

RECOGNITION AND REWARDS

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Introduction

Rewards and recognition are considered powerful tools, which are used by an organization to motivate its employees.

Rewards and recognition are remuneration based systems, which include bonus, perks, allowances and certificates.

Types of Remuneration Methods

Often people are under the impression that companies only offer remuneration-based systems and not recognize the employees' performance. This is not the case.

In an organization, you will find following systems in place to boost motivation in addition to the regular compensation.

- Remuneration pay
- Nonfinancial benefits
- Share options

Methods of Rewards

Following are the common methods of rewards that can be found in modern business organizations. Although not all these reward methods are used by the same company, the companies can adopt the best reward methods that suit the company culture and other company goals.

As an example, some companies do like to give all the benefits to the employees as financials, while other companies like giving the employees the other benefits such as insurance, better working environment, etc.

Basic Pay

Pay is an essential factor, which is closely related to job satisfaction and motivation. Although pay may not be a reward as this is a static amount, which an employee will be paid every month, it will be considered as a reward if similar work is paid less.

Additional Hour's Rewards

This is similar to that of overtime. However, it is paid to employees if they put in an extra hour of work for working at unsocial hours or for working long hours on top of overtime hours.

Commission

Many organizations pay commission to sales staff based on the sales that they have generated. The commission is based on the number of successful sales and the total business revenue that they have made. This is a popular method of incentive.

Bonuses

Bonuses will be paid to employees, who meet their targets and objectives. This is aimed at employees to improve their performance and to work harder.

Performance Related Pay

This is typically paid to employees, who have met or exceeded their targets and objectives. This method of reward can be measured at either team or department level.

Profits Related Pay

Profits related pay is associated with if an organization is incurring a profit situation. If the organization is getting more than the expected profits, then employees receive an additional amount of money that has been defined as a variable component of the salary.

Payment by Results

This is very similar to that of profit related pay. This reward is based on the number of sales and total revenue generated by the organization.

Piece Rate Reward

Piece rate reward is directly related to output. The employees get paid on the number of 'pieces' that they have produced. These pieces will be closely inspected to make sure that quality standards are being met.

Recognition

Employees will not always be motivated by monetary value alone. They do require recognition to be motivated and to perform well in their work.

Job Enrichment

This is a common type of recognition that is aimed at employees to get motivated. Job enrichment allows more challenging tasks to be included in the day-to-day tasks performed by the employee.

Working the same way everyday may prove to be monotonous to the employees. Therefore, there will be a lack of interest and the performance drops.

Job Rotation

Unlike job enrichment, job rotation refers to shifting employees between different functions. This will give them more experience and a sense of achievement.

Teamwork

Teamwork is also considered as recognition. Creating teamwork between team members will improve performance at work. Social relationships at work are essential for any organization.

Healthy social relationships are considered as recognition to the employees. This improves their morale and performance.

Empowerment

Empowerment refers to when employees are given authority to make certain decisions. This decision making authority is restricted only to the day-to-day tasks.

By giving employees authority and power can lead to wrong decisions to be made which will cost the company. Empowerment will not relate to day-to-day functioning authority. This will make employees more responsible, vigilant and increase their performance.

Training

Many organizations place a greater emphasis on training. This is considered as recognition for employees. Training could vary from on the job training to personal development training.

Training workshops such as *train the trainer* or *how to become a manager* will give employees a chance to switch job roles and this will increase their motivation levels.

Awards

This again is an important type of recognition that is given to employees, who perform better. Organizations have introduced award systems such as *best performer of the month*, etc., and all these will lead employees to perform better.

Conclusion

Rewards and recognitions are equally important when trying to promote performance and morale amongst employees. The above methods can be used to motivate employees.

Since all the methods may not be applicable to the same organization, the organizations should make sure that they choose the best rewards that suit the organization.