

Bonus not always a given

Trend towards smarter rewards means rethinking automatic 13th cheque, writes **Graenor Vaida**

DECEMBER in South Africa has long been associated with long summer holidays, braais and 13th cheques.

But the era of the 13th cheque may be coming to a close as companies start to spread costs - and base bonuses on performance.

Bryan Hattingh, chief executive of leadership acceleration and transformation company Cycan, says more companies are moving to performance-based rewards and away from a guaranteed 13th cheque regardless of performance.

This is not to say bonuses - and other rewards - are in the throes of dying off.

Rather, employees have to work harder to get a reward.

For example, says Hattingh, some companies offer paid holidays as incentives, generally to middle to senior staff and middle management, but this reward is often tied to the individual's contribution as well as the division and the company's performance.

Hattingh says some companies are issuing bonuses on the anniversary of the employee's date of employment, which allows them to spread the cost over the year rather than having to fork it out in one go.

This is particularly helpful for companies in cyclical industries who may find December a slow month.



INPUT:
What you put in is what you should get out at bonus time, say the experts.

The most important issue is to ensure that the process is seen to be fair

Other companies, those which tie bonuses to the companies' financial performance, issue them after the company's financial year-end. Kathleen Genade, executive director: professional services at The People Business Group, warns that companies must handle bonuses in the right way.

"If done properly, the giving of bonuses can really raise the level of maturity in a company. In turn, if not thought through carefully, it can seriously damage morale and team spirit, so the process requires extremely careful planning, good consultation and effective communication."

The first step is to decide on the intention of

the bonus and the message that is meant to be conveyed. For example, a bonus can be:

A reward for a job well done in the preceding year;

To inspire and increase team-work, or perhaps;

In anticipation of a better year ahead.

The next step is to decide, if rewards are based on company performance, not individual merit, whether non-performance is rewarded and whether there should be a differentiation between good and average performance. Whichever tool is used to determine bonuses, the most important issue is to ensure "that the process is seen to be fair by all employees, the message conveyed is not ambiguous, employees feel they are measured on outcomes or their contribution to those outcomes and the process is transparent", says Genade. Hattingh says: "The intention is to get people to go the extra mile." There is also a move towards paying employees in the "smartest" way while being transparent, particularly when it comes to filing tax returns. This follows the Receiver of Revenue clamping down on just about all the "benefits" that allowed companies to pay less tax. Companies are also looking for different ways to attract staff. These incentives can include flexible working hours or in-house crèches.