Part IX

Rewarding People

Rewarding people involves reward management processes concerned with the design, implementation and maintenance of reward systems that are geared to the improvement of organizational, team and individual performance. It includes both financial and non-financial rewards. The US term 'compensation' is sometimes used as an alternative to reward but it seems to imply that work is an unpleasant necessity for which people have to be compensated rather than spending their time more profitably elsewhere.

Reward management is treated in this handbook as very much part of an HRM approach to managing people. The essential features of this approach are that it:

- supports the achievement of the business strategy;

- is integrated with other HRM strategies, especially those concerning human resource development;

- is based on a well-articulated philosophy – a set of beliefs and assumptions that are consistent with the HRM philosophies of the business and underpin the ways in which it proposes to reward its employees;

- adopts a 'total reward' perspective that recognizes that there are many other and possibly more powerful ways of rewarding people besides financial rewards;

- appreciates that if HRM is about investing in human capital, from which a reasonable return is required, then it is proper to reward people differentially according to their contribution (ie the return on investment they generate);

- focuses on the development of the skills and competencies of employees in order to increase the resource-based capability of the firm (pay for competency or skill);

- is itself an integrated process that can operate flexibly;

- supports other key HRM initiatives in the fields of resourcing, employee development and employee relations.

Part IX contents