such as Kyatwa Couriers environment where it recruits employees from competitors. Most importantly, human resource managers must update performance review process to allow organization to establish standards and controls for organizational performance from the employee perspective rather than from management perspective as it currently stands in the Kyatwa Couriers firm. The performance review process need also to contribute to the reward system and consistently strengthen good performance standards rather than stifling them. In this respect, it is critical for the performance assessment results to spawn positive results that would inspire persistent improvement in the employee performance (Lyster et al., 2007, pp. 24). This ultimately improves organizational productivity and efficiency.

The above performance review based on employee input will provide employees with positive performance feedback. The current Kyatwa Couriers firm performance assessment results in the mixed feedback because some of the employees are rewarded while others are dismissed. As such, adoption of the performance review will allow human resource managers to give employees positive criticism and suggestions to improve their performance rather than dismissing them (Lyster et al., 2007, pp. 25).

Lastly, the Kyatwa Couriers lack employee training and career development (The matrix of human resources processes for Kyatwa Courier Company), which implies that company lacks continued and development of the employees. Therefore, it is imperative to create continued and development as opposed to recruiting employees from outside the organization. This will provide an organization with a critical avenue for talent development. Training and development opportunities also enhance organizational commitment by employees. Since training and development teach employees how to meet organizational expectations and provides a platform for the existing employees to improve their knowledge, it will provide a sense of stability (Armstrong, 2005, pp. 63). This can prevent conflict on the organizational issues such as performance assessment issues by the new employees recruited from another company. Education and training has positive impact on the job involvement and satisfaction, and ultimately organizational performance (Pool & Pool, 2007, pp. 353). As such, poor job performance assessments because of the inadequate training results in employee conflict and dissatisfaction. This also explains for the high turnover.

**Management of the base pay system and structure and its relationship to the market**

To address reward system associated with the performance assessment it critical for human resource manager to consider Base pay management concept. It is generally about deciding the pay structures, levels, grade, and running the financial reward system (Armstrong &Cummins, 2011, pp. 113). The strategic analysis shows that Kyatwa Couriers provide financial rewards to it best performing employees and dismisses non-performing employees.

This generates negative perception of the reward system, which implies that base pay management can for the basis of reward management to ensure support from employees. What makes it effective is use of the job evaluation and market rate analysis approaches to decide the reward system. Moreover, base pay management focuses on the approaches of pay progression in the pay structures, and is associated to design and management of dependent pay schemes including performance pay.

In base pay system, an organization needs to develop pay policy line by identifying the markets rates for several benchmark jobs covering the whole gamut from lowest rates to the highest pay rates possible (Armstrong & Cummins, 2011, pp. 114). The companies develop scatter diagram by plotting the pay rate data obtained from surveys. Another way that an organization can use to find the market rate for the lowest paid and highest paid jobs in the market. By linking these points, the company can approximate pay policy line for its employees. Through the pay policy lines, firms determine their minimum and maximum level of payment, and series of the pay grades. To eliminate the problem where Kyatwa Couriers uses reward pay structure for its employee, it would be imperative to use not less than three pay structures. This will include white-collar employees with salaries, Blue-collar employees such as drivers, and trade employees, as well as, professionals, managerial, and administrative employees (Heneman, 2002, pp. 174).

The multiple pay structure will ensure equity in the reward system for the company. Employee views of equity and inequity are critical and an organization must consider this in setting its compensation goals. Employees who view equitable pay management are motivated to support organization and improve on their performance. However, individual employees see equity differently, making it impossible to define equity in various situations. In this case, multiple different pay structure to accommodate all employees in the reward system. Job evaluation is the starting point of setting pay structure for the company to ensure internal and external equity (Shields, 2007, pp. 261).

**Management of non-monetary rewards and of indirect and valuable pay elements**

Another approach that Kyatwa Couriers firm need to embrace to non-monetary rewards and indirect compensation because it relies on the financial bonuses in its reward system (Jackson, Schuler, & Werner, 2011, pp. 361). It includes indirect non-monetary and monetary remuneration for employees to for job with an organization. Some of the non-monetary rewards include recognition and other indirect rewards like tours for employees with aim of honoring and motivating them.

Indirect rewards or compensation help firms to attract and retain competitive staff, which acts as a strategic resource for gaining competitive edge. Through a range of benefits such as retirement plans and recognition, organization increases its attractiveness. In addition, this increase employees satisfaction and loyalty. As a result, this increase employee motivation, productivity, and performance. Essentially, higher non-monetary and indirect rewards enhance organizational performance by both attracting and retaining highly competitive employees. They play moderating role and enhance the positive effect of employee input on the organizational output with recruitment and retention of skilled employees (Ahmed & Ahmed, 2014, pp. 28). To enhance employee motivation, productivity, and performance organizations needs to implement the following approaches:

* Provide value to employees as humans and define procedures, practices, and rules that deal with all staff fairly
* Develop a support system to identify and reward good performance
* Design an atmosphere of dependence and show that management has trust and confidence on the staff
* Design a collaborative and amiable environment that support all employees

Employees are most indispensable elements of firms. In this respect, they require respect by the management and organization (Aswathappa, 2007, pp. 54). It is imperative for the organizations to recognize them and provide them with suitable working environment. By embracing the above steps, organization would achieve the objective of high productivity and performance that will ultimately help them achieve vision, mission, and success (Ahmed & Ahmed, 2014, pp. 28).

To enhance effectiveness of the reward system, it is imperative for the organization to develop objectives and goals of employee rewards. Second, an organization must assess internal and external factors that affect organization reward system such as the organizational structure and culture. Other internal factors that Kyatwa Couriers managers must consider include employee demographics, organizational strategies, and employee’s preferences. This will help in developing inclusive reward system. Further, it is critical to communicate with employees about their benefits. The communication to employees may be through presentations, employee meetings, brochures, and booklets. Communication will help highlight other things like non-monetary rewards and benefits not evident to employees. It will inform them of critical projects implemented by an organization but not present in their respect pay slips (Ahmed & Ahmed, 2014, pp. 29). Lastly, an organization must evaluate the reward system to determine its effectiveness in motivating and retaining employees.

**Conclusion**

This case study shows that Kyatwa Courier firm is bedeviled by various problems including lack of training and development opportunities for its employees. People management approach adopted by the company including performance assessment and reward system adopted by the organization are responsible for the employee discontent. Other factors responsible for the organizational problem include cost-defender competitive strategy, mechanical organizational structure, and traditional management culture where managers dictate everything kills employee motivation and performance. These factors dictate everything including performance assessment adopted by the organization. To address these issues, it is imperative for the managers to ensure that the company adopts steps critical for effective performance assessment process including planning, performance evaluation, and performance review steps. Further, address people management problem, especially the reward system based on financial bonuses and a source of the performance assessment conflict, the human resource manager should consider implementing the Base pay management concept. This may include multiple pay structure for different categories of employees working in different department such as parcel collection and distribution. The multiple pay structure will ensure equity in the reward system for the company.Lastly, to broaden reward system it would be critical to implement non-monetary and indirect compensation including recognition and retirement benefits plan among others. They help firms to attract and retain competitive staff, which acts as a strategic resource for gaining competitive edge.

References

Ahmed, M & Ahmed, A. B. 2014. The impact of indirect compensation on employee performance: An overview. Public Policy and Administration Research, Vol. 4, No. 6, pp. 27-30

Armstrong, M & Cummins, A. 2011. The Reward Management Toolkit: A Step-By-Step Guide to Designing and Delivering Pay and Benefits. London. Kogan Page Publishers.

Armstrong, M. 2005. A Handbook of Human Resources management practices. London. Kogan.

Aswathappa, k. 2007. Human Resource and Personnel Management, New Delhi. Mc Graw Hill.

Henman, R. L. 2002. Strategic Reward Management: Design, Implementation, and Evaluation. New York. IAP Ltd

Jackson, S., Schuler, R., & Werner, S. 2011. Managing human resources. New York. Cengage Learning.

Lyster, S., Arthur, A. E & Arthur, A. 2007. 199 Pre-written Employee Performance Appraisals: The Complete Guide to Successful Employee Evaluations and Documentation: with Companion CD-ROM. New York. Atlantic Publishing Company

Pool S., & Pool B. 2007. A management development model. Journal of Management Development, 26, 353-369

Rowden R. W., & Conine C. T. 2005. The impact of workplace learning on job satisfaction in small US commercial banks. Journal of Workplace Learning, 17, 216-230

Shields, J. 2007. Managing Employee Performance and Reward: Concepts, Practices, Strategies. London. Cambridge University Press.