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AC 1.1

Two important principles of rewards are **fairness** and **transparency** (Wenzel, 2019).

Fairness means that employees should be paid fairly for the work they do. This includes making sure that their pay is similar to others doing the same type of work, both within the company and in the industry. If employees feel they are not being treated fairly, they may become unhappy and leave the company (Wenzel, 2019). At Home International, it is important to make sure that factory workers feel their pay and benefits are fair compared to office staff. This can help reduce the high turnover among younger factory employees.

Transparency means that employees should know how the company decides their pay, bonuses, and benefits. When the reward system is clear, employees trust the company more (Wenzel, 2019). At Home International, if the company explains how rewards are given, employees will feel secure and motivated because they will know what to expect.

Importance of Rewards for Organisational Culture and Performance

Rewards are important for creating a positive **organisational culture**. A good reward system shows what the company values. Since Home International focuses on sustainable products, the company could offer rewards for supporting environmental goals. This would encourage employees to align with the company's mission and feel proud of their work (Nehru, 2019).

Rewards also play a key role in **performance management**. They motivate employees to meet targets and work harder. If employees feel appreciated and rewarded for their efforts, they are more likely to stay with the company. For example, offering bonuses to factory workers who meet production goals can motivate them to perform better and reduce turnover (Nehru, 2019).

Since Home International wants to **cut costs** and **increase profits**, it needs to create a reward system that is both motivating and affordable. Performance-based rewards, such as bonuses linked to productivity, can encourage employees to work efficiently without raising fixed costs like salaries (Nehru, 2019).

In conclusion, using **fair** and **transparent** rewards will help Home International manage its workforce better. Fairness makes employees feel respected, and transparency builds trust. By connecting rewards to company goals and employee performance, Home International can improve productivity, reduce turnover, and achieve its business objectives.

AC 1.2

Rewards help motivate employees and improve the overall performance of a company. These rewards can be **extrinsic** (external, like pay and bonuses) or **intrinsic** (internal, like personal satisfaction from doing meaningful work) (Malek, 2020).

Extrinsic Rewards

Extrinsic rewards include things like salary, bonuses, promotions, and benefits (such as holidays or health insurance). These rewards encourage employees by giving them something valuable in return for their hard work (Malek, 2020). For example, at Home International, offering bonuses to factory workers for meeting production targets could motivate them to work harder and faster. This would improve productivity and help the company meet its goals.

Extrinsic rewards also help keep employees from leaving. If workers feel they are paid fairly and receive good benefits, they are more likely to stay with the company. In Home International's case, where many younger factory workers are leaving, offering better pay and benefits could reduce this turnover. This would save the company time and money spent on hiring and training new employees (Malek, 2020).

Intrinsic Rewards

Intrinsic rewards come from within the job itself. Employees feel these rewards when they enjoy their work, learn new skills, or feel that their job is meaningful. At Home International, employees who care about the environment may feel proud to work for a company that makes sustainable furniture. This sense of purpose can motivate them to do their best and stay committed to the company (Manzoor, 2021).

Intrinsic rewards are especially important for long-term motivation. While extrinsic rewards work well in the short term, intrinsic rewards keep employees engaged over time. For example, giving workers opportunities to learn new skills or take on more responsibility can make them feel more valued. This will increase their satisfaction and make them more likely to stay with the company (Manzoor, 2021).

Conclusion

Both **extrinsic** and **intrinsic** rewards are important for improving employee performance and keeping them motivated. By using both types of rewards, Home International can improve employee performance, reduce turnover, and grow successfully.

AC 2.1

Organisations use different pay structures to manage employee salaries and careers. Two common types are **job family structures** and **broadband structures**. These structures help companies reward employees, but they have different ways of organising jobs and paying workers (Zhang, 2020).

Job Family Structure

A **job family structure** groups jobs based on the type of work. Each family includes similar roles, such as jobs in engineering, marketing, or manufacturing. Employees progress through specific grades within their job family based on their skills and experience. This structure helps employees become experts in their area of work (Zhang, 2020).

Example: At Home International, factory workers might belong to the "Manufacturing" family. They could start as junior workers and move up to senior roles as they gain experience. Each time they move up a grade, they receive a higher salary. This clear path helps employees see how they can grow in their careers (Zhang, 2020).

Broadband Structure

A **broadband structure** has fewer pay grades but wider pay ranges. This means that employees can earn more money without needing to move to a higher grade. This structure allows managers to give salary increases based on performance or skills without changing an employee's job title (Smith, 2018).

Example: At Home International, office staff might use a broadband structure. Junior and mid-level employees could be in the same pay band. If an employee performs very well, they could receive a higher salary without changing their role. This flexibility helps the company reward good performance while keeping the pay system simple (Smith, 2018).

Key Differences

1. **Job Organisation:** A **job family structure** focuses on grouping employees based on similar job types. This helps employees see a clear career path within their field. In contrast, a **broadband structure** does not focus on job types as much and offers more flexibility in pay (Mathein, 2017).
2. **Pay Flexibility:** Job family structures provide clear promotion paths, but salary increases usually require moving to a higher grade. Broadband structures allow employees to receive pay raises within the same grade, even if they do not change jobs (Mathein, 2017).

Conclusion

Both job family and broadband structures are useful for managing salaries and motivating employees. Home International could use a **job family structure** for factory workers to support skill development. A **broadband structure** for office staff would provide more flexibility to reward high performers. Choosing the right structure for different teams can improve motivation and help the company grow.

AC 2.2

Contingent rewards are incentives that employees receive based on their performance. Two common types of contingent rewards are **performance-related pay** and **skill-based pay**. Both can greatly affect how well individuals, teams, and the whole organisation perform.

1. Performance-Related Pay

Performance-related pay (PRP) is a system where employees earn bonuses or pay raises based on how well they do their jobs. This reward encourages individuals to work harder and achieve specific goals (Lucifora, 2015).

Impact on Individual Performance: When employees know that their pay depends on their performance, they feel motivated to do their best. For example, at Home International, if factory workers get bonuses for hitting production targets, they will work harder and focus on doing a good job. This leads to better results and more products made (Lucifora, 2015).

Impact on Team Performance: PRP can also improve how teams work together. When team members know they will be rewarded for reaching team goals, they are more likely to help

each other. For instance, if a sales team at Home International receives a bonus for meeting a sales target, they will support one another to reach that target. This creates better teamwork and communication (Lucifora, 2015).

Impact on Organisational Performance: On a larger scale, performance-related pay can help the entire organisation succeed. When individuals and teams do well, the company can see higher profits and happier customers. For Home International, if workers are motivated to produce quality furniture quickly, the company can meet customer needs and grow in the market (Lucifora, 2015).

2. Skill-Based Pay

Skill-based pay rewards employees for learning new skills or getting certifications. This type of reward encourages workers to improve their abilities, which is good for the organisation (KANG, 2023).

Impact on Individual Performance: With skill-based pay, employees want to learn and grow. For example, at Home International, if factory workers earn more money for completing training in new manufacturing techniques, they will want to learn these skills. This leads to better performance in their jobs (KANG, 2023).

Impact on Team Performance: Skill-based pay can also help teams perform better. When team members learn new skills, they can work more effectively together. If a team at Home International learns new production methods, they can produce higher-quality work and work faster (KANG, 2023).

Impact on Organisational Performance: For the organisation, skill-based pay creates a more skilled workforce. This can lead to better products and services, helping the company stay competitive. For Home International, having skilled employees can improve production, reduce mistakes, and increase customer satisfaction (KANG, 2023).

Conclusion

Contingent rewards like performance-related pay and skill-based pay can significantly impact individual, team, and organisational performance. By motivating employees to work harder and learn new skills, these rewards help the organisation succeed. Home International can benefit from using these reward systems to improve performance at all levels.

AC 2.3

Organisations give various benefits to their employees to help them feel engaged, motivated, and committed. Two types of benefits that can be very effective are **gainsharing** and **flexible benefits**. Each of these has special advantages that can help both employees and the organisation succeed.

1. Gainsharing

Gainsharing is a system where employees receive bonuses based on improvements in how well the company performs. When the company saves money or increases quality, everyone gets a share of the rewards (Keränen, 2023).

Merits:

- **Teamwork Motivation:** Gainsharing encourages employees to work together. For example, at Home International, if factory workers and office staff team up to cut costs or improve production, they all benefit from the rewards. This helps build strong relationships and better teamwork (Keränen, 2023).
- **Encourages New Ideas:** This system motivates employees to share their ideas for improvement. When workers know they can earn bonuses for their suggestions, they are more likely to think creatively. At Home International, employees might come up with better ways to build furniture, leading to higher quality and efficiency (Keränen, 2023).
- **Sense of Shared Success:** Gainsharing creates a feeling of shared success. When employees see that their hard work leads to more profits, they become more committed to the company. This can result in lower turnover rates and happier employees (Keränen, 2023).

2. Flexible Benefits

Flexible benefits (or cafeteria plans) allow employees to choose from a variety of benefits that suit their personal needs. Employees can pick options like extra vacation days, health insurance, childcare support, or gym memberships (Keränen, 2023).

Merits:

- **Personal Choices:** Flexible benefits let employees choose what works best for them. For example, a young worker at Home International might want more vacation days, while a parent may prefer childcare help. This makes employees feel valued and satisfied (Keränen, 2023).
- **Attracting and Keeping Talent:** Offering flexible benefits can make a company more attractive to job seekers. Talented workers often look for jobs with options that fit their lives. Home International can draw in a wider range of candidates by providing these choices (Keränen, 2023).
- **Better Work-Life Balance:** Flexible benefits help employees balance their work and personal lives. When workers can select benefits that support their needs, they feel happier and more committed to their jobs. This can lead to increased productivity and fewer absences (Keränen, 2023).

Conclusion

Benefits like gainsharing and flexible benefits offer important advantages for both employees and organisations. These benefits help promote teamwork, creativity, and personal freedom, which can increase motivation and commitment. With these benefits, companies like Home International can make employees happier and achieve better results.

AC 2.4

Recognition schemes are ways to show employees that their hard work is valued. These schemes can be formal or informal. Below is an example of each, along with their benefits.

1. Formal Recognition Scheme: Employee Awards Program

A formal scheme, like an Employee Awards Program, celebrates employees for doing excellent work. Awards can include titles like “Employee of the Month” or “Best Team.” These awards are usually given during special events (Bradler, 2016).

Benefits:

- **Public Recognition:** The program celebrates employees in front of others, making them feel proud. For example, at Home International, being named “Employee of the Month” helps employees feel valued by both managers and teammates (Bradler, 2016).

- **Encourages Teamwork:** Team awards motivate employees to work well together. If a team at Home International wins an award for finishing a project on time, it builds stronger teamwork and makes future collaborations smoother (Bradler, 2016).
- **Creates a Positive Work Environment:** Regular awards help create a friendly workplace where employees feel appreciated. This makes them more likely to stay with the company, leading to higher job satisfaction and lower turnover (Bradler, 2016).

2. Informal Recognition Scheme: Thank You Notes

An informal scheme, like thank you notes, involves writing short, personal messages to appreciate employees. These notes can come from managers, team leaders, or coworkers and don't need a formal process (Amoatema, 2016).

Benefits:

- **Immediate Gratitude:** Thank you notes give quick recognition. For example, when employees at Home International receive a note for their hard work, they feel appreciated right away, which encourages them to keep doing well (Amoatema, 2016).
- **Adds a Personal Touch:** These notes feel personal and meaningful. When someone takes the time to write a note, employees feel valued, which helps build strong relationships and a caring workplace (Amoatema, 2016).
- **Motivates Continued Effort:** Knowing their work is noticed inspires employees to keep performing well. Employees who feel appreciated are more likely to stay motivated and aim for even better results (Amoatema, 2016).

Conclusion

Both formal schemes, like Employee Awards Programs, and informal ones, like thank you notes, are useful for showing appreciation. They help boost motivation, build teamwork, and create a positive work environment. By using these schemes, companies like Home International can improve employee satisfaction and overall performance.

AC 3.1

The reward environment in a business is affected by various factors. Knowing these factors helps create good reward packages that motivate employees and support the company's goals. This response will discuss two internal factors and two external factors that influence the reward environment.

Internal Factors

1. **Workforce Diversity:** The diversity of employees in a company can greatly affect the reward environment. Employees come from different backgrounds and have different needs. For example, younger workers might like flexible hours and training for their careers, while older employees might prefer retirement plans and health benefits. At Home International, understanding these differences can help create reward packages that appeal to everyone. This can lead to higher job satisfaction and help keep employees longer (Chapman, 2023).
2. **Internal Equity:** Internal equity means how fairly employees believe they are being rewarded compared to their colleagues. If employees feel they are paid less than others doing the same job, it can lead to frustration and low morale. For instance, if two employees at Home International have similar roles but different pay rates, it can create feelings of unfairness. To improve motivation and loyalty, the organisation should ensure fair and consistent pay structures (Chapman, 2023).

External Factors

1. **Technological Changes:** Changes in technology can also influence the reward environment. As industries change, employees may need to learn new skills. This need for skill development can lead organisations to offer training as part of their rewards. For example, if Home International starts using new design software, they might offer training sessions to help employees learn. This helps employees grow and also improves their productivity at work (Darma, 2017).
2. **Social Expectations:** Social expectations are important external factors. Today, many employees expect their employers to support social issues, such as protecting the environment. Employees at Home International may appreciate rewards that include

volunteer opportunities or eco-friendly practices. Meeting these social expectations can improve employee morale and enhance the company's reputation (Darma, 2017).

Conclusion

The reward environment is shaped by various internal and external factors. Internal factors like workforce diversity and internal equity influence how employees view rewards, while external factors such as technological changes and social expectations affect the types of rewards offered. By understanding these factors, organisations like Home International can create reward systems that motivate employees and support business goals.

AC 3.2

Benchmarking is the process of comparing how one organisation performs against others in the same industry. This helps businesses find ways to improve their practices and make better choices. In this response, we will look at two types of benchmarking data that can help develop reward packages: **industry reports** and **employee feedback surveys**. Each type has its own advantages and disadvantages (John, 2018).

Industry Reports

Industry reports are documents that collect information about a specific industry. They include details about salaries, benefits, and market trends. These reports are usually created by research companies or industry groups (Camp, 2024).

Pros

1. **Comprehensive Overview:** Industry reports provide a broad view of trends and standards in the sector. This helps organisations understand how they compare to others (Camp, 2024).
2. **Research-Backed Insights:** These reports are based on thorough research, making the information reliable for decision-making (Camp, 2024).

Cons

1. **Cost:** Accessing detailed industry reports can be expensive. This may be a problem for smaller organisations with limited budgets (Camp, 2024).

2. **Generalisation:** Industry reports may not cover specific job roles or local conditions, making it hard to apply their findings directly to a company's situation (Camp, 2024).

Case Example: Home International can use an industry report focused on the furniture sector to learn about current salary trends and benefits offered by competitors. This information can help them adjust their reward packages to attract skilled workers.

Employee Feedback Surveys

Employee feedback surveys collect opinions from workers about their pay, benefits, and job satisfaction. This helps companies understand what employees value in their rewards (Batinic, 2017).

Pros

1. **Direct Insights:** Surveys give companies clear feedback about what employees need and want (Batinic, 2017).
2. **Increased Engagement:** When employees give feedback, they feel valued, which can increase their motivation and commitment (Batinic, 2017).

Cons

1. **Response Bias:** If only a few employees respond, the results may not show what everyone in the company thinks (Batinic, 2017).
2. **Implementation Challenges:** If companies don't act on the feedback, employees can feel disappointed, which may lower morale (Batinic, 2017).

Case Example: Home International can use a feedback survey to find out which benefits and rewards employees prefer. This information will help them create better reward packages that meet employee needs.

Conclusion

Benchmarking is important for creating good reward packages. Two helpful tools are industry reports and employee feedback surveys. Industry reports give general trends but can be expensive and may not cover specific details. Employee surveys provide direct feedback but may not represent all employees' views. By using both tools, companies like Home

International can create reward packages that meet employee expectations and keep them motivated.

AC 3.3

Job evaluation helps companies figure out how much different jobs are worth. It makes sure pay is fair and helps create reward packages. There are two main types of job evaluation: non-analytical and analytical. Each type works in its own way and has different uses (Koziol, 2020).

1) Non-Analytical Job Evaluation

Non-analytical job evaluation is a simple way to compare jobs without looking at smaller parts. It looks at the whole job and compares it to other jobs. This method is faster and easier to use (Koziol, 2020).

Example: A common non-analytical method is **job ranking**. In job ranking, jobs are listed from most important to least important. For example, at Home International, a factory manager may be ranked higher than a factory worker because the manager has more responsibilities.

Pros

- **Easy to Understand:** This method is straightforward and does not require special training, making it good for smaller companies (Koziol, 2020).
- **Quick Results:** Non-analytical methods can be done quickly, which helps companies make fast decisions about pay (Koziol, 2020).

Cons

- **Personal Bias:** This method can be influenced by personal opinions, which might lead to unfair evaluations (Koziol, 2020).
- **Lack of Detail:** It does not explain why one job is worth more than another (Koziol, 2020).

2) Analytical Job Evaluation

Analytical job evaluation is a detailed way to evaluate jobs by breaking them down into specific parts. It looks at factors such as skills needed, responsibilities, and working conditions. Each factor gets a score that helps determine the job's value (Demirtas, 2015).

Examples: One common analytical method is the **point factor method**. In this method, jobs are scored based on factors like education, experience, and level of responsibility. For instance, at Home International, a designer may score higher than a production worker because they need more skills and education.

Pros

- **More Fair:** This method is structured and reduces personal bias in job evaluations (Demirtas, 2015).
- **Clear Information:** It gives a detailed look at each job, helping the company understand why some jobs are valued more (Demirtas, 2015).

Cons

- **More Complex:** This method can take more time and resources to implement (Demirtas, 2015).
- **Too Detailed for Small Firms:** Smaller companies might not need such detailed evaluations (Demirtas, 2015).

Conclusion

Job evaluation is important for fair pay and effective reward systems. Non-analytical methods are simple and fast, but they may not be completely fair. Analytical methods provide detailed information but can be more complicated. Companies like Home International should choose the method that best fits their needs.

[AC 3.4](#)

Legislative Requirements That Impact Reward Practice

Laws play an important role in how companies design their reward practices. These rules make sure that employees are treated fairly and paid properly. Two important laws in the UK are the

Equality Act 2010 and the **National Minimum Wage Act 1998**. These laws help prevent unfair treatment and protect workers' rights.

1) Equality Act 2010

The Equality Act 2010 is a law that protects employees from discrimination. It ensures that people are treated fairly, no matter their gender, race, disability, age, or religion. One of the main rules under this law is **equal pay for equal work**. This means employees doing the same or similar jobs must be paid the same, regardless of their gender (Hunt, 2015).

Impact on Reward Practice: Home International must make sure that all workers doing the same job receive the same pay and benefits. For example, if both male and female workers perform similar roles in the factory, they should get the same salary. If the company fails to do this, it could face legal problems and damage its reputation (Hunt, 2015).

Example: A well-known example is the Asda supermarket case, where female workers argued that they were paid less than male workers for doing similar jobs. This case highlights the need for fair pay under the Equality Act.

2) National Minimum Wage Act 1998

The National Minimum Wage Act 1998 ensures that all workers get a fair hourly wage. The government sets different wage levels based on the worker's age and job type. These wage rates are updated regularly to reflect economic changes (MaCurdy, 2015).

Impact on Reward Practice: Home International needs to make sure all its employees, including part-time or young workers, are paid at least the minimum wage. For example, if the company hires a part-time worker aged 19, it must pay them the correct wage for their age group. Not following this law can result in heavy fines and harm the company's reputation (MaCurdy, 2015).

Conclusion

The **Equality Act 2010** and **National Minimum Wage Act 1998** are important for fair reward practices. These laws ensure employees are treated equally and paid fairly. Home International must follow these rules to avoid penalties, protect workers, and maintain a good reputation.

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