

EMPLOYEES **FEEDBACK** & REWARD SYSTEM

ABM **MODULE B** HRM CHAPTER 13 By Ashish Sir

- organizations make **efforts to obtain feedback from the employee** on various aspects of HRM.
- Information is gathered both **formally and informally** about the attitude and satisfaction of employees.
- This is useful for management **to understand the Expectations of the employees** and to fine tune the personnel policies and human resource development initiatives.

At **formal level information** is collected through well designed questionnaires, psychological instruments, suggestion schemes etc.

At **informal level information** is gathered through discussions with the representatives of employee, observation of managers and superiors based on the behavior pattern of the employees.

FEEDBACK THROUGH CLIMATIC SURVEY

A **climate survey** is a tool that organizations use to understand employees' perceptions about the work environment and culture within the organization.

It helps identify areas for improvement and creates a better workplace.

1. Structure

How employees feel about:

- **Rules and procedures**
- **Communication** within the organization
- Authority and delegation of tasks

Simplified: "Are the rules and processes clear and helpful for everyone?"

2. Responsibility

How employees feel about:

- **Taking charge** of their work
- **Clarity about their roles and responsibilities**

Simplified: "Do employees know what to do and feel confident being their own boss?"

3. Reward

How employees feel about:

- **Recognition and rewards** for their good work
- **Fairness in salary, promotions, and punishments**

Simplified: "Are good efforts rewarded fairly?"

4. Risk

How employees feel about:

- **Taking risks and challenges** in their job
- The organization's **openness to new ideas**

Simplified: "Does the job feel exciting and encourage innovation?"

5. Warmth

How employees feel about:

- **Friendliness and teamwork** among colleagues
- The **supportive and informal culture** at work

Simplified: "Is the workplace friendly and supportive?"

6. Support

How employees feel about:

- **Helpfulness of managers** and colleagues
- **Support received** from superiors and team members

Simplified: "Do employees get the help they need when they need it?"

7. Standards

How employees feel about:

- **Clear goals** and performance expectations
- Challenges in achieving individual and team goals

Simplified: "Are goals clear, and do they motivate employees to perform well?"

8. Conflict

How employees feel about:

- **Freedom to share different opinions**
- How conflicts are resolved in the organization

Simplified: "Can employees express different ideas, and are issues resolved fairly?"

9. Identity

How employees feel about:

- Belonging to the organization
- Their role's importance within the company

Simplified: "Do employees feel proud and valued as part of the organization?"

REWARD AND COMPENSATION

- It is **viewed as main attraction** to join or change job.
- It should be **reasonable and justifiable**.

- Basic goal of an individual in an organization is to earn satisfactory wages or compensation and perform well to be recognized for other financial and non-financial rewards

Reward & Compensation System



- Compensation may be defined as **money or remuneration** received for the performance of work + kind of benefits provided by the organization
- **Compensation is expressed in terms of money** and includes wages or salary, bonus, cash allowances and benefits such as accident, health insurance cover, employer's contribution to the retirement funds, provision for accommodation

Managerial level (top, middle, junior) - remuneration

Supervisory level - salary

Clerical or administrative level - salary

Unskilled, semi-skilled, skilled and highly skilled labour - wages

Factors on basis of which compensation gets decided are:

- (a) company objectives
- (b) market situation or prevailing market rate
- (c) internal and external pressures

COMPANY OBJECTIVES

- A company **requiring best talent will offer high salary** and keep the employee strength low.
- To gain professional edge, companies may recruit people from prestigious institutions and will obviously take compensation level quite high.
- The **objectives in turn depend upon capacity to pay and its cost benefit analysis.**

MARKET SITUATION

- Certain type of skilled people and certain kind of **experienced candidates are very scarcely available**
- For banking personnel having experience in special field like forex, treasury, risk management, banks have to offer higher salaries, because of low number of candidates available.

INTERNAL AND EXTERNAL FACTORS

- **Internal factors** could be capacity of company to pay, bargaining power of employees, attraction and retention pressures, motivational factors etc.
- **External factors** include laws governing wages, provisions of the companies act.

COMPENSATION THEORIES

Adequacy of wages

The committee on Fair Wages, pronounced certain wage concepts such as:

- **Minimum wages** – level to sustain worker
- **Living wages** – aspect of satisfaction of social needs
- **Fair wages** – between minimum wages and capacity of the organization
- **Need-based minimum wages** – aimed at satisfying the minimum human needs of the worker

SOCIETAL CONSIDERATIONS AND LEGAL FRAMEWORK

- The level of compensation theoretically gets decided by the socio-economic considerations.

- **In free economy the government does not control** the aspect of wage administration
- And market forces determine the compensation level
- But the administration is bound to protect the work force from exploitation from irrationally low wages.

For this government has enacted:

- The payment of wages Act 1936
- The minimum wages Act 1948
- The payment of bonus Act 1965 and
- The equal remuneration Act 1976.

These acts ensure payment of wages at regular intervals, prohibited unauthorized deductions from the wages, define a certain minimum level of wages for certain industries

JOB EVALUATION

- **This is one of the important measures to determine the level of compensation package.**
- **Scientific job evaluation** will ensure parity of compensation levels for similar jobs

- It helps in distinguishing jobs in the level of complexity, skills required, the risk involved and link compensations accordingly.

Objective

1. To **determine** the compensation rates.
2. To **link pay** with the requirement of the job
3. To provide for **pay differential** taking into account the skills, efforts, hazards required in each job.
4. To establish a **compensation structure**.

REWARD LINKED TO PERFORMANCE

Compensation can be fixed, totally variable and mixed

Fixed level compensation

- Fixed level of compensation means that based on job analysis on market conditions or collective bargaining power of the unions the compensation is fixed for various jobs
- It assures **payment at agreed rate to all employees irrespective of their performance.**

- This leads people to **perform below their potential** and fixed compensation levels may prove to be counterproductive
- It suffers from **creating a low level of motivation**

Variable level of compensation

- It removes a drawback from fixed level of compensation
- It decides that the **compensation solely based on the performance level of the employee**
- It suits for the manufacturing unit where you can measure the performance based upon production
- **But there could be some occasions where the performance is beyond employees' control.**
- The other **drawback is measurement of performance** in service industry is a difficult task.

Mixed compensation level

- It assures of fixed level of compensation and proposes additional compensation depending upon the level of performance
- It is followed most of private sector organisations

Case Study: Climate Survey in Banking Context

ABC Bank, a leading financial institution, conducted a **climate survey** to gauge employee perceptions of its workplace culture. The survey revealed interesting insights.

Employees felt that internal communication regarding procedural updates and decision-making needed improvement. Many employees voiced concerns about a lack of transparent performance evaluations and inconsistent recognition for exceptional work.

Furthermore, the survey showed hesitation among staff to propose innovative ideas due to fear of failure. On a positive note, most employees reported a strong sense of belonging and pride in being part of ABC Bank. The bank's leadership aims to address these issues to create a more inclusive and motivating workplace.

Que 1: In the context of the survey results, which **climate survey area** is most closely associated with the need for improved communication regarding **procedural updates and decision-making**?

- A. Risk
- B. Structure
- C. Support
- D. Standards

Answer Explanation:

The correct answer is **B. Structure**. Structure deals with employees' perceptions of rules, procedures, and communication effectiveness within the organization.

Que 2: A significant number of employees at ABC Bank expressed dissatisfaction with **performance evaluation transparency and recognition systems**. Which climate survey area should management prioritize to address this concern?

- A. Responsibility
- B. Reward
- C. Warmth
- D. Standards

Answer Explanation:

The correct answer is **B. Reward**. Reward focuses on how fairly employees feel their efforts are recognized and whether rewards align with performance.

Que 3: If employees hesitate to propose innovative ideas due to fear of failure, which climate survey area is most likely at risk in this scenario?

- A. Identity
- B. Conflict
- C. Risk
- D. Standards

Answer Explanation:

The correct answer is **C. Risk**. This area examines employees' willingness to take challenges and how the organization encourages innovation and risk-taking.

LEARNING SESSIONS

Que 4: Despite challenges, most employees reported a **sense of belonging and pride** in being part of ABC Bank. Which climate survey area reflects this sentiment?

- A. Structure
- B. Warmth
- C. Support
- D. Identity

Answer Explanation:

The correct answer is **D. Identity**. Identity captures how employees feel about their role's importance and their pride in being associated with the organization.