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Reward Management: Strategic tool for High Productivity

Abstract ::

Reward Management is one of the ardent requirement of today's management world. If it is not managed well than all tools of management are futile. It leads manpower to give their best result in their productivity. The concept is somewhat related to Motivation. In this paper I have tried to cite relationship between Reward Management and Productivity and its conceptual functioning in the management

Key words: Motivation, Productivity, Reward.

Introduction ::

Reward Management is the willingness to do something. It including a person to work. It is one of the most important factors increasing efficiency. Reward Management leads employees to put forth their best. Since an increase in productivity is the ultimate goal of organization, management tries to co-ordinate various factor of productivity. In such way that each factor contributes to its maximum efficiency to achieve organizational goal. Non human factor depends largely upon on performance of employees. If employees are not motivated, the best of technology, techniques, method and plans are useless. Reward system exists in order to motivate employees to work towards achieving strategic goal, which is set by organization.

Reward Management – Conceptual discussion::

Different management expert have defined the term 'Reward Management ' in their own words; however, basic contents are the same.

Reward Management consistent of analyzing and controlling employee's financial and non financial benefits.

According to W.Haynes " The interaction of a person's internalized needs and external influences which determine behavior design to achieve a goal."

The above basic definition shows that, Reward Management as an eminent factor in management process which can be utilized for increasing efficiency of the works and that cause results into maximization of productivity in an industrial organization. Thus above discussions forces the following features of Reward Management :

1. Reward Management is to Reward employees Fairly, equally and consistently in co-ordination to the value of individuals to the firm.
2. Reward Management is simply an internal feeling which arises in the mind of a person according to his wantness and thus internal urge of people is influence by external factor.
3. Reward Management is an ongoing incessant process. Because human wants are unlimited and an individual always feels need which stimulate him to work.
4. Reward Management causes goal directed behavior. Because human behavior is pointed towards something to be achieved.
5. Reward Management is an important part of managerial function. Training with low level of Reward Management among the organizational people may occur only very slow level of performance. On the contrary when training is combine with high level of Reward Management , performance may increase dramatically.
6. It is a methodology of getting things done by other.

Variable of Reward Management ::

Reward Management comprises of two variables namely 1. Incentive and 2. Disincentive

1. Incentive:

Incentive is an Inducement of a Reward which is given to a worker for his efficiency and hard work. Incentives motivate and encourage a worker to produce more and better. Incentives are in addition to the job hourly are in (some) proportion to the worker's contribution.

Incentive may be classified as financial and nonfinancial. Financial Incentives involve direct monetary payment of benefit where as nonfinancial once include good working conditions amenities and social benefits.

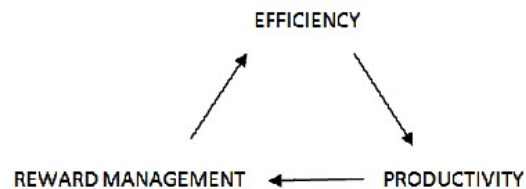
Financial Incentive: Financial Incentives are in terms of money. Money can never be overlooked as a motivator whether in the form of wages, piece work (getting paid for units produced at a certain quality level.) any other incentive pay, bonuses, company paid insurance, children education allowance. Housing allowance, transport allowance etc.

Nonfinancial Incentive: Nonfinancial Incentive include job satisfaction, better and healthy working condition and surrounding, chances of promotion, job security, helpful and co-operative management, respect and recognition in the organization.

2. Disincentive:

It means negative Reward Management which influences the behavior of an individual through a threatened loss. E.g. fear of losing once present jobs, reduced wages, fines, demotion, lay off, discharge, etc.

Effects of Reward Management on Productivity: Productivity has been defined as a utilization of resources in producing a product or services (Gaissey 1993). It has further been defined as the ratio of the output (goods and services) and input (land, capital, employees, management) For increasing productivity, it is necessary to utilize the capacity of the various factors of production in such a way that each factor contributes to its maximum efficiency to achieve the desired goal. An organization production capacity is depend on two important factors. First is the machine production capacity and second is human resources which is considered as active factors. The machine might need Reward Management which in this case would be servicing, required repairing, need grease and oil etc. If machine is in working order that will work but human resources have got some special quality, if they are capable of doing certain things but they are otherwise not willing to do the work, their performance level would not be high. As a result they will not be in a position to contribute themselves to the cherished goal of the organization.



The relation between Reward Management , Efficiency and productivity can be seen as above. Reward Management is influence on efficiency. The efficiency of an organization is seen in its productivity. If employees are motivated ,So their level of efficiency will increase. As a result productivity of organization will also increase. The efficiency is function of the individual Ability (A), Knowledge (K), Attitude(T) and Reward Management (M). This can be mathematically shown as

$$E = M * (A + K + T)$$

The only presence of ability (A) and knowledge (K) or attitude (T) cannot guarantee that the individual will put forth his best effort. There is another factor operation in the situation, mainly Reward Management (M), which finally determines the efforts. Which can reasonably expected from such employee.

Reward Management (M) comprises of two variables namely 1. Incentives (I), that the reasons impelling the employee to put forward his 'best' efforts and 2. Disincentives (D), which is the reason that tends to hold him back from his pick performance.

This can be shown mathematically as

$$M = I - D$$

When combined the above two presentation results in following relation.

$$M = (I-D) * (A+K +T)$$

In an organization at managerial and executive level Ability (A), Knowledge (K) and Attitude (T) is higher then workers Levels. So, Small factor of Reward Management results in a faster change in performance. For lower level employee having ability (A), Knowledge (K) and Attitude (T) lesser then former needs. So, high factor of Reward Management should be required for faster change in performance.

The factors which may act to promote Reward Management to the workers are not likely to be the same as in case of the managerial personnel, Family and social background, level of education, aspiration and growth avenues in the organization create distinction between the expectation of managerial personnel and that of the workers.

There is a common tendency in our country, for the average wage to be lower in industries. They are generally in debt greater part of their working life. Most of them are born in debt, live in debt and will die in debt. Their low standard of living so that pay and allowances are the most important factor for Reward Management and performance of workers. The nonfinancial incentives like working condition, health, psychological and emotional satisfaction, status, quality of the work, etc. motivate workers to do his work. Ultimately both factors help to increase productivity in the organization.

In case of managerial person job security, Implementation of their suggestion. Promotion opportunities, Prestige of the organization outside the company etc. are the nonfinancial key factor of Reward Management . Financial Incentive like adequate income is also important factor for managerial person. Ultimately both factors help to increase productivity in the organization.

Conclusion::

From above discussion we can conclude following results.

At the managerial personal and workers level the factors of Reward Management are some what different due to family and social background, level of education, aspiration and growth avenues.

Higher ability, knowledge and attitude may result in a faster change in efficiency with the Reward Management factor remain constant.

Ultimately Reward Management affects the efficiency and efficiency is one of the factor which affects the productivity.

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