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Abstract

This report is about human resource management (HRM) and how effective HR policies could impact the Hanoi Hat Company's employee satisfaction which has been affected by the requirement for their employees to develop new skills by reducing their productivity which in turn has degraded their wages. The current organizational structure is simple as there is no HRM system in place due to which the line managers hold a lot of power over the employees and the corporate structure which they're not prepared to relinquish to a specialist HR manager as it would dilute their influence over the organisation on the whole. It is this narrow minded archaic mindset that the General Manager is pitted against when she has to persuade them to appoint a specialist HR Manager so that the company may tide over the impending crisis it is facing. This scenario implies the changing work circumstance for people in current associations and scientists from the undertaking field and the HRM field of exploration have highlighted potential ramifications that such situations may have for HRM. This theory investigates this zone through a blend of various near, and single contextual analyses of venture based associations. The examinations target recognizing and dissecting the progressions and difficulties for HRM in this setting zeroing in on remunerations being

one of the key switches accessible to an association to impact the conduct, inspiration and the responsibility of its staff. Truth be told, the general way to deal with remuneration sends solid messages to all representatives about what is significant for the business. There is no single "best practice as far as remuneration, just a best practice for the particular association given the factors affecting it.

Introduction

Human Resource has been observed to be the most significant aspect of every corporation and it always follows clear objectives that need to be followed in order to achieve the expected goals set out for the organization. This could also be the means to motivate the employees working in a company by fulfilling their requirements namely motivation, redressal of grievances, corporate trainings and recruitment. Reward Strategy defines the intentions of a conglomerate how its rewards and recognition policies and processes should be designed to suit business prerequisites and all the devices accessible to the business that might be utilized to attract, motivate and retain employees (Michael Armstrong, 2007). The promotions include everything the employees perceive to be of extrinsic and intrinsic value resulting from the employment relationship. A powerful reward and recognition strategy balances theoretical and operational objectives, guaranteeing that transient activities don't wind up refuting long haul openings so the aggregate can pull in, hold and inspire the nature of representatives it needs - with the vital aptitudes, experience or with the possibility to build up these abilities needed to accomplish its objectives. The relationship between the entrepreneur and the worker is basically controlled by the acknowledgment and motivators paid out to the last mentioned, so it is rationale that improper acknowledgment and impetuses could disappoint the staff, while powerful compensation methodologies would rouse them accordingly. It is the duty of a company to build up a legitimate impetus intend to develop and hold together a driven workforce (Bailey, 2019).

Current Reward Practice at Hanoi Company

The current rewards and recognition program followed by the Hanoi hat company is referred to as the performance-based pay which involves compensating employees based on the level of their output. (Bailey, 2019) The company is primarily into hat manufacturing and pays their workers for the numbers of hats that they manufacture

which has been their long standing traditional incentive strategy which depends on the possibility that workers would perform better if they are paid as per the amount of output they bring about (Nankervis, et al., 2002). The general understanding is that by directly linking the worker's income with level of output the company is able to drive the laborers towards higher manufacturing goals with the simple understanding that percolates down to the employees that in case their level of output drops so does their monthly wage (Suhandini, 2019). However logistically and theoretically speaking the effectiveness of this strategy has always been questionable because it has always been known that the output of a corporation depends on the endeavors of the workers as well as on numerous other inward and outside elements factors one of these factors being upskilling. If the workers need to be trained on different types of machines and skills in order to produce different types of merchandise then this would automatically impact their ability to produce the same amount of output which would in turn demotivate the laborers as it would have an immediate impact towards reducing their income (Lardner, 2015). As a result of the above argument it is very clear that the performance based rewards and recognition scheme becomes ineffective as far as keeping workers motivated. It has been observed that employees tend to show greater enthusiasm towards achieving the corporation's goals when these targets are set to match the performance and level of skill that they demonstrate. This theory further expounds that in order to achieve a high level of employee performance the goals set up by the Corporation need to be realistic, achievable, specific and challenging (Kinman, 2019).

Developing Reward Strategy

In my opinion rewards and recognition of the employees are very important for a company and must be broadly aligned with the vision and the strategic goals of the company. The rewards and recognition strategies must be designed in such a way that the corporate strategy is successfully transformed into a viable and operational plan for the conglomeration. The development of the rewards and recognition strategy has to be done by issuing short term incentives, long-term incentives, performance-based bonuses and by performance management and attempting personal development of employees by up training the ones who require it (Michael Armstrong, 2007). The above are the kinds of rewards strategies that could be introduced in the above mentioned Hanoi Hat company.

Paying for Performance

The policy for distribution of rewards should make sure that there is a marked difference between what is paid out to the top performers and the others who do not. The mixture of rewards being meted out needs to be devised in such a way that the preferences of different classes of employees need to be addressed so that the rewards could be

useful to them and in turn appreciated by them thus leading to better performance from the workforce in the future. Rewards and recognition which are given out as an entitlement and are not linked to performance could prove detrimental to the progress of a company and could also be a negative motivation for the workforce. As long as top performers are given preference as far as salaries, increments and incentives, it will make the other employees in the workforce work harder in order to achieve the same (Pulakos, 2004).

Total Reward

A popular modern day incentive plan that is regularly used in the industry is the total reward plan which incorporates a Holistic approach towards determining the rewards and recognition to be meted out to the deserving employees (Tom Redman, 2006). The total reward plan consolidates the components of conventional reward practices with the contemporary requests looked by the workers, for example, professional success openings, the requirement for acknowledgment and other inborn assumptions that create with time. This additionally remembers joining fixed rewards with variable compensations for request to offer the workers an attractive impetus plan which could inspire representatives who want more and are prepared to put in additional efforts.

Proper incentives and rewards that are meted out to the employees could harbor many benefits for an organisation, namely increasing flexibility, reducing costs, having better chances of recruiting good people as these policies would attract the best of the talent in the job market and would also help the cooperation in retaining their best and productive workforce and hence enhance profitability (William P. Anthony, 2001). Maintaining such a strategy compliments an organization's strategies and objectives and hence is popular among most organizations.

In the above case situation examined of the Hanoi hat company, the total rewards remunerations include paying the representatives a fixed compensation, alongside a money benefit sharing plan and remunerating them for the endeavors that they have put resources into request to learn new aptitudes and methods to finish a new work request got by the company which require a different skill set from the one they had been employing earlier (Bailey, 2019). This kind of a strategy would help in boosting their motivation at work and they would be most likely be stimulated enough ignore any reduction in their wages due to the different nature of their newly received order for which their original skill set does not suffice.

Importance of fixed salaries in the total reward system

Employees for the situation study are the staff straightforwardly engaged with the production process of the Hanoi hat making company and the company needs to offer them fixed wages rather than performance based or a unit based income as fixed wages would benefit both the organisation and the employees (Kinman, 2019). The direct consequence of the above would be that the organisation would be in the position to build a fixed budget to be paid to the workforce throughout the accounting year and the employees would also be a sure that they would get a certain fixed amount of salary paid to them at the end of every calendar month. This kind of a fix pay policy would help the employees as they would feel more monetarily secure and hence the relationship between the company and its workforce would improve due to this (Lardner, 2015). One of the most important reasons that has been detected for a certain level of dissatisfaction in the labor force of the company in question is that the workers have experienced a drop in their monthly wages and this could have been avoided if they had fixed salaries as this would ensure that their salaries would not have gone down due to the uptraining required in order to hone in their skills that would be required for them to generate the new order received by the company (Lardner, 2015). However it is important to note here that even though a fixed wage would act as a motivator for the employees as their wages would not go down if their output is reduced, however it would also not be a positive motivation for the employees because they would not get more money even if they worked harder to achieve better targets for the company (Kinman, 2019). The above being said it should also be noted that wages are a basic necessity for the employees which if left unfulfilled could lead to certain dissatisfaction with the company policies thus resulting in a definite higher employee turnover.

Importance of profit sharing in the total reward system

A profit sharing plan if initiated by the corporate is one of the best ways to maintain happiness and productivity in the work force because it directly links the laborer's efforts with the profits that they are generating for the company as a consequence of which the employees are automatically incentivized to work harder and end up producing better results for the business which in turn ensures that they themselves make more money. The inference being that productivity increases when employees are paid in proportion with the profits that the company is reaping rather than just being paid for the time that they spend on the job (Freeman, 2016).

It has been known and observed that sharing the company's earnings with the employees generally gives them a sense of belonging because they feel that they are not only a part of the workforce but also stakeholders in the company thereby making them more responsible towards the success of the company and the financial games associated with it. This concept of part ownership gives the company culture a sense of equality and care and it also displays that the employer is genuinely interested in the

employees as members of the corporate family rather than considering them as just workers in the company (Freeman, 2016). It has also been observed that satisfaction could be improved by up to 15 percentage points by giving the workforce a small amount of educational allowance that they can invest in their own development which could be helpful in their progress in the company and it has also been noticed that employees have expressed the desire to be allowed to trade their unused holidays for monetary compensation which could actually save the corporate good money and profit the employees as well (Suhandini, 2019).

Effort-Reward Model

The effort-reward model suggests that incentives paid to employees should take into account the efforts the work force has invested in order to ensure peace of mind for the employees. When the invested efforts exceed the direct amount of income or when the income does not justify the man hours invested then the employees could think that they've been exploited by their organization, which could lead to a lack of loyalty towards the organization, poor performance, and a lack of commitment towards achieving the organization's projected goals (Bailey, 2019).

With reference to the given case study, if the Hanoi Hat Company has to reward its work force for their efforts then it should also reward them for the time spent on learning the new technology and methods required to manufacture a more advanced line of products (Suhandini, 2019). These rewards do not necessarily need to be materialistic benefits and could also be intrinsic rewards as well. For example, appraising an employee's learning abilities and his or her contribution and efforts towards achieving the goals set by the company as far as outputs are concerned especially after investing in training them on the new techniques required to do so, and their commitment towards learning ought to be boosted with appreciation from the administration, positive criticisms and acknowledgment from their line administrators. These non-materialistic rewards further help the level of motivation among the representatives

(Robert Konopaske, 2017)

Short term incentives

Variable pay is an essential component of any strategy developed by the company in order to ensure that it does justice to the efforts invested by its employees in order to help it achieve the goals it has set for itself. Not only are they a way of expressing and recognizing work well done but also can ensure highly competitive earnings when related to the competition in the market (Lardner, 2015). Though fixed compensation

levels expand the fixed month to month overheads of the organization and cannot easily be decreased, variable compensation is more adaptable and could be adjusted to potential changes in individual and company execution and budgetary requirements. The blend of a sensibly serious compensation (rather than exceptionally serious), and an aggressive incentive scheme could motivate a good performance from the workforce and ensure that the company maintains an optimum payroll budget which is important for ensuring the company's long term wellbeing (Martocchio, 2005).

Conclusion

After going through a total study of the long term and short term incentives that need to be given to the workforce of an organization that needs to compete in the market and keep evolving with new technologies on a regular basis, we come to the conclusion that for a company like the one that we had taken up in the case study namely the Hanoi hat company, needs to employ a mediocre fixed wage system combined with a variable incentive system on the per hat production. They have to keep in mind that as the workforce needs to be untrained to stay in touch with the new technologies required to produce their requirement as contracted with the buyer, the employees need to be reimbursed for the training period so that they don't get the feeling that they have been cheated by the organization as they would need to invest that training time in the organization. Hence a combination of fixed wages, variable incentives and a training period allowance combined with appreciation for top learners and top producers, need to be Incorporated in order to ensure that the workforce stays happy and productive for the organization so that they would continue to produce for the organization as required so as to meet the organization's goals as set up by the organization and its clientele.

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