

Performance And Reward Management
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Lecture - 28

**Overview, reward system, understanding total strategic and international reward
(contd.)**

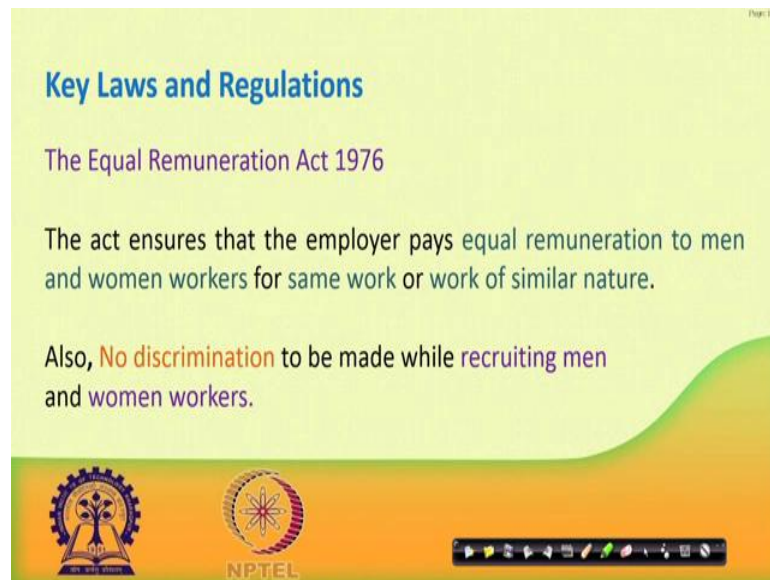
Welcome to the topic on Overview of reward system understanding total strategic and international reward.

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Today the concepts that will be discussed are key laws and regulations, broad brush reward strategy, specific reward initiatives.

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Key Laws and Regulations

The Equal Remuneration Act 1976

The act ensures that the employer pays equal remuneration to men and women workers for same work or work of similar nature.

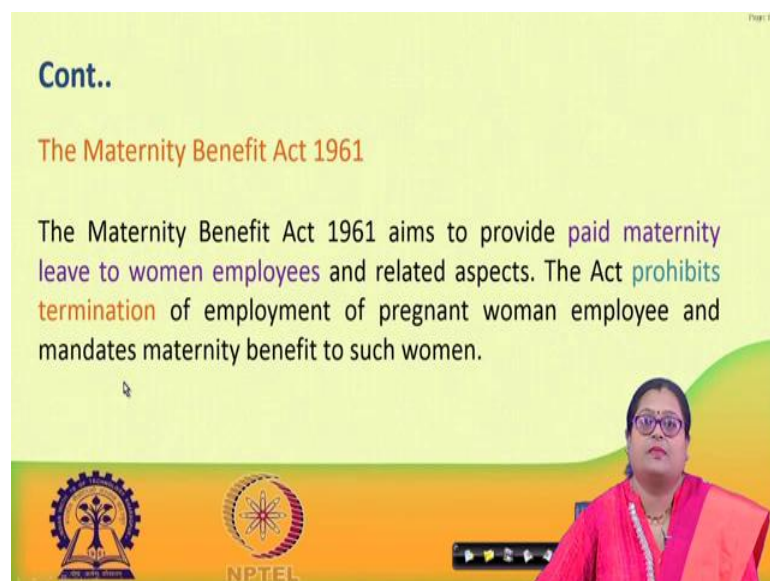
Also, **No discrimination** to be made while **recruiting men** and **women workers**.

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Now, what are the key laws and regulations with respect to the reward system are like the Equal Remuneration Act, 1976. The this act ensures that the employer pays equal remuneration to men and women workers for the same work or work of similar nature.

So, these two words are very important like the same equal remuneration is paid both to men and women for a same work or work feature of similar nature and there is no discrimination to be made while recruiting men and women workers.

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The Maternity Benefit Act 1961

The Maternity Benefit Act 1961 aims to provide **paid maternity leave** to **women employees** and related aspects. The Act **prohibits termination** of employment of pregnant woman employee and mandates maternity benefit to such women.

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The Maternity Benefit Act 1961, it states that like it to provide paid maternity leave to women employees and related aspects. The act prohibits termination of employment of pregnant women employee and mandates maternity benefit to such woman.

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Recently, the act has undergone amendment in 2017, which provides **twenty-six weeks** of leave instead of twelve weeks.

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Recently the act has gone some amendment in 2017, which provides twenty six weeks of leave instead of twelve weeks.

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The Rights of Persons with Disabilities Act 2016

The Act is a very progressive legislation, establishing in unambiguous terms that there shall be **no discrimination** in Govt employment against persons with disabilities. The Act includes private companies in the definition of 'establishment' in Section 2(i), and there is an argument to be made that the '**non-discrimination for promotion**' principle embodied in Section 20(3) may apply to **private entities** too.

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The Right of Persons with Disabilities Act 2016, it takes a very progressive; it is a very progressive legislation which establishing in unambiguous terms like there is there

should be no discrimination in government employment against persons with disabilities. The act includes private companies in the definition of establishment in section 2.1 and there is an argument to be made that the non discrimination for promotion principal embodied in section 20 subsection 3 be applied to private entities too.

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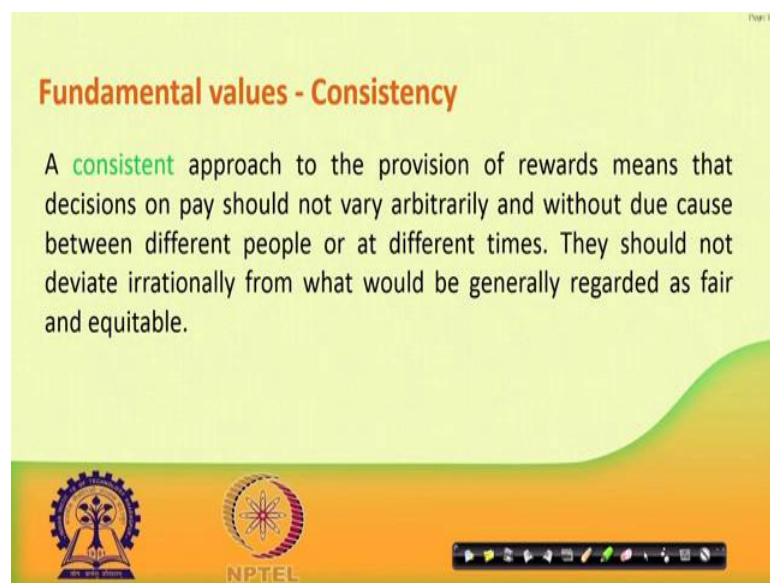


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Therefore, every establishment is required to formulate an 'Equal Opportunity Policy', and every Government establishment must appoint a Grievance Redressal Officer as well .

So, therefore, every establishment is required to formulate and Equal Opportunity Policy and every government establishment must appoint a Grievance Redressal Officer as well.

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Fundamental values - Consistency

A consistent approach to the provision of rewards means that decisions on pay should not vary arbitrarily and without due cause between different people or at different times. They should not deviate irrationally from what would be generally regarded as fair and equitable.

So, we in from the last session onwards we were discussing on certain fundamental values of reward management in which we were discussing about fairness and a this is the acts that we discussed now are in continuation of the definition of the values of equity or like equal treatment equity in terms of employment opportunities, in terms of the rewards given, in terms of non discrimination.

Now, we will discuss the fundamental value of consistency. Fundamental value of consistency tells it is a consistent approach to the provision of reward which means that the decisions on pay should not vary arbitrarily and without due cause between different people or a different time.

They should not deviate irrationally from what would be generally regarded as fair and equitable. So, something which is stable across like different groups of people and across time. So, it is which is not varying arbitrarily and without any due cause between different people sorry and at different times that states the value of consistency.

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Fundamental values - Transparency

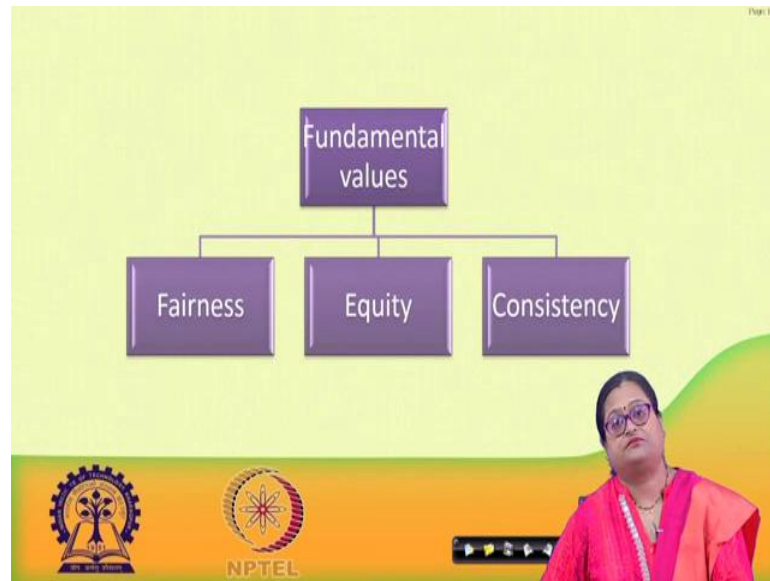
Transparency means that people understand how reward processes operate and how they are affected by them. The reasons for pay decisions should be explained to them at the time they are made. Employees should have a **voice** in the development of reward policies and practices and should have the rights to be given explanations of decisions and to comment on how they are made.

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Next important fundamental value which guides the reward management principle is that of transparency. So, transparency means how people understand, how reward processes operate and how they are affected by them. The reasons for pay decisions should be explain to them at the time that they are made. Employees most importantly should have a voice in the development of reward policies and practices and should have the rights to be given explanations of the decisions and to comment on how they are made.

So, if that is done, if a provision of appeal is done if a provision of voice is there, then it gives a feeling of again involvement in the whole process. The employees get a feeling like my concerns are getting valued by the organization; my views are taking care of and these like leads to the development of commitment and engagement. For that reason employees should have a voice in the development of the reward policies and practices.

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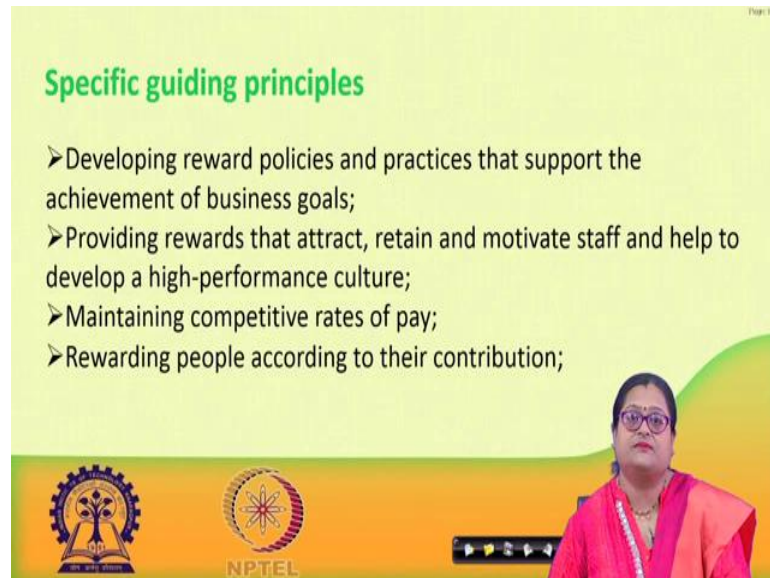
So, till now we have discussed three fundamental values which are on fairness, equity and consistency.

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Fairness also we have discussed consist of two justice; one is the amount that is distributed that is distributive justice and how it is distributed that is procedural justice.

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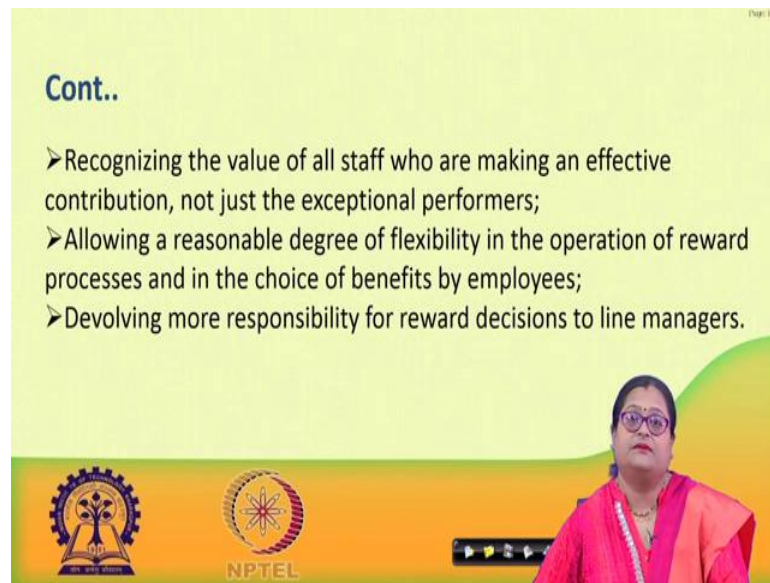
Specific guiding principles

- Developing reward policies and practices that support the achievement of business goals;
- Providing rewards that attract, retain and motivate staff and help to develop a high-performance culture;
- Maintaining competitive rates of pay;
- Rewarding people according to their contribution;

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The specific guideline or the guiding principles for developing reward systems are: developing reward policies and practices that support the development of the achievement of the business goals. Providing rewards that attract retain and motivate staff and help them to develop a high performance culture, maintaining competitive rates of pay, rewarding people according to their contribution. So, that will act as a motivator like if you are rewarding people according to the contributions made by them to the reaching the objectives of the organization.

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A presentation slide with a light green background. At the top right, it says 'Page 171'. The text 'Cont..' is in blue. Below it are three bullet points: '➤ Recognizing the value of all staff who are making an effective contribution, not just the exceptional performers;', '➤ Allowing a reasonable degree of flexibility in the operation of reward processes and in the choice of benefits by employees;', and '➤ Devolving more responsibility for reward decisions to line managers.'. At the bottom, there is a video feed of a woman in a pink sari, and logos for IIT Bombay and NPTEL.

Recognizing the value of all staff who are making an effective contribution not just the exceptional performers. So, we have to understand like all individuals cannot perform the best in the organization, but they can perform to the best of their ability and contribute a considerable portion towards the goal of the organization.

So, it is very important to recognize the value of all staff who are making an effective contribution and not just the exceptional performers. Otherwise they will feel left out, they will feel a sense of lowered self esteem, they may not get motivated again to perform or try to perform in a better way next time.

Allowing a reasonable degree of flexibility in the operation of reward processes and in the choices of benefits by the employees. We have to understand that different peoples have different needs, a different preferences in life and different and over the course of different life stages the preferences of an individual may change also. So, it is very important to give a degree of flexibility to the employee to choose his or her own rewards which is going to answer some of their aspirations or needs and which really acts as a reinforcement for the employee.

Developing more responsibility for reward decisions to line managers; so, because line managers are the one who are regularly observing people, seeing them work, facing the difficulties with the non performers or people who are laggards. So, it is very important like that regarding reward decisions what kind of reward or what is the combination of

rewards to be given to the employees, line managers should be having considerable say and responsibility for deciding on the rewards.

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The Content of Reward Strategy

Reward strategy may be a **broad-brush affair** simply indicating the general direction in which it is thought reward management should go.

Additionally or alternatively, reward strategy may set out a list of **specific intentions** dealing with particular aspects of reward management.

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So, when we are talking of a reward strategy what are the contents of the reward strategy, it may be a very broad brush affair simply indicating the general direction in which it is thought and reward management should go. So, additionally or alternatively reward strategy may set out a least of specific intentions dealing with particular aspects of reward management.

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Broad-brush reward strategy

The basic aim of such strategy might be to achieve an appropriate balance between financial and non-financial rewards.

A further aim could be to use other approaches to the development of the employment relationship and the work environment that will enhance commitment and engagement and provide more opportunities for the contribution of people to be valued and recognized.

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In the broad brush reward strategy, the basic aim of such strategy might be to achieve an appropriate balance between the financial and nonfinancial rewards. A further aim could be use other approaches to the development of the employee relationship and the work environment that will enhance commitment and engagement and provide more opportunities for the contribution of the people to be valued and recognized.

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- Developing a more flexible approach to reward, which includes the reduction of artificial barriers as a result of overemphasis on grading and promotion,
- Supporting the development of a performance culture and building levels of competence,
- Clarifying what behaviours will be rewarded and why

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So, what we see here? The main approach of a broad brush strategy is to developing a more flexible approach to reward which includes reduction of artificial barriers as a result of overemphasis on grading and promotion, supporting the development of a performance culture and building levels of competence and clarifying what behaviors will be rewarded and why.

So, what we find over here in broad brush it is like in overall discussion is made regarding the general directions which will go for rewards and it is also taking into consideration trying to find the mix and match between the balance between the financial and the nonfinancial rewards. And also like it is like how to see develop the relationship of the employees with the work environment and to see the how it focuses towards commitment and engagement and provide opportunities for people to be recognized more.

So, the focus here is more on the like intangible rewards, developing the culture and competencies. So, and then focuses on transparency and clarifying what behavior should

be rewarded and why and developing a more flexible approach in reducing artificial barriers and as a result of overemphasis on grading and promotions.

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Specific reward initiatives

The selection of reward initiatives and the priorities attached to them will be based on an analysis of the present circumstances of the organization and an assessment of the needs of the business

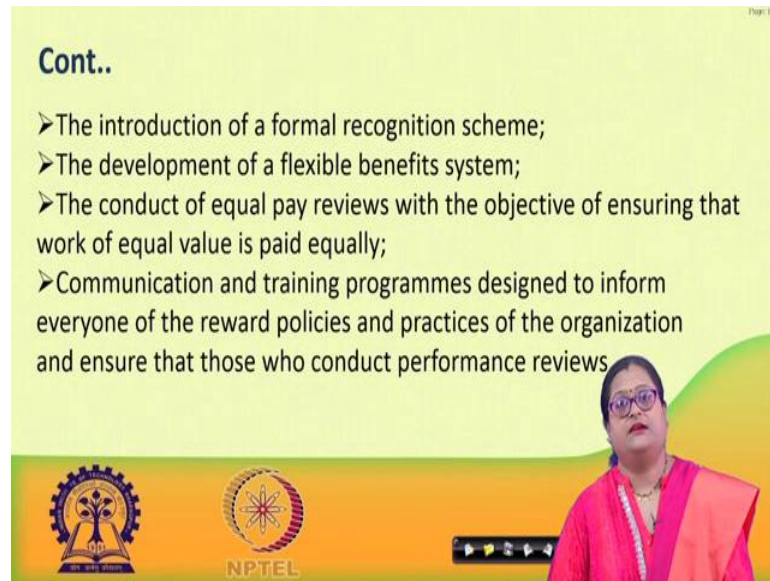
- The introduction of a new grade and pay structure, e.g. a broadbanded or job family structure;
- The replacement of an existing decayed job evaluation scheme with a scheme that more clearly reflects organizational values and needs;

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Now, in compared to that when we come to specific reward initiatives what we find like the; the selection of the reward initiatives and the priorities attached to them will be based on the analysis of the present circumstances of the organization and the assessment of the needs of the business.

So, therefore, what we will see it is based on like the what the organization is the currently running through what the business wants to do, what are its future and where it wants to reach what is the gap. So, in order to do that what is required is a detailed studies and priorities attached to the more important kind of jobs at the critical jobs. So, for this the specified for this specific reward initiatives the introduction of a new grade and pay structure like a broad-banded or job family structure. Replacement of an existing decayed job evaluation scheme with the scheme which more clearly reflects organizational values and needs.

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- The introduction of a formal recognition scheme;
- The development of a flexible benefits system;
- The conduct of equal pay reviews with the objective of ensuring that work of equal value is paid equally;
- Communication and training programmes designed to inform everyone of the reward policies and practices of the organization and ensure that those who conduct performance reviews

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The introduction of a formal recognition scheme, development of a flexible benefit system. The conduct of equal pay reviews with the objective of ensuring that the work of equal value is paid equally; communication and training programs designed to inform everyone of the reward policies and practices of the organization and ensure those who conduct performance reviews are also like they know about these things.

So, when we talk of these two things what we find over here, when you talk of specific reward initiatives these are like giving shape rather to the broad brush strategy when you talk of broad brush its like a some directions are given, but when we talk of specific reward initiatives these are the action steps taken by the organization maybe in order to fulfill whatever is expected in the broad brush strategy.

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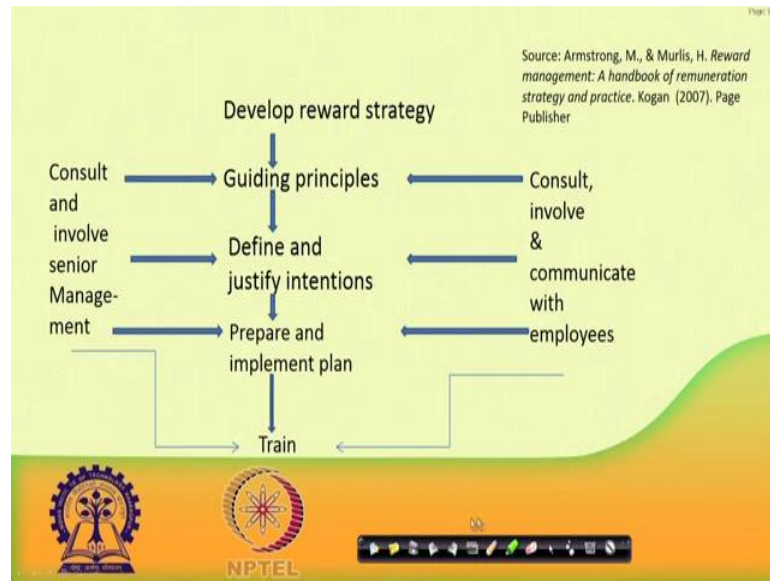


So, what we find over here like in developing HR strategy there are like; if you see the how it moves through analyze present HR and forward policies and practices leads to developing HR strategy, leads to assess needs of stakeholders line managers and other employees. The analyze when you talk of developing HR strategy, each has a feedback from the analyze present HR and forward policies and practices analyze business strategy and business needs also, when these two taken together will help in the development of the reward strategy.

Development of reward strategy is again takes into concern like the analysis of present and forward reward policies and practices and through the developed HR strategy, the business strategy has also a reflection on the development of the reward strategy. And also development of the reward strategy, the needs of the stakeholders different stakeholders line managers and other important employees or other employees it also gives a for like information like for developing the reward strategy.

So, whenever we are talking of developing a reward strategy it takes information, it gets is like data from three sources or it has to take into consideration three aspects what is the present HR and the forward HR policies and practices, what are the business strategy and business needs and based on that what are the new future HR strategies done and what are the needs expressed by the stakeholders and in other employees and these will have a reflection on how we developed the reward strategy.

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So, when we talk of developing the reward strategy, it will lead to the like guiding principles and the guiding principles will justify define and justify intentions and then it will lead to prepare and implement the plan and in order to do that training is required.

So, when on the left hand side you find that whenever we are talking of the guiding principles defining and justify intentions, prepare and implement plan here the involvement of the senior management and consultation with them is on the one side is important. Equally important on the other side is a consulting involvement and communication with the employees where we are getting the views from and like the feedback from both the sources not only the senior management, but also the employees together, the employees from both these sources together will help in formulating the guiding principles justifying intentions and preparing and implementation of the plan and also define in what are the areas training is required.

So, it is a joint consultation and joint sharing of views and reaching to a common consensus about the guiding principles of reward defining and justification of the intentions and preparing and implementation plan.

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References :

Armstrong, M., & Murlis, H. *Reward management: A handbook of remuneration strategy and practice*. Kogan (2007). Page Publishers.

<https://labour.gov.in/sites/default/files/The%20Maternity%20Benefit%20%28Amendment%29%20Act%2C2017%20-Clarifications.pdf>

<http://www.disabilityaffairs.gov.in/upload/uploadfiles/files/RPWD%20ACT%202016.pdf>



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So, these are the references based on which this discussion is made. Any clarification, please free to ask the questions in the forum we will be happy to answer it.

Thank you.