

THE ANALYSIS OF REWARD MANAGEMENT IMPLEMENTATION IN A SUCCESSFUL FIRM FROM CARAS-SEVERIN

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Abstract: The paper presents a few theoretical contributions and theory application in the practice of a contemporary firm in which managerial experience and the human resources management available permanently mentioned a tight correlation: reward – satisfaction - performances. For the realization of the reward proposed we used a managerial method based on analysis using elements and information from the firm financial situations for a period of three years and thematic directed discussions with the legal representatives of the firm. The demarche and the contributions of the paper allowed the presentation of the firm reality and the identification of legislative aspects and of causes that generated tendencies of analysed indicators and implicitly the performance of reward management in the firm analysed.

Keywords: management, firm, salaries, rewards, performances.

1. Introduction

In order to follow the implementation of the human resources management through economic and managerial performances facilitated by the firm, but also through the transformation of human resources in the balance element as a result of rewards, which in fact represents the expenses made with the firm personnel for the firm analysed, a firm with many employees had been chosen which together with the manager represent vectors for economic performances increase. For this study, real data were used, supplied by firm representatives, from annual financial situations, respectively from balances for the years 2011 and 2012, from thematic directed discussions and from the activity regarding the management applied and the human resources management, which in this case represent the manager's responsibility and of an employee, who is an inspector of human resources at a firm contracted for its specialized services in this externalized domain (personnel and financial-accounting).

2. Aspects regarding HRM, indicated in the firm managed by a successful manager HRM

The firm which represents the object of this paper is identified as having its headquarters in Resita; with a registration code is obtained from the Commerce Registry of the Caras-Severin County, a Registration Number and the manner in which the firm has started is with limited responsibility. The name of the firm is presented only with its initials for confidentiality reasons. For its entire managerial system, implicitly for the HRM subsystem, obligations are mentioned *in the job description chart of its entrepreneur, who in this case fulfils communication inter-relation, information and decisions roles.*

The insurance of realizing *recruitment, selection, professional development, performance evaluation, rewards and personnel career development activities* is insured by the manager with the application of the law in force, according to the demand of specialized firms in the domain and with the help of Caras-Severin County work forces agency.

The main managerial instruments used for the development of the HRM activities are: the Organization and Functioning Regulation, of the Interior Order Regulation, the job description chart, the profit and expenses budget, the plans for each activity, the firm balance, the payment charts, the REVISAL integrated software and other economic specific and common documents or from the HRM domain and the managerial method most used is based on the analysis of the use of these instruments, thus besides the insurance of high firm performances, the manager must also insure the realization of a correlation between performance – rewards – satisfactions. The main reward elements used by the firm analysed is the salary and other contributions assimilated to the salary, personnel reward being the basic activity in the firm human resources management.

By analysing a few models exemplified (as the one presented below) regarding the calculation of salaries in SC M&P SRL in different cases: for full-time employees, employed on a determined or an underdetermined basis, part-time employees, employees in rest leaves, in maternity or sick leaves, it could be observed that even employees with medical leaves paid from their salaries their social contributions and their salary taxes and the employing firm has paid for it employees all mandatory obligations which were transferred in the insurance holder's budget and in the state general budget consolidated for the legally established term.

The model given as example, applies to employees with a salary between 1.000 RON and 2.000 RON:

Basic salary: 1.500 RON

Hours worked: 168

Total Income realized: 1.500 RON

Income taxes:

- Social insurance: $1.500 * 10.5\% = 158$ RON
- Unemployment taxes : $1.500 * 0.5\% = 8$ RON
- Health insurance: $1.500 * 5.5\% = 83$ RON
- Income taxes: 203 RON

Taxed salary: 1.440 RON

Personal deductions: 170

Income resulted: $1.440 - 170 = 1270$

$1.270 * 16\% = 203$ RON

Payment: $1500 - 158 - 8 - 83 - 203 = 1048$ RON

Accounting registries that refer to expenses with rewards offered with salaries, contributions and other expenses in SC M&P SRL obey the legislation in this domain.

3. The analysis of the main appreciation indicator of the manager's performance in HRM

In the realization of the analysis proposed the main indicators are the balances realized for the years 2011 and 2012, but also the payment chards, using elements of balance in the calculating of indicators and which are also relevant in the analysis of efficient expenses with personnel and with work productivity, which in fact represents the synthetic indicator with the strongest appreciation force on the firm efficiency and status.

The general picture of the main indicators necessary in the analysis presented is described in Table 3.1.

Table 3.1.

The main indicators necessary for an appreciation of the manager's performance in HRM, implicitly in reward and in general

Main indicators	2010	2011	2012
Number of employees (N _s)	3	4	6
Business figure (BF)	125.112	79409	199611
Profit	45684	79409	1733
Salary fund (SF)	45418	49996	70730

SF indicator	1.08	1.10	1.42
SF ₁			

SF ₀			
Work productivity (Wm) =	41.704	19852	33269
CA			

N _S (no. of employees)			
Index of work productivity increase =	1,09	0,48	1.68
W _{m1}			

W _{m0}			
Total personnel expenses	53914	60867	85392
Salaries expenses	35279	33427	31765
Insurance and social protection expenses	8496	10871	14662

By analysing the main indicators reflected in the annual financial situations for the years 2010, 2011, 2012, which express the *manager's efficiency and the reward of human resources*, the following aspects may be underlined:

The firm manager has understood that human resources represent the force that generates value for the firm thus he has *increase the number of employees every year*; today being doubled in comparison to the year the firms was started.

According to the manager's main objective, the increase of profits, he was preoccupied with an increase in production and of his business figure, which even if it had decreased, the firm still functioned with profit due to *his preoccupation for maintain the level of salaries and other rewards*, but decreasing other expenses.

Through correct rewarding in the legal limits the manager realized an efficient use and human resources management, fact which contributed to the maintaining of profitability; even if the profit is not increasing it remained significant.

The manager's preoccupation for human resources results from the attentions offered to the *increase of salary funds, which was doubled in comparison to the starting year*.

The salary fund index is continuously growing, fact which reflects the employees satisfaction which remained faithful to the firm, not registering absentees or fluctuations at the work place.

Work productivity for the personnel employed is pretty high keeping in mind the modest number of productive personnel.

The increasing index of salary funds is in general overpassed by the increase index of work productivity with the exception of the year 2011, when due to reduction in orders a decrease of work productivity was registered.

The manager was preoccupied with *rewards and the stimulation on the measure of the work realized by the personnel employed, fact reflected by the significant and continuous increase of personnel expenses, employment expenses and social protection and with the realization of bank transfers in time (salary taxes), fact which insures employees the right to benefit from the time worked, from unemployment help, from supplementary pension, health insurance, risk and accidents insurance etc.* For the period analysed an increase in number of employees, an increase of the salary level with the respect of the limit for the minimum salary regulated by law, an increase of the level of expenses with insurances and social protection with the respect of legal modifications regarding the reports applied to determine all these sums.

The manager of the firm analysed was observed for the *respect of contractual conditions*, conflict management not being a problem (another aspect of HRM), by offering salaries in concordance with the firm performances and the individual ones directly reflected in an increase of firm performance and expressed by the main indicators calculated on the basis of balance elements - Ca, P, Wm, Iwm. All these aspects reflect the fact the HRM, mainly of reward management generated high performances at a global level of the firm, obtained by an efficient manager.

In order to identify the optimum level of expenses with rewards offered to the firm personnel, graphic representations are presented and their interpretation.

This in Figure 3.1., tendencies of the indicators N_s , C_a , Salary expenses are presented for the relevant period for the results generated by the firm activity – textile in the Lohn system, respectively for the period July – December 2012.

For the period analysed, the maintaining of the number of employees was observed, the approximate maintaining of the salary funds, a relative tendency of regression of the indicator Salary expenses for the month of July and for December, due to a dependence of fix periods for holidays for the main clients and mainly for the external ones and the lack of

orders. The figure reflects the reaching of an optimum level for the main expenses for personnel rewards for the month of September 2012, because during this period all orders was satisfied, including the ones from past months.

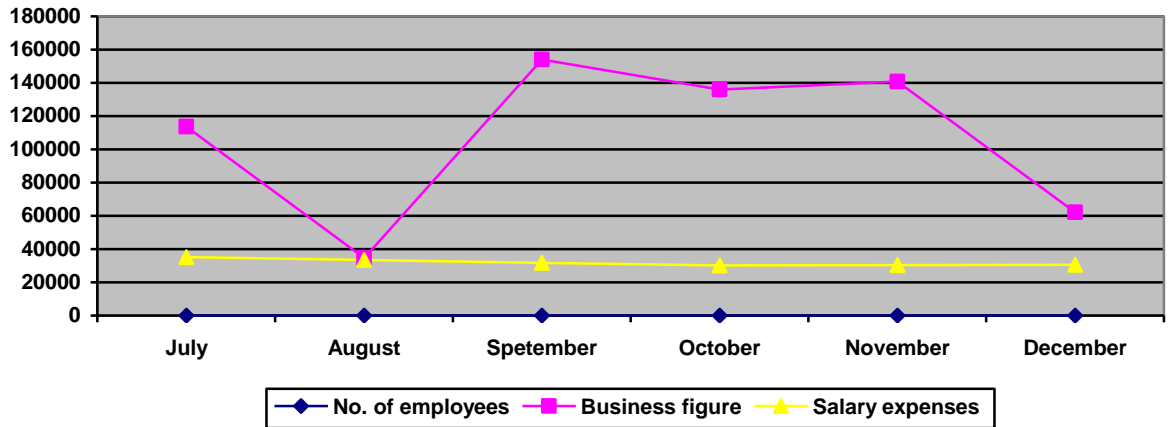


Fig. 3.1. Tendencies of the indicators N_s , C_a , Salary expenses for the period July-December 2012

Figure 3.2., reflects the decreasing rhythms but also the increasing ones for relevant indicators, with the exception of the month of September during which the modification of the F_s index, realized by the W_m index can be observed, a modification which is due to an increase and movement of the production resulted but also due to the satisfaction of all orders, present and past orders.

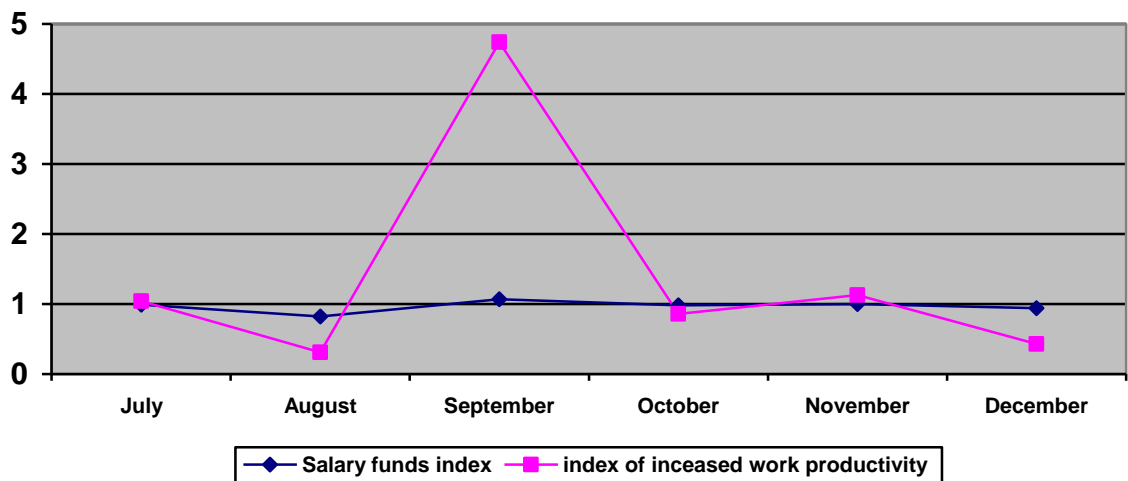


Fig. 3.2. Tendencies of indicators I_f , I_{Wm} for the period July-December 2012

As in the case of the previous figure, fig. 3.2. reflects the realization of an optimum level of salary expenses and of the salary fund during the month of September 2012.

4. Conclusions

By analysing the respect of employees' rights regarding the rewarding of their work, the respect of work discipline and the manner in which costs are calculated, but also the highlighting of rewards offered to the personnel employed, it can be observed the legal regulations in the matter regarding rewards and the main rights of employees from the firm analysed are:

- The insurance of a decent and stable working place, because for the period analysed no negative fluctuations of personnel were observed, but for new employees and salary increases and with the maintain of old employees;
- The insurance of work protection and security, by realizing bilateral charts signed by the manager and the employees and as a result of knowing the legislation for this domain and of specific working norms, even by accepting specialty assistance in the domain, and by paying all expenses destined for the insurance funds, the risk fund, work accident fund, unemployment fund, health fund etc.
- Rewarding and salaries were realized in a direct connection with the quality and the quantity of work offered, because the tendencies of the main indicators analysed reflect the continuous maintaining of a realist correlation reward – performances – satisfaction by the firm manager for the personnel employed, fact which reflects the loyalty towards the firm and the absence of fluctuation;
- The respect of work pauses regulated by law by also of paid leaves, sick leaves and maternity leaves according to the case;
- The insurance of career possibilities or the right to benefiting from a supplementary pension for the age limit or for invalidity only by supporting expenses with obligatory contributions and taxes;
- The insurance of possibilities to be informed personally, the right to investigations for the position occupied etc.;
- The insurance of perfecting conditions but also of specialization conditions for the qualification domains;
- The offering of rights regarding the delegation or delegations obeying legal regulations;
- The offering of prizes before holidays: Easter and Christmas ;
- The offering of free days with the respect of laws in force.

The manager of the firm also acts according to the annual balance to estimate expenses with personnel rights keeping in sight the law regarding the present system of salaries, used

the fix minimum interest and the variable one keeping in mind the law regarding the performances realized but also the manager's role and the personnel manager in the activity prizes and in the increase of the firm business figure.

Thus the conclusion that the *reward management in the firm analysed was a performing one; it generated positive results reflected by the indicators analysed; but also that the profitability conditions and high managerial and economic performances were set.* From the graphics presented and from the discussions with the firm manager, the fact that the optimum level of personnel expenses *is localized* during the month of September can be observed and that it is common for firms with this activity object, respectively confections – textiles in the Lohn system. In this context and for the maintaining or the increasing of the manager's performance level in the domain of personnel rewarding with a positive impact on the firm performances in general, *the manager was recommended to try other legal possibilities* to apply rewards and implicitly to stimulate personnel, fact which would generate the diminishing of expenses with profit taxes (these expenses being deducted when annual taxes are calculated) but also the increase in satisfaction and personnel satisfaction and loyalty with a direct reflection in an increase of firm productivity. These recommendations aim life insurances and accident insurances that are paid by the employer in the legal limits of fiscal deductively, meal tickets, holiday presents, discounts that can be offered for deliveries to their shop, paid delegations in the country and abroad, beside transport and accommodations, free accommodation during the weekend at the firm hostel etc.

5. References

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