Rewards and Recognition – A Case Study

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Abstract
The success of an organization depends on the skills, knowledge and competencies of the people working in it. Existence of Recognition & Reward is an essential pre-requisite for creating enabling environment in which the employees can utilize their potentials and develop new skills for their own and organizational development. The rewards and recognition create a positive work environment and motivate the employees to work and without adequate motivation employees are unlikely to bring about the desired results. Technical and managerial skills are not enough unless there is an effort on the part of the employees in the right direction to attain the goals of the organization effectively. Considering the significance of employee rewards and recognition in creating a positive environment and developing employee motivation, the present study has been undertaken. For this purpose a multinational company - ABC Co. Ltd. has been chosen. The study highlights the various practices undertaken in the organization for rewarding the employees for the good work done by them and to recognize their efforts in achieving organizational goals.

Key Words: Rewards, Career Progression, Benchmarking, Performance Bonus, Work-life etc.

1 Introduction
Employee recognition is the opportunity to acknowledge the unique contribution or the value of expertise and experience of an employee or a team. Employee recognition is a return on an employee’s effort, dedication at work and results. It is governed by mutual respect and is expressed regularly through a host of simple gestures such as a sincere thank you, as well as symbolically through the receiving of an award. The sincerity of words and acts is what gives recognition its dignity and worth.

Recognition & Reward are present in a work environment where there is appropriate acknowledgement and appreciation of employees’ efforts in a fair and timely manner. This includes appropriate and regular financial compensation, as well as employee or team celebrations, recognition of years served, and/or milestones reached.

Recognizing and rewarding employees motivates them, fuels their desire to excel, builds their self-esteem, encourages employees to exceed expectations, and enhances team success. This, in turn, provides staff with more energy and enthusiasm and a greater sense of pride and participation in their
work. In addition, employees who receive recognition are more likely to treat colleagues and customers with courtesy, respect and understanding.

Employee recognition varies from organization to organization. It can either be monetary or non-monetary. From the organizational standpoint, Rewards aim at attracting, motivating and retaining quality employees at a cost which is not only affordable now but also sustainable.

2 Survey of Literature

Employee recognition and rewards have a lot of influence on employee performance and motivation. Many researches have been undertaken in the past in this regard.

Maslow [1946] proposed a five level hierarchy of needs including psychological, safety, love, esteem and self-actualization which he outlined as necessary for the achievement of a completely satisfied individual or in his terms a self-actualized person. The fourth need i.e. ‘esteem need’ is related to recognition where one needs to be respected, to have self-esteem, self-respect and to respect others. To fulfil this need, employees must be recognized and rewarded for their good work.

Mcgregor’s [1960] theory Y also speaks about employee recognition as the employee shall be self-directed and self-motivated by the fuel of recognition.

Nelson [1994] has also confirmed this view by stating that the people tend to be satisfied, productive and motivated when effective performance is recognized and rewarded in ways they highly value.

Ludwick [2006] viewed that ‘Say thank you’ conveys a lot. Say it with confidence. Be specific. Just do it.

The importance of alignment of organizational goals and objectives with rewards and recognition programme is essential for the success of the organization [Liff, 2007].

All these studies emphasise on the implementation of employee recognition and rewards in the organization.

The present case study discusses the Reward and Recognition practices of organization: ABC Co. Ltd.

3 Objectives of the Study

The main objective of the study is to explore:

1. The various rewards and recognition schemes adopted by the company.
2. The process of implementation of these schemes.

4 Methodology

For the purpose of the present study, the secondary sources have been used. The policy document of the company as mentioned in the reports of the company, the data available on the net, web and some on-the-job training reports have been used for this purpose. The various schemes used by the company in this regard have been explained keeping in mind the privacy of the company.

5 Scope of the Study

The study is limited to one multi-national company only. The study is mainly exploratory in nature and explains the various practices used for rewards and recognition in the company. The study is useful to other organizations who wish to apply these practices.
6 Analysis and Interpretation

Rewards and Recognition Scheme for ABC Company along with the well-defined objectives has been enlisted below:

6.1 Guidelines

The criteria for rewards and recognition are dependent on following parameters:

- Performance Management
- Career Progression
- Benchmarking & Annual Increments
- Performance Bonus
- Long-Term Incentives
- Eligibility

These parameters are the guiding principles to decide who needs to be recognised. To further strengthen the process, a reward strategy has been designed which is guided by various criteria.

Total Reward Strategy leverages the following five elements including:

1. Compensation
2. Benefits
3. Work-Life
4. Performance & Recognition
5. Development & Career Opportunities.

Reward Philosophy of the company is aimed at attracting, motivating and retaining quality employees at a cost which is not only affordable now but also sustainable. Different employee segments need to be rewarded differently based on the following factors:

- Labor market context
- Ability of the position to influence business performance (line of sight)
- Key drivers for achieving organizational growth
- Different reward expectations of Gen X and Gen Y
- Affordability & Sustainability of salaries by the respective businesses

Organizations now-a-days, we believe, in paying for performance and hence a high focus is laid on variable pay.

6.2 Objectives

- To Ensure external competitiveness and internal equity
- To Maintain consistency & flexibility
- To Reward Individual Excellence
- To Contain cost at the same time maximizing value
- To Maintain three principles of designing the compensation package- Employer, Employee and Cost Perspectives
7 Rewards and Recognition Practices in ABC Co. Ltd.

7.1 Punctuality Award

The main objective of the Punctuality Award is to enhance the atmosphere of discipline, level of quality and regularity in work as well as to appreciate those employees who impose self-discipline with respect to punctuality in the premises of the company. Therefore, the company has a policy to identify, enhance and recognize habit of punctuality of employees by evaluating their attendance. It is believed that lesser mobility and regular evaluation of assigned work enhances concentration, reduces the chances of error and enhances more awareness towards preventive action that can reduce the error limit, thereby enhancing overall quality level.

7.1.1 Parameters of Evaluation

- Proper In Time and Out Time
- Least Holidays
- Lesser Mobility
- Lesser Overtime

7.1.2 Procedure

For this purpose, In Time and Out time of each employee is recorded on daily basis and mobility of employees after punching for In time, their movement during Lunch period, tea breaks and other activities (gowning-de gowning) etc. is monitored.

Employees categorized as ‘up to the mark’ will be awarded with “Punctuality Award”. The award may consist of a citation and/or a cash prize.

7.2 Corporate Aptitude Award

Its main objective is to enhance corporate aptitude, habit of personal hygiene and to increase quality orientation among the employees of ABC. For this purpose company seeks to identify, enhance and recognize employees who have corporate aptitude, practice personal hygiene and are quality oriented in employees of the organization through employee evaluation. Personal Hygiene has impact on overall quality level of organization as it reduces chances of contamination, thereby reducing batch rejections, wastage of time, material & resources. The motto is “If you can improve your own quality…..then only you can contribute to upraise the Organization’s quality”.

Best formally dressed male employee for each grade is selected for each quarter on the basis of:

- Shoes Properly Polished Black/ Brown Foot wares
- Nails Properly Cut
- Hair style Formal, No spikes, special colours etc.
- Moustache Properly maintained or shaved
- Dress Suitable as per formal criteria (plane/thin stripe shirt and trouser), formal belt etc.

Similarly, there are rewards for formally dressed female employees:

- Shoes Properly Polished formal Black/ Brown/ white Foot-wares
- Nails Properly Cut with sober nail paints
- Hair style Formal, No special colours and properly tied.
- Moustache Properly maintained or shaved
• Dress
  Suitable as per formal criteria (Western: plane/thin stripe shirt and trouser, formal belt; Indian: Kurti, Saree, Salwar, Suit etc.),

For this purpose a daily record of the employees who meet the above parameters is maintained and monitored. The best employee of each quarter is awarded with a certificate and/or cash award.

7.3 SPOT Award

SPOT Award is given to recognize differential work or quality oriented aptitude of employees at SPOT. The basic purpose of this award is to recognize positive aptitude of employees via observing employee participation and engagement.

7.3.1 Procedure

The following procedure is normally used for the ‘SPOT Award’-

• Whenever HOD or Immediate Manager finds anything good regarding the work of the employee, he can nominate employee for SPOT Award after putting his remarks
• The employee participation can be in terms of quality enhancement while maintaining appropriate quantity, any initiative taken, out of the box approach etc
• Theses nominations will be send to HR for evaluation. Once nominations are approved by HR, the employees will be nominated instantly.

The employees are rewarded with certificate and prize.

7.4 Team of the Quarter

The team of employees is awarded with the objective of recognizing their talent of the employees of the organization. The purpose behind such reward is identification, enhancement and recognition of positive & quality oriented aptitude of employees of the organization via observing employee participation and their adherence to norms and discipline imposed by the organization.

7.4.1 Procedure

For selecting ‘Team of the Quarter’, the following procedure is adopted:

1. Nominations are invited from all departments and a team shall comprise of not more than 5 employees
2. Team of the Quarter will be declared department wise.
3. HOD has to give clear criteria for selection based on Job Role and has to rate the teams on that criteria
4. Nominated teams will be rated by the peer teams of the department
5. Final decision will be taken by HR Head/ Plant Head etc.

The selected team shall get a citation and/or cash prize.

7.5 Employee of the Year

To enhance Motivation and appreciate employees of ABC for their deferential work and discipline and to identify and recognize talent of employees and to identify if the employee can maintain balance between quality and quantity, the ‘Employee of the Year’ award is given. It is an effort on the part of the management to recognize employee participation and their adherence to norms and discipline
imposed by the organization.

7.5.1 Procedure

The procedure for this award is outlined below:

- Employees will be nominated by their respective HODs
- The points will be assigned to the employees for achievement of various titles and awards: SPOT Award, being member of team of the quarter, Disciplinary awards, quality cautiousness etc.
- These nominations will be further evaluated by Plant Head/ HR Head and CFTs
- Nominated employees will be further voted by their peers. The employees who win maximum votes will be declared as “Employee of the Year”

The award is a certificate of appreciation and a cash prize.

7.6 Long term service award

To retain critical talent in organization and to appreciate the manpower for their commitment; to create a sense of ownership at senior management levels and to differentiate high performers/ key talent, this award is given. The awards are aligned with performance and further aligned with long term value creation for the organization. The quarterly rating reports and value creation by the individual for the organization is the basis for the award.

8 Conclusions

It can be concluded that the organizations are becoming more and more conscious to recognize every aspect of their employees whether it is punctuality, aptitude, performance or team work. They create a sense of belongingness in them and create a high degree of motivational level which is not only useful for their growth but also helpful for the growth of the company.

9 References