IBEC is the voice of Irish business and employers both nationally and internationally. It is the umbrella body for Ireland’s leading business and industry groups and associations. IBEC represents more than 7500 member organisations, of all sizes, in all regions and across all industry sectors.

With acknowledged expertise in all aspects of business representation, policy development, employee relations, human resources, employment law, environment, health and safety, trade and EU affairs, IBEC is uniquely positioned to provide indispensable, tailored advice to members. To learn more, contact IBEC on www.ibec.ie

IBEC MISSION

IBEC promotes the interests of business and employers in Ireland by working to foster the continuing development of a competitive environment that encourages sustainable growth, and within which both enterprise and people can flourish.
Much of Ireland’s capability to realise economic success and surmount competitive pressures stems from our knowledge-based economy. The management and development of people is a critical component within this context. IBEC is responding to this need by supporting companies to examine ways to improve productivity, competitiveness and people management practices.

The Human Resource Best Practice Series offers practical solutions for implementing effective HR practices, explaining the business case, and re-enforcing the responsibilities of line managers in relation to ongoing people management and development. Each guide brings together leading thinking on the topic, along with current trends and best practices from organisations in Ireland.
Approaches to reward and recognition have become increasingly critical in recent times. Reward systems need to be adaptable to change at the speed of the business and adjust to the prevalent economic climate. Having experienced a period of massive pay control and restraint, it is now more important than ever for organisations to review their traditional approach and map their reward and recognition practices onto their business drivers.

A good reward and recognition system should motivate employees while aligning their goals with those of the organisation. Such a system involves balancing employee remuneration and acknowledgement for work well done with maximising competitiveness and getting a return on pay expenditure. Given the cost of reward and recognition practices it is essential that a clearly thought-out strategy be articulated, reflecting the needs and requirements of the organisation and its population.

This guide provides the principles to help structure your thinking. It examines formal and informal, monetary- and recognition-based reward systems. It positions reward and recognition as a business process that links the organisation’s goals and planning to the needs and requirements of the employees, with the overall purpose of maintaining competitiveness.

It details how to create and maintain an effective reward and recognition strategy and discusses different types of reward management and a range of approaches to determining pay. It also examines pensions, health insurance and mechanisms such as gainsharing, employee share ownership and save as you earn schemes.

The concept of employee recognition is addressed, acknowledging all employees need recognition and that this should be provided in a balanced and consistent way. The importance of communication for the success of every reward and recognition programme is highlighted throughout the guide.

This guide outlines in case study format the practices that are evident in some of Ireland’s leading organisations. Key features are outlined at the start of each section so elements of the guide can be used, depending on the point of development of the rewards and recognition strategy. Further sources of information are listed in the resources section and IBEC expertise is available to support members with practical advice and guidance in dealing with this and other human resources practices.
“A reward and recognition strategy is a set of guiding principles which aligns all forms of reward and recognition to the business strategy in order to clarify “the deal” and to motivate and recognise desired performance and behaviours.”
“Reward and recognition is concerned with the range of practices an organisation undertakes (financial and non-financial) to compensate employees, maximise employee engagement and encourage behaviours that lead to organisational success.”
In recent years reward and recognition has emerged as one of the most strategically critical people management tools for organisations as they seek to attract, motivate and retain the talent they need to develop and grow. Clearly, in the current economic conditions, it is even more critical to achieve maximum return from expenditure on all costs including pay and benefits. For companies of all sizes, people and reward-related costs are one of the biggest expense items they have. Even a relatively minor reduction in cost or an improvement in reward management effectiveness will have a direct effect on the bottom line.

It is important to address this topic in these changing times to ensure that the organisation’s reward and recognition strategy is structured to weather a downturn, without having a detrimental effect on employee motivation, engagement and commitment. Innovative methods are required to create effective reward and recognition systems which reflect the changing needs and economic circumstances of both the business and employees.

Drivers of change
As well as the prevailing economic conditions, a wide range of factors have caused the replacement of a traditional, paternal, command and control type of relationship (and associated reward models) between employer and employee. In its place has emerged a more engaging and partnership-based relationship. Employees expect more control over their work experience, careers and financial status. Employers are also looking for more in terms of productivity, flexibility and commitment.

Employees need to acquire and retain key skills to suit a more competitive, knowledge-based and service-based economy.

As the awareness and acceptance of the power of reward and recognition have increased, organisations no longer view it in purely monetary terms. Due to the well-proven links between reward, employee engagement and behaviour (and ultimately business performance), the reward and recognition function has evolved to play an increasingly strategic role in aligning employees to organisational goals and in driving productivity improvements. Employees value non-financial aspects of the employment experience such as career and skills development, security, association with the brand and the business, work-life flexibility, training, and recognition for their contribution to the organisation’s success. Many organisations are now looking to define and include all aspects of employment within an integrated brand or model that can be communicated to existing and prospective employees. This is presented in figure 1 and is evident in the Vodafone case study in section eight.