

Reflection 35. Reward!

On a yearly basis we learn the remuneration paid to our leading bankers in Kenya. They are well rewarded for their service. But how can a bank become a more rewarding place to work for all employees. When I arrived in Kenya, I learned that in Kenyan English 'motivation' is synonymous with remuneration. However, creating a rewarding culture is about so much more than how much we pay. This blog lists what I've learned from the best.

Why create a rewarding culture: A rewarding culture creates loyalty among staff and through staff, among customers. It reduces the cost of acquiring staff and reduces staff rotation. All this seems obvious. So, let us examine how to make it happen.

Financial rewards: Historically, loan officers might benefit from a staff incentive scheme, which would reward the size and quality of a portfolio that an officer manages and adjust for loans written off, or transferred, or poorly performing loans inherited from others. Occasionally branch based incentives could be paid for achieving collective targets.

Non-financial rewards: Nonfinancial rewards included small team awards for best branch or most improved branch, which could be in the form of a paid social event for the branch staff. In one case, the Bank of India treated a significant number of their team to tables at the Banking Awards Ceremony and all would move to the stage to collect every award.

So, rewards are a way of sharing actual or anticipated value gained by the bank from the work of staff members or a team. So, Equity Bank for example, refunds the cost of professional education when its employees are successful in their exams. The education scheme has three benefits, it is paid after success, it helps to retain staff whilst they are studying, and it creates an expectation of professional development within the bank.

Recognition - Moments of Beauty: Additional rewards can be provided for examples of staff members living the values of the institution, for example reporting fraud, or exceptional service. These occasions, sometimes called 'moments of beauty' are usually forms of peer recognition, they can be tiered according to the value to the institution. They can include financial and non-financial rewards, but they always include recognition within the bank.

Recognition of moments of beauty is required within the team of the staff member, but should also be reflected within the bank, through annual staff appraisal *processes*.

The Art of Management: Managing a team can be difficult, within any team there will be free riders, those who benefit from the performance of the team, but contribute much less. In addition, a reward culture is difficult to maintain unless there is accountability for performance.

Challenge: However, there is a significant challenge. In the digital age, the relationship between a bank and its customers is increasingly digital, at a distance, with limited interpersonal relationships. In this situation accountability for performance, can be especially difficult to establish. Digital credit is easily given, but it is provided automatically, often in small amounts, unsecured, who is responsible for nonpayment of these loans?

First Principles Consulting can help you review how you reward your staff for their performance, how you create a reward culture, one in which the bank and its employees benefit.

If this reflection speaks to you... speak to me so that we can inspire change, together.

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Additional reflections in this series can be downloaded from www.firstprinciplesinfinance.com



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