

EMPLOYEE REWARD SYSTEM IN THE FUNCTION OF SUSTAINABLE DEVELOPMENT

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Abstract

The development and management of human resources are important aspects of building an environmental culture in the organization. The result of adequate application of GHRM (Green Human Resource Management) is the creation of greater efficiency, lower costs and better employee engagement. The employee reward system can be a key instrument for raising environmental awareness within GHRM.

Introduction

GHRM is a concept closely related to sustainable development. Viewed from a broader perspective, this concept includes awareness of environmental issues, awareness of the importance of the social and economic well-being of employees, and thus of the organization as a whole. Sustainability ensures that the organization has long-term solutions that will improve economic well-being in the future. Employees of the organization play a key role in the sustainability process. There are great opportunities for human resource management to participate in building the organization's strategic capabilities to implement its clear orientation towards a sustainable business environment, using human resources, their knowledge and skills, attitudes and values, capacities for learning and advancement [9].

The concept of GHRM or green human resource management deals with the use of human resource management to promote sustainable development. Sustainable use of resources within companies, raising employees' awareness of environmental issues stems from unique and recognizable patterns of behavior and decisions of HR managers. Managers' green regulations can be promotional (when behavioral patterns of employees are used as an instrument to promote the concept of sustainable development) or preventive (when behavioral patterns and decisions are applied preventively to prevent negative consequences for the environment) [13, 15].

Rewards, i.e. fees and benefits are used to increase the number of employees, productivity and loyalty. They also increase employee satisfaction and motivation for work. Green reward systems should be designed to reflect management's commitment to environmental performance while reinforcing and motivating employees' pro-environmental behavior [13].

The employee reward system is a central and integrated feature of human resources management [2]. Fees (remunerations, compensations and earnings) form the basis of the reward system. They include all types of wages and rewards paid to employees for their work [4]. Compensations are intrinsic and extrinsic rewards to employees for performing work. Internal compensations reflect the psychological state of employees as a result of performing the job. Organizational development professionals are responsible for them. Extrinsic compensations include monetary and non-monetary rewards, and in larger organizations compensation managers are responsible for them [8].

However, compensation can also be seen as a direct financial cost of the organization. Labor costs can make up a significant percentage of total costs, in some countries that percentage is as much as 60% of total business costs. Precisely because of this, compensations should be viewed as investments that result in added value for the organization [17]. Total compensations are part of total rewards, they include external elements of rewards that can be quantified, which are fixed and variable parts of earnings, benefits and allowances [3].

Compensation professionals create reward programs to reward employees according to their length of service, performance levels or for the knowledge and skills they have acquired related to the work they do. Non-monetary prizes include e.g. health insurance, annual vacations or various services for employees. Most experts call these non-monetary rewards employee benefits, which represent a very important element of compensation packages [7].

The development of the compensation system begins with the analysis of the business strategy and is a very important activity of every organization. The compensation strategy and key principles of remuneration are developed taking into account the existing HRM strategy, remuneration policy and practice and the needs of the company's stakeholders [10].

Compensation objectives can be classified into three groups:

1. Efficiency - the compensation system should improve worker performance, product quality and consumer satisfaction, but at the same time should control labor costs;
2. Equality - a key assumption of the compensation system that takes into account both the performance of employees and their needs, providing a transparent compensation system for everyone;
3. Adherence to legal frameworks - it is important that the compensation system changes in accordance with the increasingly frequent changes in legal regulations [5].

The main purpose of the compensation system is to attract, retain and motivate quality workers. Organizations should pay special attention to building a compensation system for several reasons [11]. The first reason is to attract highly qualified workers who will contribute to the successful operation of the organization with their knowledge and skills. In addition to this, organizations should pay attention to keeping these workers in the organization, so that they do not look for another place to work. The goal of observing the compensation system is the motivation of workers to give their best in performing work tasks, which will ultimately lead to the achievement of the set goals of the organization. The basic role of the reward system is to align the individual interests of employees with the company's strategic goals, which is achieved through attracting, retaining, motivating and creating an organizational culture in which it will be important for employees to contribute to the success of the company in which they are employed [1].

Literature review

Based on previous research in this area, the negative effects of the environmental crisis are the consequences for man, his health and living conditions. Polluted air, polluted water, soil and food lead to the emergence of new diseases. Poverty, unequal development and distribution between the rich and the poor lead to new problems regarding human rights, the right to life, and the right to a healthy environment [12]. Under the pressure of the mentioned problems, the position was accepted that a new concept of development must be created, which would imply technological progress, but with the reduction of environmental pollution [6].

Based on the review of the literature in this area, it is concluded that the green economy creates new jobs and increases the level of social equality. Transition to a green economy also means transition to new employment policies, opening more jobs than is the case with traditional economic models. If investments are made in the green economy, agriculture, construction, forestry and transport, employment will increase in the short, medium and long term. The

concept of green economy does not replace sustainable development, but today there is more and more evidence that reaching the goals of sustainable development depends to the greatest extent on the movement in the economic sphere [16].

The relationship between man and the environment in the modern world is becoming more and more complicated. A way out is sought in the integration of economic development and environmental protection using the concept of ecologically sustainable development [14]. Sustainable development connects the economy, society and environmental protection, within which green growth strategies can be considered as an appropriate framework for practical policies.

Sustainability means ensuring a non-decreasing standard of living for future generations. It represents the transfer of natural capital to new generations in the same amount that we used. Today, damage has occurred due to global warming, and natural resources have been used up to 50%. It is believed that by 2050, the utilization of natural resources will be as much as 85%. If the demand for resources without good substitutes is a large part of the current supply, our use of natural resources is unsustainable. Environmentalists claim that natural resources and acquired capital are not good substitutes in production. The decision-makers face the demand for moderate development and preservation of the environment, with careful weighing of costs and benefits for both the economy and the environment [9].

Results and discussion

Monetary green rewards can include various bonuses and incentives, profit-sharing programs and salary increases for achieving environmental goals, while non-monetary rewards can include promotion and recognition. Based on recognition, employee awards can be for individual, team and divisional contributions to waste reduction, team awards for company-wide excellence, giving employees opportunities to attend green events, paid vacations, time off and gift certificates. Another important issue in green compensation and benefits is that these programs should be related to the acquisition of specific skills and competences (not only for performance), because they are considered important factors in long-term performance, that is, reward systems should be developed to produce desirable behaviors in environmental management. An effective green reward system should be based on:

- Rewarding the employee for achieving environmental performance and environmental knowledge and values.
- Design special monetary and non-monetary rewards for employees who achieve environmental goals.
- Design special organizational, team and individual rewards for employees.
- Design rewards for innovative employee environmental initiatives.
- Introduce new and innovative benefits for employees' environmental practices [13].

Directing the organization towards the implementation of a sustainable development strategy requires a certain process related to the role that green HR plays in that way. The basic phases of strategy implementation would be as follows:

First step: Identification and involvement of all stakeholders to whom the policies, processes and results of the HR policy apply.

Second step: Selection and prioritization of key human resource management issues relative to supporting a sustainable organization.

Third step: Review and revision of HR policies in accordance with the principles of sustainability.

Fourth step: Preparation and development of activity plans, indicators and measures of success [9].

Conclusion

The national sustainable development strategy is one of the most important elements that lead to raising environmental awareness. Sustainable development is oriented towards creating a model that eliminates or reduces impacts that pose a threat or damage to the environment and natural resources. In the long term, the effects of sustainable development would be seen through the achievement of such a scale of efficiency and technological progress, innovation of the whole society, better utilization of resources, reduction of pollution levels, prevention of future pollution and preservation of biodiversity [12]. Proactive HRM focused on sustainable development set as an imperative of modern business influences the pro-environmental thinking of employees. As found in the literature review, the compensation system has a great impact on the satisfaction of employees in the organization. This system should be aligned with numerous internal and external factors that affect modern business, and that respond to new requirements in terms of encouraging employees to change their behavior towards green champions.

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