

System of Rewards - Instrument of Fundamental Human Resource Management

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Abstract: Although not the only nor the most important factor of human motivation, reward remains one of the oldest visible, direct and rapid tools for behavioral targeting to work towards a convergence of individual objectives with the group and organizational. Recognized as instrumental value right from the beginning of civilization, projections of various cultures and religions - happiness and eternal life, Heaven, Nirvana - reward was to influence gift mentality, behavior and attitudes of individual plan at the company. In organizations, changes in rewards was a marked evolution of the human resources. If the initial reward was positive (money and praise) and negative (punishment and blame), and maximum value was of material and financial subsequently reward was restricted only positive side, broadening the scope of the moral - whose spiritual values are increasingly appreciated, the more so as they have become, in fact, inexhaustible, as form, volume and ways of expression.

Keywords: reward, compensation, awards, bonuses, commissions

The term reward is the relatively recent practice of management in Romania. Before 1990 the term used was the nemesis as reward for work. Taken from the Anglo-Saxon literature - "compensation" - the term can be translated into context by compensation, damages, payment, reward, compensation, salary¹. If the usual acceptance of the concept of compensation is to fill, to replace

something insufficient with something else, to enhance a bad through good², the term of payment induces the sense of transaction while the reward as due reward for an effort by recognized and is considered by most authors as the most appropriate and comprehensive.

Rewards are influenced and influence, directly or indirectly, all activities that comprise Human Resources Management.

¹ L. Levițchi, A. Bantaș, „ Dicționar Englez Român”, Editura Teora, București, 2000

² DEX, Editura Univers Enciclopedic, București, 1998

Therefore, they should be treated as an open system, in interaction with the company, but also its external environment.

Rewards system is composed of components, policies, strategies and processes through which the organization assesses its human resources and remunerative right skills, competencies and results, and the value of their labor market.

The rewards are designed and operate as part of a global strategy firm, reflecting the philosophy of management, found, explicitly or implicitly assumed the mission of the organization.

In a simplified view, the rewards can be represented by:

I. ENTRY

1. Human resources of the firm in number and structure resulting from strategic planning, from the operational plans of recruitment and selection;

2. Rewards, classified by their nature in:

A. Direct Financial Rewards:

- a) salary - which is the basic component of the system of rewards;
- b) increases the minimum which are granted according to the unique work Collectiv Contract :
 - *special conditions of employment, heavy, dangerous or awkward* - 10% of the basic salary;
 - harmful working conditions - 10% of salary minimum negotiated at the unit;
 - overtime hours worked and on days off and public holidays that were not properly compensated like hours paid off - growth of 100% of the basic salary;

- length of service - minimum 5% for 3 years old and up to 25% from an old over 20 years of the basic salary;
- for the exercise and other functions - an increase of up to 50% of the basic salary of function replaced
- c) awards, the ratio of minimum 1.5% of the fund made monthly salaries and cumulative;
- d) incentives granted especially in public institutions in order to increase motivation at work;
- e) bonuses - amounts paid for a single outstanding performance, depending on individual, group or organization as a whole;
- f) commissions - special form of remuneration given, in preference, employees in sales as a percentage of the value of all sales;
- g) profit sharing - the share of profits that are distributed to employees, and up to 10% for companies and up to 5% in the case of autonomous companies

B. Indirect financial rewards relate to amounts received for the quality of the worker, both for employment period and after its expiry, including:

- paid annual leave;
- paid leave for sickness;
- paid maternity leave;
- Insurance premiums: medical, life, accident, the incapacitated work;
- unemployment aid;
- pensions;
- dividends

C. Features referring to the facilities granted to employees during the period of employment in the organization. In this category are:

- award in service of a housing service;
- use car service;
- financial support for housing construction or purchase of durable goods;
- providing discounts on the purchase price of the company;
- phone service;
- using tickets table;
- providing legal and financial advice;
- use of rest houses and sports bases of the company;
- benefit of paid holidays and business trips.

D. **The advantages** relate to immediate direct or indirect goods and perspective that we make available to each company employee in part:

- training sessions for career development;
- team-building sites and opportunities for friends;
- career opportunities;
- circumstances for the development of skills;
- quality of professional life;
- quality of life;
- Special arrangements and facilities at work.

3. Information regarding labor law, the levels and types of pay practices, developments in supply and demand on the specific national level and now, at least at European level performance of individual and group level business, motivations and aspirations of individual employees.

II. THE PROCESSES OF REWARD

Entries of rewards, level and their combination in a political own rewards the company into account, primarily motivational processes.

Analyzed in correlation with the types of reasoning has proved that, while direct financial rewards are factors extrinsic motivation, indirect rewards, features and advantages are factors intrinsic motivation

Combining inputs through motivational processes must take into account:

- tracked the usefulness of employee – regarding on the intrinsic motivation, satisfaction and related interest in the work, the sense of professional achievement, recognition of merit and contributions, personal development and self-esteem;
- cost sought by business
- found in extrinsic motivation, related to official recognition of the business and employee contribution.

Reward processes inside an organization are influenced by:

a) internal environmental factors:

- vision on human resources management - Mentality of top-level management of human resources is reflected directly in size and structure of rewards. Thus:
 - classical vision of "hand work" or "labor" brings on a trial rigorous economic plan: the emphasis falls on the direct rewards, more precisely, on the basic salary and certain sporuri provided by law, and their size is, as far as possible, minimized in favor of profit growth; often, important components of direct rewards (sporuri provided by law) are ignored, the awards are granted discretion, depending on the state of mind, sympathies, even the possibility of intentional omission of certain people or situations that face employees. Facilities exist

only for certain people in upper management step; benefits for ordinary employees are deleted from the start, being considered extravagant spendings. The formula "I am everything, you not only represent some pieces on a chessboard that can be replaced any time" express presumption that the entire foundation of management wisdom. The disregard to the people is manifested in ways the most obvious: from kind of attitude that petitioning and leave no room for interpretation on the person / people with power, to work program that violates the laws, and lack of attention toward some day - 1, March 8, etc. on June 1. - Or occasions of personal life. Not interested in the state of satisfaction or dissatisfaction of staff, but the obligations of-work responsibilities. The present is important, the strategies are missing, and remuneration policies include restrictions, sanctions, threats. This is very common in Romania XXI century, especially in private firms led by gerontocra ți, the rich of transition, people whose enterprise is synonymous with the ability to circumvent the law.

- global vision of a "staff" is characterized by a tendency of leveling the rewards and alininierea to strict legal provisions. No efforts are being made to personalize and not interested in the contribution, effort, individual aspirations. Specific organizations and public institutions with obvious signs of outdated bureaucracy.

- vision "human resources" allows intellectual capital and human capital to be appreciated and valorize treated differentiated on the basis of competence, performance, attitude. As a result, the rewards to fulfill the role of motivational factors and how to design and implement a system of rewards is based on increased human capital through investment in organizational learning. Relations with employees are addressed in a uniform (employees and employers have common interests) and not pluralistic (the interests of employers and employees are different and contradictory).
- policy and strategy for remuneration. Remuneration policy may work in the informal way, by rules, standards group, traditions and habits, reflecting the vision of management. The strategy remuneration, to the extent that it is designed as a component of the strategy of human resources, should reflect and support the objectives and strategic choices of global strategy. Thus, a development strategy with options for entry into new markets and innovative products will determine not only a policy of recruiting staff in sales and research and design, but also a strategy to reward performance in those fields.
- working conditions. This factor is included in the bifactorial theory of Herzberg, in the category of hygiene factors, whose presence does not necessarily bring satisfaction while their lack of satisfaction causes.

b) factors external environment. In this category include:

- demographic factors. Developments of this are affecting the work career. Such a negative growth of population, although it perceives as immediate positive effect (by decreasing payments for maternity leave and increasing the child) is felt in perspective (by the aging of the population), and the plan rewards indirect share of rewards (pensions, sick leave) is increased.
- developments in the national labor market. Evolution of demand and supply in certain segments of the labor market may cause substantial variations of rewards. Example Romania last few years is clear: certain professions – IT – specialist, financial analysts, auditors, accountants experts - for which demand is greater than supply, caused not only increased direct and indirect rewards but above all, adding features and advantages, practical unknown before the '95 – '97.
- price of labor around the world. This factor is involved as a result of increasing the mobility of human resources, the effect of globalization. Salaries are subject to inevitable comparisons in the case of labor migration. Is the case of workers in construction, agriculture, the IT - specialist and doctors whose salaries in Europe are compared with those in our country. Lower rewards determines the massive exodus of these categories, so that those remaining, for stabilization, should be given at least similar rewards.

III. EXIT

The most obvious out-put-ROMs of the rewards groups:

- professional performance. Correlation-performance rewards remains one of the central problems of management. Although it is still detected in time management Classics (F.W. Taylor shown in his writings the importance of this correlation, of course, primarily in the good employer) can not be said that she knows a perfect solution in practice, or that it would be virtually exhausted the plan. Beyond measuring results and comparisons with the standards, professional performance involves a lot of psychological issues, often ignored. Therefore, ensuring correlation professional performance - rewards should consider a number of conditions recommended in the literature.
- professional competence. The system of rewards properly designed, with effective operation stimulates and recognizes professional efforts of employees in training and professional development.
- organizational behavior. It is found in attitudes toward the organization, compared to management and, last but not least, to the work.
- The state of health of the worker. Directly affect performance, performance and satisfaction at work

The way in which it is designed, implemented, monitored system of rewards based on economic and social realities of the organization and of the region, respecting the specific objectives and principles, is crucial for obtaining business performance, but also satisfaction, career, increased human capital.

Tabel no.1. Premises of determining the correlation between performance and reward

Nr. crt.	Premise	Effects on the behavior manager	Effects on employee behavior
1.	Trusting employees to managers	Manager respected employees may decide to differentiate rewards based on performance, the manager challenged the will to standardize rewards	Employees accept the differences of the reward without protest if the manager to whom recognize the authority of the workforce; if deemed incompetent manager, differentiation will be awarded subjectivity and nonprofessionalism
2.	Freedom performance	The manager must obtain a performance boost of any employee	Employees must be convinced that there are no restrictions in obtaining performance and that, once attained, will be rewarded appropriately.
3.	Competent managers	Competent manager can properly assess the performance of employees	Employees are convinced of the usefulness and accuracy of coordination in order to obtain performance
4.	The accuracy assessment	The manager will periodically review the performance and will adapt to the periodic communication of their employees	An incorrect assessment system will create inequity, frustration and demotivation
5.	Reality of financial potential	The manager should not make promises of rewards that can not be met	Lack of financial resources and the reduction or even elimination of rewards to fall confidence and motivation of employees
6.	How to express performance	The level of performance should be clearly expressed for each job	Knowledge and understanding of performance makes it possible action in achieving their purposes
7.	Clarity and awareness of the structure of rewards	Components of rewards and conditions for obtaining these should be presented employees from the employer and, subsequently, with any amendments thereto.	Reasons for direct employees will be increased in circumstances that may act on those sides of the work they get higher rewards

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