

CONTEMPORARY REWARD PRATICES AND BENEFITS FOR THE HANOI HAT COMPANY

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Introduction

There is no universally accepted definition of employee engagement. However, when the word engagement is mentioned, some popular themes come up: involvement, collaboration, performance, motivation and commitment amongst others. The applications of the themes are subjective to the employer or organization. Employee engagement is more than motivation and job satisfaction. It is a combination of commitment to the organisation, its values and a willingness to help colleagues (CIPD, 2019). This report set out to suggest required reward practices that will increase employee engagement as well as convince the line managers of the benefits of these rewards. Several strategies like mandatory training were proposed, with benefits such as higher productivity linked to the reward practices.

Mone and London (2018) further state that an engaged employee feels committed, involved, passionate, empowered as can demonstrate these feelings whilst executing his job responsibilities. The above authors created a six-facet model of engagement to measure employee engagement:

Involvement - (feeling engaged, challenged by the job, excited to perform your best and an optimistic feeling regarding the future)

Commitment - (being committed to a lengthy career with the organization as well as their success, and always working with a high-level focus)

Meaningfulness - (Works has a lot of meaning to the individual as well as finding ways to increase the success profile of the company)

Empowerment - (feeling empowered to work, and having access to requisite resources needed to be productive and effective)

Manager support - (Having a caring manager who is concerned about your career development, provides adequate training to support the job, recognizes your contributions and values your contributions)

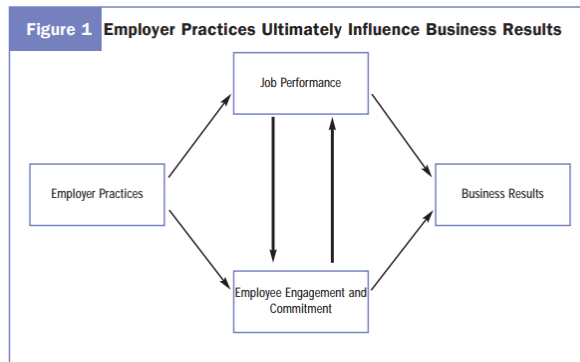
Loyalty - (The intention to remain with the company, the ability to recommend your company to another as a suitable place to work)

Bridger (2018) opines that the importance of employee engagement is not only on improving people's experience of work, but also improving the performance of the organization.

Reward practices

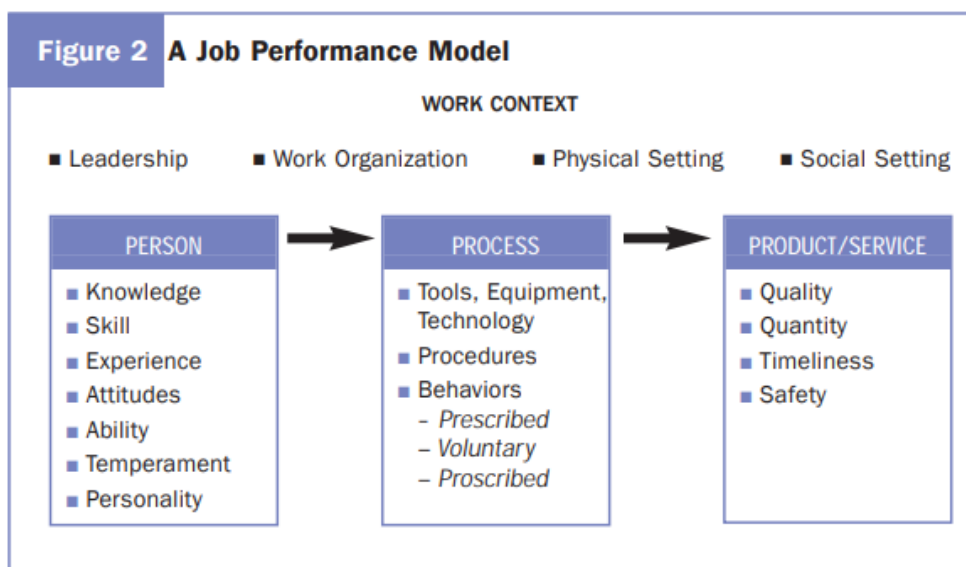
'Reward Management is concerned with the formulation and implementations of strategies and policies that aim to reward people fairly, equitably and consistently by their value to the

organization. Reward Management consists of analysing and controlling employee remuneration, compensation and all of the other benefits for the employees. Reward management aims to create and efficiently operate a reward structure for an organization' (David et al, 2015:2). Juneja (2017) states that reward practices are connected with performance.



The connection between employer practices, employee engagement and positive business results (Vance, 2006)

To engage workers and gain from their engagement, a company will need to invest in its human resource practices. For example, an individual has certain characteristics like being knowledgeable, having a particular temperament and personality. These idiosyncrasies are what they would use to fulfil work behaviours according to organizational procedures. The work behaviours conversely bring about the products and services that will bring about business benefits (Vance, 2006).



Types of rewards

There are different ways employees can get rewarded for their efforts towards an organization. Some of them are listed below:

Extrinsic rewards: these can be classified as rewards that are seen and felt (tangible). They are usually given to employees by their managers. Some of these rewards include fringe benefits, pay raises, bonuses, promotion, amongst others. The name extrinsic is given to this category because they are external to work and they can be controlled and manipulated by people. This type of rewards is important for employees as most people accept job offers based on what the position is offering (Thomas, 2009).

Bonuses: these are specific rewards that are given to an employee to motivate them to increase business profits or create more business opportunities for an organization. They are also used to appreciate exceptional accomplishments (INC, 2020).

Pay: Companies are responsible for creating a good payment structure for their employees. This is a reward for their contribution to the achievement of the organizational goal (Bajracharya, 2018).

Benefits: These are services employees get in exchange from their relationship with their employer. This is a way of ensuring the employees are kept motivated long-term by providing them with certain levels of security relating to their health, welfare, retirement amongst others (Franco-Santos and Gomez-Mejia, 2015).

Intrinsic rewards: These are based on the valued experiences an employee receives during the dispatch of their duties (Franco-Santos and Gomez-Mejia, 2015). Baksi (2014) goes further to say that the resultant effect of intrinsic rewards comes from job enrichment, which involves updating work processes and environments to create more satisfaction for the employees. Therefore, it can be said that this type of reward accounts for feelings of satisfaction gotten from the completion of a task (Bajracharya, 2018).

Sense of achievement: A lot of effort is put into the completion of a work task and this in itself gives off a good feeling of accomplishment (Bajracharya, 2018)

Appreciation from managers: Employees have a sense of fulfilment when their line managers appreciate them for a job properly executed. This takes more effect when it is done publicly amid their colleagues (Bajracharya, 2018).

Mastery of knowledge or skill: Employers can set up training opportunities for their employees to learn new skills and gain advanced knowledge. Employees who are opportune to partake in these training exercises usually have a sense of fulfilment as the skills obtained gives them an edge over other colleagues (Indeed, 2020)

Performance-based rewards: These are rewards given to employees as a result of their performance in the organization. They are usually given in the form of commissions, group bonuses, play plans amongst others (Medhi, 2020).

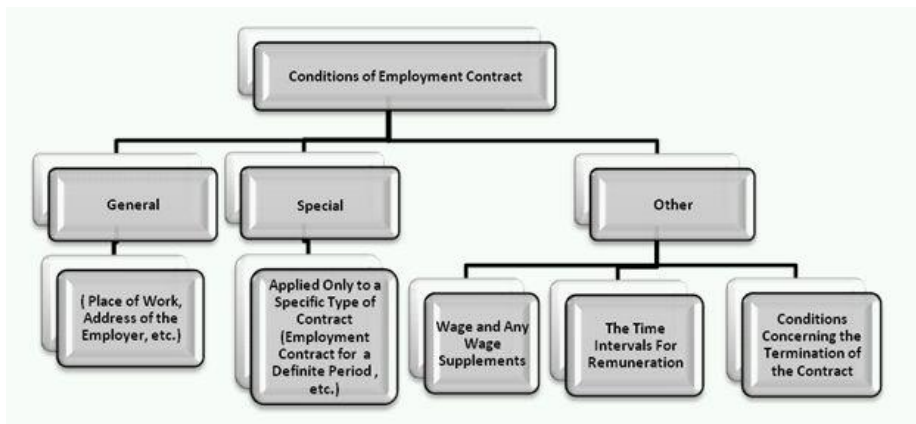
Contemporary reward practices for employees in the Hanoi hat company

Based on the description of the cutters and the ways they have been working, a number of reward paractices can be adopted to ensure the employees for them to be motivated and feel engaged at work.

Introduction of contracts of employment

One of the steps to get the cutters more engaged will be to introduce work contracts. These contracts will be drafted with the specific job descriptions that the cutters will be embarking on. Since they are cutting hats, the contract needs to state the specific hours or shifts they will be working, the benefits they are entitled to (health insurance, premium pension scheme), their monthly wages, and whether they are working part-time or full-time. Pollock

(2018) further buttresses this by saying work contracts helps an organization save costs, reduces risks, sets standards and protects sensitive information. Asides these advantages, the cutters will have a feeling of belonging that their efforts are being recognised and they can be more dedicated and produce greater results. This can further be linked to the resource-based theory of human resource management which states that employees are rare valuable resources who give an organization the competitive edge they use to maintain relevance (Aljanabi, 2018).



Types of employment contracts

(Simonyte, 2011)

Mandatory training

Once the employees have been issued contracts of employments according to their availability, the next reward practice will be to ensure they have different levels of training on what is required by the international sportswear company to boost production. There will also be other generic pieces of training relating to the cutting industry to prepare them for future cutting contracts. These training will be compulsory for all employees to keep them up to date with the latest technology and trends within the industry. Indeed (2020) states that training programs help increase the skills and knowledge-base of employees so that they can be up to date with the numerous advances within their industry. Information gotten from the pieces of training will greatly increase the productivity of the employees as well as increase profits for the company. This can be further linked to the human capital theory which states that people are valuable assets and the greatest investment ever is to invest in human capital (Aljanabi, 2018).

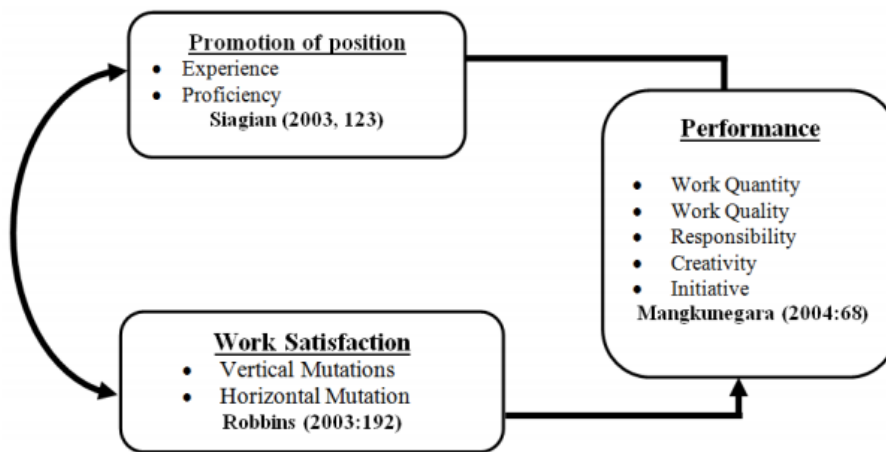


Value of Employee Training and Development

(Associum, 2018)

Promotion

Another reward practice that can be introduced is promotion. These employees have seen themselves as cutters for a long while. However, they can be informed that there is the opportunity to grow in the organization from a cutter to a supervisor and possibly a line manager. This will motivate a number of them to put in their best to be able to climb up their career ladder. Bajracharya (2018) also states that some workers might be performing averagely, while others may be giving it their all and those who are noticed to give their best can be promoted – this is also linked to a greater status amongst colleagues, more pay and power. This can be linked to the reinforcement theory which focuses on improving employee behaviour by using different types of approaches, like positive reinforcement



Influence of promotion and job satisfaction on employees

Staff recognition

Employees within the cutting department can also be recognised every month for their extraordinary effort during the month. This will naturally motivate other employees to be more productive to be recognised as the staff of the month. If implemented properly, this can be advantageous to both employer and employees above monetary rewards (Bajracharya, 2018). This can be linked to the AMO (abilities, motivation and opportunities) theory which states that employees may be competent and motivated, however, if they do not have the opportunity to showcase their competence, then this may affect their output (Aljanabi, 2018).

Benefits of reward practices in an organization

To ensure the above-listed reward schemes are implemented properly, the line managers need to be a part of the vision and understand how the reward practices will be beneficial for both the organization and the employees. Kelly (2018) believes that employees react positively to being appreciated in different ways, especially when it's a recognition of their efforts as well as the fact they feel valued with being part of the company.

Productivity

Members of staff who feel engaged are more productive, work more efficiently and are quite proactive in their deliverables (Kelly, 2018). Once the employees know that they have a chance to be publicly recognised at the end of every month, it can be said that there will be a considerable increase in their productivity levels. Grewar (2018) also states that employees are more likely to produce quality work if they know rewards lie in wait for them.

Low employee turnover

Once employees are satisfied with their terms of contract and working conditions, there are unlikely to leave the organization thereby reducing the overall staff turnover. This in turn will help the organization benefit from increased sales and productivity. In addition to this, the company gets to save resources like time and money trying to rehire to fill vacant positions as well as training them according to job specifications (Chris, 2016).

'Instead of offering here-and-now rewards for single pieces of good work, a sophisticated reward management system will promote consistent good work over some time. That's where the 'management' comes in. You don't just fling freebies at your employees, but think how to best attach them to long-term goals, thus breeding a long-term outlook' (Grewar, 2018).

Kelly (2018) further states that high staff turnover may result in low work morale which may cause employees to want to look elsewhere. The time required to find and train new staff affects utilisation and the fiscal costs are high, so retaining staff has to be a priority. The provision of rewards gives employees a tangible reason to stay.

Controlled expenses

The long-term and comprehensive scope of reward schemes allow an organization to produce relatively accurate estimates of how much is spent on an employee which can be charted across the years. When rewards practices are put in place by a company, this helps them envisage the number of funds that not only fits the purpose of the finance department but also helps them to plan the projected growth of the organization. However, as the organization financial portfolio begins to expand, then they can reward the employees by either giving bonuses, increasing salaries or using other financial motivational techniques (Gish, 2016).

Company reputation

River (2020) states that as the portfolio of an organization increases, so will the human capital go up. Due to the reward systems put in place by the Hanoi hat company, there is a high possibility that the reputation of the company will be increased as the employees by word of mouth will share with their network how they feel valued within their place of work. When the time comes for the company to employ new hands to join the team, the reputation of the company will mean that outstanding candidates will be the ones applying for jobs. People want to work with organizations that make them feel valued and appreciated, employers that have long-term investment plans for their employees. The top candidates that apply for positions within the production department can also help the company expand and reach new unforeseen heights. Grewar (2018) further adds that reputation influences many aspects of a business. One of the more important fields of influence is on clients. Bad employers can find it harder to convince a client to trust them if they know the company's employees don't. Reward management, therefore, can be a key way to engage employees, contributing to a positive reputation.

Conclusion

This report set out to recommend reward practices that would keep the employees of the Hanoi hat company engaged as well as help the line managers understand the benefits of suggesting the above. Some reward practices like promotions, pieces of training and development amongst others were listed as well. The resulting benefits of implementing these employee engagement strategies will be more productivity as well as low employee turnover. All these if properly implemented should bring about positive growth for the organization as well as creating an engaged workforce. The line managers should learn to be open-minded about these changes as the company is bound to succeed even more, without their jobs being taken away from them. Another recommendation would be that similar reward practices should also be implemented for members of staff, not only the cutters within the production department as this may result in some kind of favouritism and continue to discourage the line managers. This can also be associated with the resource-based theory which sees people as valuable resources; therefore, the line managers should also feel valued and appreciated for the efforts they put in to make sure the cutters deliver as at when due.

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