

In Brad Ham's book "Ownership Thinking"⁽¹⁾ the last of the four cornerstones of his theories along with Right People, Right Education, Right Measure is **Right Rewards**. He puts forward the theory that the employees along with being empowered in their work should have the right incentive and understand that their new efforts deliver financially for both the organisation and themselves. He believes that you have to create an incentive that will reward the correct behaviour and have an incentive that is of value to the employee.

Ham's believe that all incentive schemes should be self- financing and that the employees should have the education to understand and have full access to the financial information that generates this incentive or not. This empowerment leads to the belief that the employee, in carrying out his work is creating a better situation for his employer and ultimately himself.

In Michael Armstrong's book "Employee Reward Management and Practice" (2) he lays out various methods and schemes that can be devised to reward employees. He puts forward the reasoning that overall bonus's contribute to the creation of a high performance culture and makes for a positive impact on bottom line results. He also warns against moral hazard where employees strive to obtain a higher bonus by either manipulating results or engaging in high risk activity.

In creating an incentive it is important not to overcomplicate it and have clear method of measurement against set goals. There should always be fairness in setting the goals for the incentive to ensure that they are a realistic expectation for achievement.

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ⁱ (1) The McGraw Hill Companies (2012) Ownership Thinking, How to End Entitlement and Create a culture of Accountability, Purpose and Profit.

(2) Kogan Page Limited(2007) A handbook of Employee Reward Management and Practice