

Existence of rewards for a sustainable enterprise in the context of the human resources strategy

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Abstract. *The paper therefore deals with a sufficiently important and topical issue, with many implications in the decision-making process, because in the context approached by organizations targeting cost-cutting strategies, pressured by the economic environment, but also by rational desire to make a profit, adhering to policies and reward principles remains a challenge for most human resource deciders. The reason why we chose to develop this topic is structured on the belief that the professionalization of HR activities can have a contribution to changing some mentalities and behaviors in Romanian society. We consider it useful to deepen this topic aimed at remunerating employees, because in the context of globalization, of alignment with trends with increasing requirements, as Romania still has a competitive advantage in terms of labor force, there can be found a method of awareness of the principles of reward, so that in a future macroeconomic environment living standards can be assessed at a higher level.*

Keywords: reward, sustainable enterprise, strategy, human resource.

JEL Classification: M2, M54, M11, M14.

1. Introduction

As J. Pfeffer and E. Lawer argue, in the current context the competitive advantage of an organization lies in its people. Therefore, based on a people-oriented management philosophy, we can argue that they will be the ones who represent the organization. In order for an organization to compete in the market through people, special strategic models have been implemented that are based on respect for people (Pitariu, 2000, p. 30). If we start from this simple phrase we can easily get to the question raised by specialists in the field, namely "What is an organization without its employees? There is nothing in the absence of human resources, or maybe just a lot of expensive machinery (De Cenzo and Robbins, 1988, p. 7). In order to better understand the importance of human resource management, it is easy to understand that an argument will be needed first of all about the importance of the existence of organizations. The latter being social inventions, which corroborate efforts, but also common goals, the essential characteristic being the coordinated presence of people and not necessarily of things. In essence, organizations represent human effort, and their efficiency and effectiveness largely depend on human behavior (Kohn, 2001, pp. 29-50).

2. Literature review

Given that large companies spend large sums on their employees, these costs require a permanent investment in hiring, maintaining and developing staff. However, the traditional attitude towards work has a minimalist vision, from this perspective people are seen as mere expenses. At this point, we can say that human resources are the most sensitive point of all the resources of an organization, as two dimensions are corroborated, the first being the psychological dimension, which can produce moral effects on individuals, and the second dimension by which this resource is measured as a profit-making factor, where there is the premise that people are a similar resource to others, therefore must be managed and accounted for according to the calculation of the break-even point for staff training, marginal cost of employment, balance sheets with material and financial assets, finally, everything related to the financial aspect (Cole, 2004, p. 51).

Michael Armstrong in one of his reference works *Personnel Management Practice* presents in detail the specific fields of activity of HRM. The methodology by which he deals with the aspect of interdependence of personnel activities also translates the degree of formalization and integration of the human resources function. The areas it covers are the Environment, Strategic Plans and the Culture of the organization (Cole, 2004, p. 32).

3. Human resource efficiency

He believes that the requirements of an effective human resources policy can be summarized in obtaining the support of all staff, this being achieved by ensuring an environment of involvement and capitalization of the potential of each employee, positive motivation for individuals who achieve high results and stimulating those who can reach this stage, the orientation of each employee towards self-perfection and not least the

training of individuals who want to participate in the adoption of the decision-making act (Ivancevich and Glueck, 1983, p. 123).

In order to capture a clearer perception of what rewards management involves, we must be aware that it does not only focus on the financial framework related to salary remuneration and employee benefits, but also equals non-financial concepts such as appreciation, learning, opportunities and development possibilities existing in the organization.

Traditionally, this field is called payroll administration, but this concept has long been considered limited because it does not cover all issues. In the theory and managerial practice in the field of human resources, a series of terms are used such as: rewards, compensations, retributions, remuneration, salary, payment, incentives, facilities, advantages, privileges, etc.

But in order to be able to discuss further about these structures that motivate employees directly, I want to involve in the subject the recognition and implications of motivation.

At present, large organizations are facing economic constraints to increase employee spending, and promotion opportunities are fewer and fewer. Thus, research in the field has found that both safety at work and quality of life at work have a much higher priority for a considerable proportion of people.

An American psychologist, Abraham Maslow, gave up research in pathology to try to understand human nature. The alternative was the study of mature, fulfilled and successful people, thus trying to find the common points of the studied subjects and to offer a clear image of finding the balance that can lead to the natural state of man, which converges towards happiness and satisfaction. Maslow was the father of the wave of more optimistic psychological thinking that continues to try to remove behaviorism as a favorite model in the study of the human psyche.

Most experts believe that reward management describes a much broader and more positive spectrum in terms of employee rewards for what they have done or can do for the company. So we can conclude that the rewarding activity is a very important one and with a major influence on the organization.

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D. Coleman, in *Human Resource Management*, stressed that in order for a reward or work result to act as an effective motivator, several essential conditions must be met: the person in question must want his reward, keep in mind that his extra effort will bring a plus to his performance, and the person must be convinced that the improved performance will also bring him rewards (Ivancevich and Glueck, 1983, p. 88).

In the 1960s, another psychologist, F. Herzberg, built, based on research on several organizations, a two-dimensional model of motivational factors that influence the performance and behavior of individuals in the workplace. According to this theory, the first dimension of hygiene factors, for example company policies and procedures, supervision, way of working or remuneration, interpersonal relationships, are those series

of variables that can create dissatisfaction in their absence, but their presence does not necessarily motivate employees.

Instead, it is a second dimension, which includes a number of factors that motivate and produce job satisfaction: professional achievement, recognition for achievement, work itself, advancement within the company hierarchy and responsibility associated with work (Armstrong and Murlis, 2004, p. 78).

Motivational factors have brought positive effects on long-term employee outcomes and performance, while hygiene factors produce short-term effects on work attitude and performance. In conclusion, the motivating factors have a direct connection with what the employee does, with his tasks, while the hygienic factors have a connection with the work environment in the organizational context.

The special challenge for the reward team in a sustainable organization is the design and implementation of a reward system as appropriate as possible and which has in its model introduced many factors such as the variety of individual values for a particular reward, the great variety of knowledge and skills, systems that impose more than bonuses or salaries, but also benefit packages that must be carefully correlated, the important cost that the approached strategy brings, the employees' desires to negotiate these packages, etc.

Specialists in the field of human resources consider that remuneration is not only a consequence, but even an engine of an efficient social economic activity. For a salary policy to be effective, it must be first and foremost part of the general policy of the organization and must be correlated with two other systems, one being to increase work efficiency and increase employee interest not only to achieve individual performance but also as an added value to the overall performance of the organization in the medium and long term.

Reward management is a concept that encompasses in its spectrum strategies, policies and processes designed to contribute to employee remuneration, both financially and non-financially. In a broader area we can define reward management as the structure that includes the thinking, implementation and maintenance of reward systems, here are the strategies, policies and procedures adopted, which directly aim to remunerate staff correctly, equitably and consistently in accordance with the value they bring to the company (Armstrong and Murlis, 2004, p. 56).

4. Conclusions

Reward management includes in its spectrum strategies, policies and processes designed to contribute to the remuneration of employees, both financially and non-financially. It represents the structure that includes the thinking, implementation and maintenance of the reward systems, here being included the strategies, policies and procedures adopted, which have as direct goal the remuneration of the staff in a fair, equitable and consistent way.

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efficiency of activity and increase the interest of employees not only to achieve individual performance but also as added value to the overall performance of the organization in the medium and long term. Wage policies represent a set of action decisions aimed at developing specific, operational tools to achieve objectives.

This area of salary administration is considered as a basic field of human resources management because several factors and functions are corroborated, and their correlations with different economic variables having implications on economic employees.

We cannot omit to mention that for the capital owner, for the entrepreneur, the salary constitutes the most important element of the production costs, and its minimization is a rational requirement and which leads in the end to the increase of competitiveness. For this reason, the specialists in the field consider that the salary policy can be identified with the cost control policy.

The importance of providing estimated images of costs with employees is given by the fact that at the end of financial year, the employer can see what costs may occur along the way and where he can intervene to make them more efficient.

In order to provide a transparent and objective image, it is important that the decision maker can present in the case of financial audits, the methodology of collaboration decisions with certain suppliers.

It is important for the employee to feel the concept of total reward, which includes both the salary, the benefits he has, but also the learning part that the company environment offers him.

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