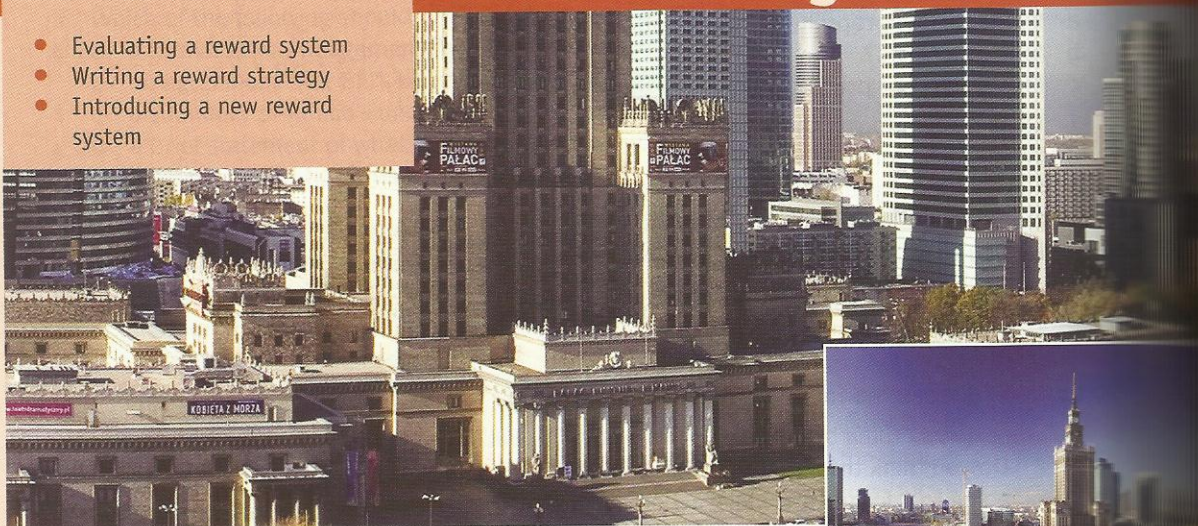


UNIT 9

Reward management

- Evaluating a reward system
- Writing a reward strategy
- Introducing a new reward system



Evaluating a reward system

- 1 a Read the following definitions of the roles of pay and rewards. In pairs, discuss the questions below.

compensation *the employee gives his/her time and freedom. In exchange, the employer compensates him/her with a pay and rewards package.*

reward *the employee makes an effort to do good work and add value to the organisation and in exchange for this he/she is rewarded.*

- 1 In your opinion, which definition most accurately describes the employment relationship? Why?
- 2 Why would an organisation want to evaluate its reward system?
- 3 How frequently should the reward system be evaluated?
- 4 What are the advantages and disadvantages of evaluating a reward system:
 - a internally by the HR Department?
 - b externally by a consultancy?

- b Match the phrases related to evaluating a reward system (1–8) to their definitions (a–h).

1 reward element	a a system to provide extra financial rewards for better than average performance
2 benchmarking	b assessing the complexity, responsibility and worth of a position
3 spinal point	c a process for collecting employee feedback
4 job evaluation	d an increase in a job's pay grade without an increase in responsibility
5 employee survey	e comparison with other similar organisations or jobs
6 grade shift	f the balance of pay and rewards in exchange for work
7 bonus scheme	g a place on a pay scale representing a pay increment
8 employee value proposition	h one part of a total pay and rewards package

in many English-speaking cultures the person who manages a meeting is called a 'chairperson' (or a 'chair') but not 'chairman' (because 'chairman' suggests only men do this job, which is untrue in most companies today).

2 **Suggested answer**

The modern meaning of 'politically correct' originally comes from the United States, although similar ideas are common in many countries today (though the meaning and influence of politically correct ideas varies).

12a

a 4 – critical, judgemental and unhelpful

b 1, 5

c 2, 3

b

Questions 3 and 5

c

Suggested answers

1 Khalid deals with Bill directly and fairly. He uses questions to explore Bill's options (*have a dialogue about the situation*), the consequences of his choices (*a formal grievance procedure*) and what Bill would like to do (*do you think it would be possible to ... ; Would you prefer that?*)

2 a Probably yes. During his conversation with Khalid, Bill becomes less confident, which suggests he may not be as strong as he appears to be at first.

b Yes. It is better to avoid a formal grievance action if possible because this will make working together in the future more possible and comfortable for both people.

d

1 Criticism of her work

2 No

3 No

4 Neither

f

Suggested answers

As I understand it, there's been something of a clash of personalities and working styles.

According to Jenny, some of Bill's comments are sexist, he is unreasonably critical of her work and he would like to get her to leave.

Bill has confirmed that he can be hard but feels that he is fair and is not trying to remove Jenny from the company by making her life unpleasant.

We all agree that Jenny's work is of a good standard and that performance is not an issue.

The main issue seems to be about the level and nature of supervision.

Unit 9

1a

Suggested answers

2 As part of a continuing quality management process; because it has been noticed that the reward system is not suitable for changing business needs.

3 1–3 years: businesses work in annual cycles and the needs of a business often change after more than three years.

4 a Advantages: HR Department likely to be very familiar with the system, can work flexibly because they are on site, saves on cost, likely to have many contacts in the organisation.

Disadvantages: may be too close to be objective, may influence the outcome to favour the HR Department, staff may not be completely open if they fear giving negative feedback might be personally risky.

b Advantages: a consultant may be a specialist in analysing schemes, can provide an uninvolved objective view, people may be more open to someone outside of the organisation, the final report is perceived as impartial and valuable.

Disadvantages: it is likely to be costly, consultant will have limited time and limited flexibility, it may take time to build trust as not everybody trusts consultants or their objectives, the consultant may not understand or may need time to learn the specific company culture.

b

2 e 3 g 4 b 5 c 6 d 7 a

8 f

2a

All 8 phrases are discussed: job evaluation, benchmarking, spinal point, grade shift, reward element, employee survey, bonus scheme, employee value proposition.

b

1 F – Staff complain about the reward system but it is popular with the board.

2 T

3 F – He says the external consultant has not helped.

4 F – Benchmarking shows BelleBank is not the best or the worst employer.

5 T

6 F – Jacek thinks an employee survey would encourage more complaints.

7 T

3a

Appropriate: 1, 2, 4, 5, 6, 8, 9 – because they focus on various aspects of the reward system.

Inappropriate: 3, 7, 10 – because they could encourage an emotional reaction (e.g. many employees could say they are not paid enough compared to the directors).

b

Advantages: they are easy to answer, give clear, black and white answers, easy to score and generate statistical information.

Disadvantages: people may want to give an answer somewhere in between or may want to explain their answer; the survey may therefore not reflect a true picture, or may give a very simplistic explanation of people's views.

c

1 To make sure (ensure) that the reward system is suitable (effective and rewarding).

2 Email Jacek or put it in a box outside the Personnel Office.

3 No.

4 The date when surveys must be completed; how the survey should be completed (put a tick (✓), a cross (X), a number, etc.).

d

2 I understand how the bonus scheme operates.

4 I am aware of my non-financial rewards.

5 I understand the overtime payment system.

6 I think non-financial rewards are important.

8 I am satisfied with the company healthcare plan.

9 The payroll administration is efficient.

e

1 22%

2 **Suggested answers**

People don't read all their emails, employees didn't think it was a priority, if employees are unhappy they may not be interested in replying, they may receive many surveys, (in Jacek's case) no completion date was included so employees may be planning to do it in future or may have forgotten to do it.

4 a payroll administration

b bonus scheme

5 Fairness of rewards, overtime system, awareness and importance of non-financial rewards.

BelleBank, an international bank with its head office in Brussels, has just appointed a new country HR Director, Dirk Woulters, to its operation in Poland.

a ▶ 9.1 Dirk is meeting the Remuneration Manager, Jacek Król, to discuss the reward system. Listen and say which phrases from Exercise 1b (1–8) you hear them discuss.

b ▶ 9.1 Listen again. Are the following statements true (T) or false (F)?

- 1 According to Jacek, the board is unhappy with the reward system.
- 2 The reward system in BelleBank Poland is reviewed annually.
- 3 According to Jacek, the external consultancy has been effective.
- 4 Benchmarking shows BelleBank is one of the best employers in Poland.
- 5 Dirk wants more proof that the current system is value for money.
- 6 Jacek agrees that it is important to get feedback from the employees.
- 7 Jacek speaks to Dirk rather informally during the meeting.

a Dirk asks Jacek to design an employee reward attitude survey. Read the following questions and then in pairs, decide if each question is appropriate or inappropriate, and say why.


- 1 Do you feel fairly rewarded for your work?
- 2 Do you understand how the bonus scheme operates?
- 3 Would you like a pay rise?
- 4 Are you aware of your non-financial rewards?
- 5 Do you understand the overtime payment system?
- 6 Do you think non-financial rewards are important?
- 7 Do you think that the directors are overpaid?
- 8 Are you satisfied with the company healthcare plan?
- 9 Is the payroll administration efficient?
- 10 Do you get enough holidays?

b What are the advantages and disadvantages of using closed questions in a survey?

c Read the introduction to Jacek's survey and answer the following questions.

- 1 What is the purpose of the survey?
- 2 What should employees do after they complete their survey?
- 3 Is it necessary to include their name on the completed survey?
- 4 What two important pieces of information has Jacek not included?

d Rewrite the appropriate direct questions from Exercise 3a as statements for Jacek's survey. Use the model in statement number 1 to help you.



Pay and reward system employee survey

Dear Employee,

In order to ensure that BelleBank's reward system is effective and rewarding, we would be most grateful if you would take a little time to complete the brief survey below.

Surveys can be returned as an email attachment or printed and returned anonymously to one of the boxes outside the Personnel Office on the 10th floor.

Thank you,
Jacek Król

✂

	Pay and reward system		Employee survey		
Statement	strongly agree	agree	partially agree	disagree	strongly disagree
1. I feel fairly rewarded for my work.					
2.					

e Read the survey results below and answer the following questions.

- 1 What is the response rate to the survey?
- 2 What reasons can you think of which could explain the rate?
- 3 Would you be satisfied with this rate if you were Jacek?
- 4 Which parts of the reward system are employees
 - a most satisfied with?
 - b least satisfied with?
- 5 Which other parts of the system could be improved?

Pay and reward system		Employee survey				
Results		<i>Responses for returned surveys – 189 respondents = 22% of workforce</i>				
Statement	strongly agree	agree	partially agree	disagree	strongly disagree	
1. I feel fairly rewarded for my work.	7%	24%	35%	19%	15%	
2. I understand how the bonus scheme operates.	2%	16%	29%	12%	41%	
3. I am aware of my non-financial rewards.	12%	32%	44%	8%	4%	
4. I understand the overtime payment system.	8%	14%	23%	39%	16%	
5. I think non-financial rewards are important.	10%	18%	45%	18%	9%	
6. I am satisfied with the company healthcare plan.	35%	42%	16%	6%	1%	
7. The payroll administration is efficient.	78%	12%	8%	2%	0%	

f Read the summary of focus groups conducted by Jacek and answer the following questions.

- 1 What reasons does the summary give for the things the employees are:
 - a most satisfied with?
 - b least satisfied with?
- 2 What recommendation does the focus group make?
- 3 What two expressions are used to describe non-financial rewards?

Rewards Focus Group Summary

The focus group recognised that HR was a well organised and well managed department and that this could be seen in the efficiency of the payroll system. People felt that the company healthcare provision, which also covered family members, was excellent, along with leisure cards for access to swimming pools and gyms. The focus group also saw that the company was doing a lot to extend indirect benefits as well as making the company an enjoyable place to work. The majority of the group see the training programme, including language training, as a perk. However, everyone agreed that the current PRP (performance-related pay) system was terrible and that the bonus scheme was particularly unfair. On average, only 5% of people actually receive a bonus and therefore it demotivates 95% of employees. Everybody wants the bonus scheme to be ended.

4

Work in small groups. Role play a discussion about the results of the survey among members of BelleBank's HR Department. Discuss the results of the employee survey (Exercise 3e) and focus group (Exercise 3f), identifying strengths and weaknesses of the current system and making suggestions for the future. Use the phrases in the box to help you.

Useful language

Discussing positive results

The good news is (that) ...

It's good to see (that) ...

I'm pleased to say (that) ...

Discussing negative results

The greatest cause for concern is (that) ...

The most worrying factor by far is (that) ...

It's disappointing to see (that) ...

Giving reasons

This can be explained by ...

The reason for this is (that) ...

It's worth noting (that) ...

Writing a reward strategy

5 a Read this quotation and discuss the questions below.

"What gets rewarded gets done."

- 1 Do you agree with the quotation? Why (not)?
- 2 What kinds of inputs (things that people do) and outputs (results of activities) can an organisation reward?
- 3 What are the advantages and disadvantages of a PRP (performance-related pay) scheme?

b Complete the table of financial and non-financial rewards with the words and phrases in the box.

autonomy bonus flexible benefits flexible working hours leisure card
 participation in decision making share ownership work-life balance

Financial rewards	Non-financial rewards
• basic salary	• training
•	•
• car	•
• medical cover	• pleasant working environment
•	•
• profit share	• career development
•	•

c What are the benefits of non-financial rewards to:

- the employee?
- the employer?

BelleBank Poland's country HR Director, Dirk Wouters, has decided to replace the current PRP (performance-related pay) scheme with a total reward approach. A total reward approach describes all financial and non-financial elements of an employee's reward package. The new approach will be presented to all employees in Dirk's reward strategy document.

6 a Read Dirk's overview of the reward strategy document and decide if the following statements are true (T) or false (F).

- 1 HR used staff comments and suggestions to inform the new strategy.
- 2 Basic levels of pay will increase as a result of the new system.
- 3 In the new system, employees who are on the same grade but who work in different departments will receive the same salary.
- 4 All staff must work the same number of hours in the new system.
- 5 Travel and communication costs will be paid for some employees.
- 6 The new system will be better for employees with children.
- 7 PRP will exist alongside the new system.

BelleBank

Reward Strategy Overview

Introduction

The strategy has been developed through employee consultation. It takes into account corporate objectives of profitability and the desire to foster innovation.

Reward strategy statement

The aim of the strategy is to set out the aims and objectives of the pay and rewards system, the criteria upon which it has been developed, and how the system will be administered. The company will be taking a total reward approach, which incorporates all aspects of reward.

Basic pay criteria

Basic pay levels have been established through research and reference to industry norms. BelleBank will seek to improve its position in the wages benchmarking table through increased profitability.

Grading

Over the next year, the current grading system will be simplified. The number of grades will be reduced, as will the number of spinal points between grades. The company will operate a single spinal column system, with all rates being published on the intranet.

Additional payments

Additional payments will be made to employees who work on national holidays in order to accommodate international clients. Overtime, shift working and special duties will also attract additional pay.

Additional benefits

All employees will receive additional benefits in the form of healthcare and sports club membership. Additionally, some staff will be entitled to a company car, laptop and mobile phone.

Non-financial elements

BelleBank will also seek to develop non-financial rewards in the form of options for home working, flexible benefits and preferred office space.

Attraction and retention additions

BelleBank reserves the right to offer additional incentives to attract hard-to-recruit workers or retain employees in areas where there is a skill shortage. This will be in the form of a lump sum or loyalty bonus.

Performance pay and incentives

The company has decided to discontinue the current performance pay system and is currently investigating an alternative with an employee share option and profit share scheme.

Equality statement

The company will make every effort to ensure that the reward system does not discriminate against any group of employees, and will carry out annual equality audits.