



# Reward Management

58 Cathedral Street, George Central, George, 6529

T: +27 (0) 44 874 4256

E: [info@alfaomega.co.za](mailto:info@alfaomega.co.za)

W: [www.alfaomega.co.za](http://www.alfaomega.co.za)



# Motivational Reward

## 1. History

In 54 B.C., Caesar formalised the Roman army's salary programme. In order to retain top talent, he tripled the pay of his centurions. Three years later he adopted an incentive scheme, allocating supplementary bonuses in lieu of booty after successful campaigns – 50 denarii for every legionnaire, and 500 for every centurion.

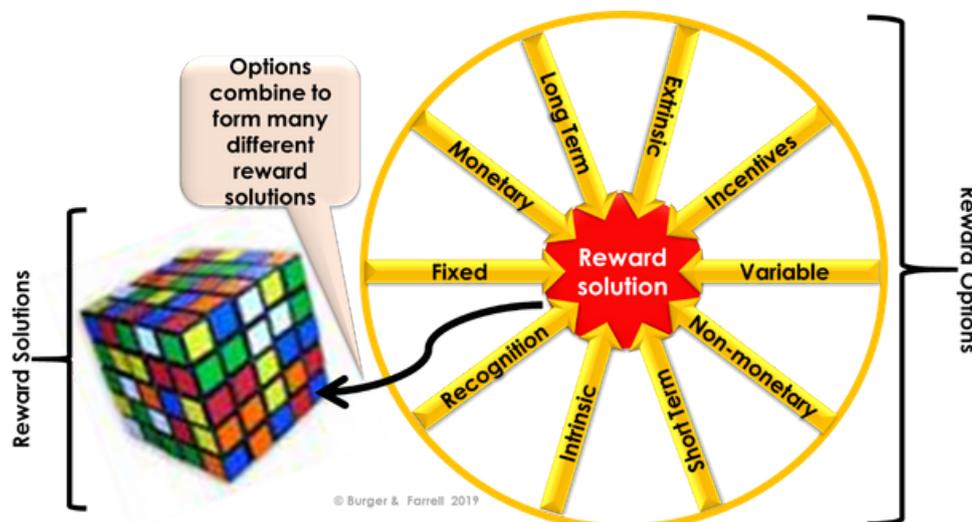
For the past two thousand years, kings, generals, and others in power have used pay to encourage the accomplishments of an end result. What has however evolved over time is a stronger and more explicit link between reward and the goals and performance of the enterprise (Adapted from: F K Foulkes (ed))

## 2. What's Changed?

The aim of reward (pay, compensation, remuneration), namely, to motivate and reward employee behaviour aligned to organisation priorities, has remained. What has changed is the globalisation of the workforce, severely impacting the pay of senior / executive levels and scarce talent in general. Skilled talent is in huge demand and in short supply, putting reward practices under pressure. This demands innovative solutions to retain scarce talent and to motivate high performance. A skilled reward specialist, with access to the large number of reward options available, can now combine these options into countless innovative reward solutions (see Figure 1 below) to suit the specific requirements of a organisation.

Causes of a failing performance management system is often found in how it has been implemented, managed and maintained. By conducting focus group sessions with employees at various levels in the organisation and having them answer 16 diagnostic questions, the causes can be isolated and addressed.

Figure 1: Reward Options and Solutions





## 3. Four Critical Questions

A fully functional reward system has to answer the following four questions:

### 3.1 What are We Aiming At?

The reward strategy, developed from the organisation and people strategies, answers this question. It consists of an overall reward objective and several specific objectives.

Although the reward strategy is not the only component of the reward system that should be aligned with the organisation's strategic business objectives, it certainly has the potential to make change happen. Organisational change depends on changed employee behaviour, and changed employee behaviour is largely motivated by incentive and recognition strategies as well as monetary rewards

### 3.2 What Will Guide Us?

This question is answered by the reward philosophy which contains an overall philosophy statement and principles

A reward philosophy consists of a set of beliefs which underpins the organisation's reward strategy, governs the reward policy and provides the foundation for the guiding principles which determine how the reward processes operate. These principles furthermore reflect the Company's long-term strategy and the core values of the organisation.

### 3.3 How Will We Govern (Manage) It?

A well-constructed reward policy enables the efficient management of the entire reward system. It governs the Company's reward practices, processes and procedures - prescribing what should happen and when. Along with the Company's reward philosophy and principles, it aims to engender consistent and fair reward decisions - thereby enhancing the execution of the Company's strategy.

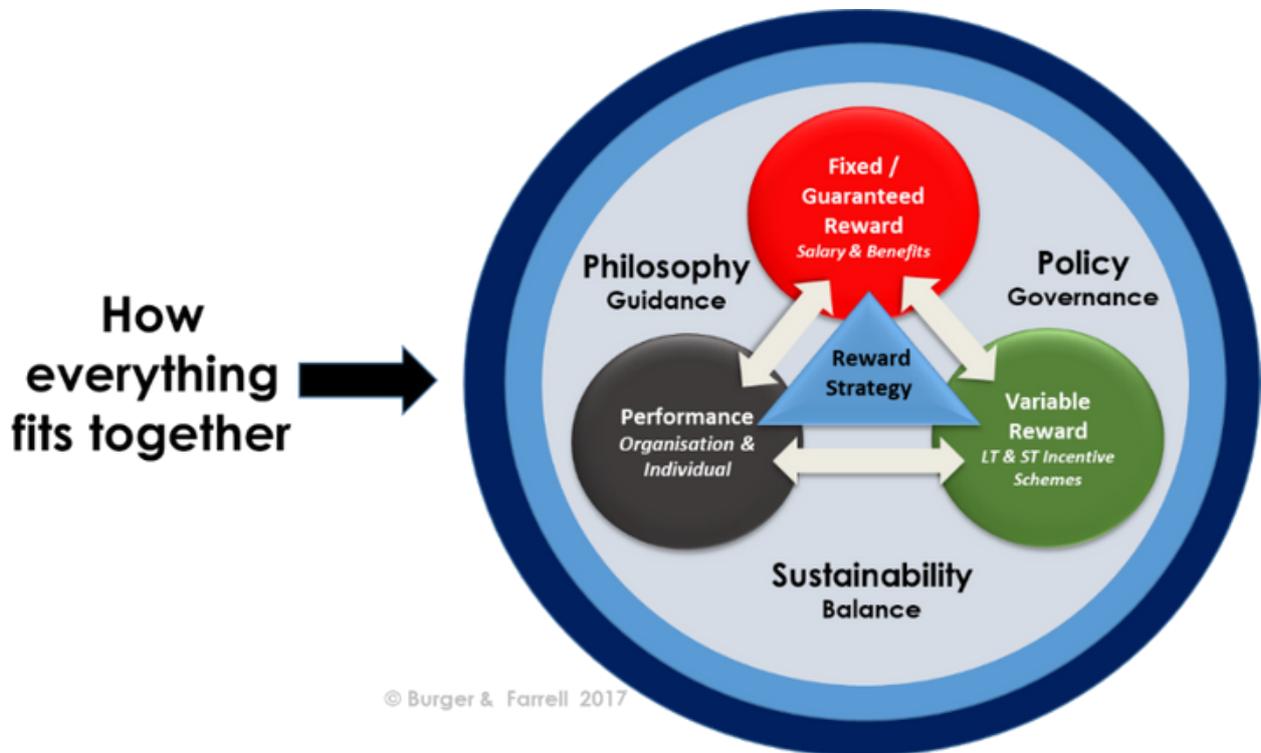
### 3.4 How Does Everything Fit Together?

The reward model consists of all the elements of the reward system and portrays the Company's approach to reward management. It provides a clear integrated view of what the Company employs to remunerate employees, how the reward system is guided and governed, what influences the reward decisions and how everything fits together. It furthermore emphasises the importance of affordability and long-term sustainability.

Figure 2 below portrays a typical reward model



Figure 2: Reward Model



## 4. A Fair Return on the Reward Rand Invested

For a Company to ensure a fair return on each reward Rand invested, it is essential that the four questions above are answered comprehensively by taking the specific requirements of the Company into consideration. Once this is done, everybody should be educated on the working of the reward system so that all employees know what is valued by the Company and how they will be rewarded.

Furthermore, decision makers must fully understand how the reward system works, so that they can manage rewards in such a way that it motivates employees and that reward decisions are unbiased and fair.

We welcome any related enquiries.

Dennis Farrell (Dr)  
dennis@alfaomega.co.za  
082 453 5840

Murray Burger  
murray@alfaomega.co.za  
082 453 5350