Emerging Trends in Reward Management
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Abstract

Reward refers to anything given to a person because of his contribution to organization. Rewards are the attractive and motivational tool that induces the behaviour of the employee. The traditional reward policy is no more acceptable in modern era. Employees don’t get motivation from simply wages and salaries. They want something extra for their extra hard work and commitment to the organisation. So, rewards are very important for motivating employees, improving performance and satisfaction level, reducing labour turnover in the organisation. Rewards motivation and performance are closely interlinked. Employees may have different behaviour in organisation with different performance potential and needs. So reward management deals with all these matters that what type of rewards may be given to a particular person according to his behaviour. Reward management consists of analyzing and controlling employee remuneration, compensation and all of the other benefits for the employees. This study focuses on the emerging trends in reward management.

Keywords: Reward management, motivation, reward strategy, employee performance, employee satisfaction

The objective of the paper is to understand the concept reward and reward management. This paper also aims to study the emerging trends in the reward management.

Introduction

Reward refers to anything given to a person because of his contribution to organization. A well designed reward system should be consistent with organizational goals, visions, missions and job performance. In managerial term, reward is defined as the total return given by an employer to an employee for rendering his/her services towards the organizational objectives. Reward attracts a worker's attention and motivates him/her to perform the task. Management of reward concept helps to maintain and improve organizational performance. Reward management is a vital aspect of HRM. Because a well-designsed reward system will lead towards organizational productivity and employees satisfaction. It is the process of creating, implementing and controlling an effective reward system can be retained or motivated at work. Hence, reward management is a crucial aspect of HRM that revolves around designing and implementation of appropriate and suitable pay and incentive system. This system helps improve organizational
performance and get people motivated at work.

**What is Reward Management?**

Reward management is a motivational practice that businesses use to reward employees for their contribution to the company. 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.

### Types of Rewards in HRM

#### 1. Classification on the basis of feelings
- i. Intrinsic reward
- ii. Extrinsic reward

#### 2. On the basis of Economic value
- i. Financial reward
  - ii. Non Financial reward

#### 3. On the basis of evaluation
- i. Performance based reward
  - ii. Membership based reward

**Purpose of Reward Management**

The main purpose of reward management is to motivate employees by some type of reward or compensation for production, performance and work quality improve.

Reward management is important for the following reasons:
- To attracts, motivate and retain employees
- To avoid the cost of hiring and training new employees
- To create employee loyalty and honesty
- To create a healthy work environment
- To encourage positive attitudes and behavior
- Makes employees more likely to seek advancement
- To improve the company's reputation

**Emerging trends in Reward management**

Following are the emerging reward management trend in today’s scenario.

- HR departments are paying greater sensitivity to sector and functional market practices to enable more effective market positioning to help with attracting and retaining highly efficient and able employees.
- Reward strategies are implemented increasingly focused on performance awards starting at the top and working down through organizations as performance orientation increases.
- Today pay is linked to the market value and individual or team performance not to the service and/or cost of living.
- Rewards are given to success-oriented individual in the form of bonuses rather than payment increases in base pay.
- Rewards are paid to teams rather than individual so it increases the performance of the team.
- More flexible pay structures are followed by the HR department based on job families and using broader pay bands or pay curves.
- Integrated pay structures covering all categories of employees are implemented.
- Today many HR departments implement skills and competency based pay processes which reward the acquisition and use of new skills and behaviors.
- Integrated performance management systems are launched with the main focus on coaching development, motivation and recognition through the identification of opportunities to succeed.
- More flexible approaches are used for job evaluation which enable a move away from the control of uniformity to the management of diversity. This will make use of techniques such as job family modeling and computer assisted job evaluation.
- Increased awareness of the need to treat job measurement as a process for managing relativities which, as necessary, has to adapt to new organizational environments and much greater role flexibility and can no longer be applied rigidly as a system for preserving existing hierarchies.
- More emphasis is given on the choice of benefits and ‘clean cash’ rather than a multiplicity of perquisites by the HR department.
- There is greater creativity and sensitivity in benefit practice in the companies.

**Top rewards trends in India**
**Big-bang payouts:** Big-bang, sensational payouts are valued more by Indian employees than an annual increment of the same value. Indian company Infosys distribute iPhone 6 to its top performers similarly HCL offer international vacations to its key people as big-bang payouts.

**Medical benefits:** Surprisingly, the enterprise of today looks at medical payouts as an important part of feeling rewarded. Accordingly, companies are taking the topic of overall health and wellness much more seriously. Walkathons and workplace redesigns are becoming increasingly mainstream.

**Frequent recognition:** The enterprise of today is looking for recognition in real-time. Recognition has suddenly become a very important factor for driving engagement. In modern-day enterprises 360-degree recognition is most important.

**Conclusion**

In the modern era, organizations face intensifying competition in attracting and retaining employees, they are increasingly being called upon to define and articulate a rewards management strategy. That strategy should be unique, differentiated, market-competitive and aligned to the organization’s talent objectives and business goals. The pace of change will continue to increase. Reward programmes will need constant review to ensure that they are fit for the organization or not. Indian companies are also implementing rewards management strategies for attracting new employees and retaining the old employees in the organization. So reward management is very important for the success of every company. There should be a fair reward strategy covering all essential factors to determine the rewards.

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