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EMPLOYEES' PERSPECTIVES ABOUT REWARDS AND INCENTIVES: ARE THEY OVERRATED

Employees' Perspectives about Rewards and Incentives: Are They Overrated

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Abstract: Employees today are more concerned about the rewards practices on in which they seek for the ground elements which should be demonstrated in accordance to ensure that the organizational reward system will be as effective as possible. This study aims to investigate the relationship between the perception of the employees on fairness, transparency, controllability and the reward values of the reward practices. The reward values may not only be in monetary form but it can also be alternatively provided in other forms such as employer appraise to the employee. This paper also aims to analyze whether the employee's perspective about the rewards and incentives are overrated.

Index Terms— Employee Retention, employee reaction, rewards, Incentives

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INTRODUCTION

Rewards practice and incentive plans are used by the companies to achieve the overall performance of the organization. The employees providing astonishing performance always expect that their contributions will be recognized and they also want it to be appreciated by management. Presently, the reward practices have been adopted by a number of organizations in both, public and private sector. According to Bowen (2000), in this competitive world, reward and recognition are very important to create goodwill between the managers and the employees (Bowne, 2000). The perception of employees towards the reward practices depend on two major characteristics which refer to complexity and communication. The need for the transparent reward system involves the preferences having a proper communication of the rewards are offered and how they are distributed and it also depends on the understanding of the measures, methodologies and the targets that are used in any reward system (Frey Bruno & Reto, 1999). The employees should understand the relationship between the business objective of the company and how they are rewarded and how they contribute. The uncertainty can decrease the effectiveness of the incentive communication.

Condly Steven J, Richard e Clark & Harold D Stolovitch (2003) stated that the reward practice has to be satisfied an open and full transparency and the communication of the availability of the rewards and the identification of the rewards recipients. Crifo Patricia & Marc-Arthur Diaye (2004) stated that the rewards process has to be demonstrated with the help of the clarity of the relationship between the reward being given and the extra effort and it is also concerned with the way in which the rewards are administered within the rewards system. In order to

acquire the positive motivational properties the rewards schemes should be performance based. This study aims to analyze the employees' perspective about the rewards and incentives.

AIMS AND OBJECTIVES

The main aim of the journal is to investigate the employees' perspectives about the rewards and incentives.

The objectives of the paper are:

- To establish the relationship between employees' perception on transparency of reward practice and the performance of employees

- To analyze the major myths about rewarding employees

- Guiding principles of effective reward system

- To analyze the employees' view on reward system and incentive

The major myths of supervisors about rewarding employees

There are some traditional myths about rewarding employees which the managers should keep in mind while rewarding the employees. Things have changed a lot in the past few years and the concept of "money is the best reward" has gone. Many researchers show that money does not constitute a strong, ongoing reward. It is just like a nice office. It means the money can give a temporary boost in morale and energy. The main role of money and a

nice office is same which is they can stop people from feeling worse. There are many managers in various companies who think employees are professionals and they must suck it up and do their jobs (Fisher, 1998). This view is entirely outdated today and the times have totally changed. The employees are no longer treated as machine and their efforts come at a really high price. All the employees working in any industry wants to be treated as human beings. Today, rewarding the employees is considered as a partnership between the workers and the supervisors.

Figure 1: Performance Pyramid

Some managers working with various companies think that if they reward every time the employees do something useful then they will have to reward all the time (Frey & Reto, 1999). This concept does not work in this modern corporate world. Employees working in any company are mature adults and they do not expect rewards for every useful thing they do in their workplace and there is no need to reward them for all the activities they are involved with. The most important thing they expect from the supervisors is that they fully acknowledge the value of their workplace (Gerald, 1990).

Guiding principle of effective reward systems from employees' perspective

There are a number of ways to reward employees used in the workplace. The rewards can be in monetary form or it might be some other benefits, time off, affiliation with other employees, acknowledgment for the work completed perfectly or sense of accomplishment for completing a major job. There are some guidelines which should be followed by the companies to reward employees. The first thing is rewards must support the behavior which is directly aligned with the strategic goals of the company. In past decades, the main goal of the organizations was to tie the behaviors of the employees to the strategic goals of the organization (Fredrick et al, 1999). Now, the term "performance" is used to designate the behaviors which are really meant to contribute to the organization's goal. The employees might work hard in

their workplace but if their behaviors do not match with the strategic goals then there is no meaning of their hard work. Reward must be tied with purpose and passion and they should not be combined with fear and pressure (Scott, 2003). Fear is considered as a powerful motivator but it can be done only for a short time. For example, if any supervisor warns the employees of shortage of fund if they do not do a job properly then they will be motivated towards their work and they will try to give their best to get the work done perfectly but this approach will not work if the management give this type of statement again and again then the employees will realize that the management is using it as a fear. Employees always want to clearly associate the rewards to their accomplishments. If someone says "thank you" to an employees and the employee do not understand the reason then there is no meaning of it. The main purpose of any reward system is to reinforce the positive behavior which is earned by the reward system. If employees are able to understand for which behavior they are awarded then they will try to repeat these behaviors in future.

REASONS FOR EMPLOYEE REWARDS

The employee rewards programs can help the organizations is they are properly implemented. Often, the organizations reward the employees without any suitable reason. There might be some unintended consequences of the reward system. So, there are some reasons which should be considered by the employers at the time of rewarding them. It is very important for the employers to reward employees for a job done properly (Scott, 2003). The rewarding can be done weekly, monthly, quarterly or annually. There should be some string reasons to reward employees. If employees are rewarded without sufficient reasons then they feel they are highly valued and overrated. So, some good reasons for rewarding employees can be providing excellent customer service, having positive attitude towards the role of the employee, being a good team player etc. The employees should also be recognized who contribute creative ideas for new innovations, improve the safety and security of the workplace, improve the quality of the end product etc (Clifford, 1978). All the employees within a company have the equal opportunity to provide their best to the company. If the reward system is properly designed then the employees can see a relation between the earned recognition and a job done perfectly. The employer should understand that the employees view reward system as a clear path to well earned promotion. So, the reward system should be designed in a certain manner so that the employees do not feel that they are highly valued for the company and they are a step ahead to the promotion with a reward. Job satisfaction of employees is a major reason for any reward system in any company (Ellis, 1995). If the job satisfaction is increased then the day-to-day activities of the employees will also improve and the interactions with their co-employees

and the managers will also be enhanced. So, it will be able to make a good corporate culture within the company.

Figure 2: Motivation Cycle

EFFECTIVE MOTIVATION STRATEGIES INVOLVING THE REWARDS SYSTEM

Both Ford Motor Company and American Telephone and Telegraph (AT & T) do involve their employees in their TV ads. McDonald's makes different motivational activities for their workers, which ranks among adolescents and older people. Don Guillen, chief of staff, McDonald's said: "Thirty years ago, forming a softball team with employees was enough to satisfy them. Today we have to adjust our incentives to the specific nature of our work force" (Kenneth, 2005). A district can organize a meeting of veteran employees - an opportunity to meet and socialize in an environment other than the work - or a casual meal in a restaurant or in the manager's house. For young employees, the company has a policy of flexible schedules allowed to attend classes, do homework and take exams. Public Recognition and Social Rewards are very important for employees (Kenneth, 2005).

During the holidays, the Walt Disney opens Disneyland one night only for employees and their families. Each of the attractions is then attended by senior executives dressed in costumes. Besides being very funny, this act allows employees to look at the whole amusement park from the point of view of customers. A multitude of other successful programs, including public recognition to involve colleagues and informal parties where they drink soft drinks and non-alcoholic beer, help to arouse a feeling of camaraderie and identification with the Disney organization (Ronan, 2003). The satisfaction of employees and customers with Disney is among the highest in the entertainment sector and is the cornerstone of the company's success (Lawerence, 2003). To demonstrate

confidence in their employees, certain company executives of Quad / Graphics, Pewaukee (Wisconsin), left the premises around the clock, in what they called "poaching executives break in spring." Printing operations continued normally while managers got together and went to the Milwaukee Art Museum. Sometime later, the company expanded the "getaway" to two days and three nights, including within the program management seminars at a local university (MOW International Research Team, 2009).

Motorola, Schaumburg company (Illinois), organizes breakfast to reward workers who have achieved quality goals recognized by senior management. Managers can also be rewarded with a dinner for two at a nice restaurant, or a weekend in a first class hotel, for one who has excelled in conducting a project.

Amoco plant in Texas City, has implemented a suggestion program that has saved the company $ 18.8 million in the past two years. The plant will reward the winners with gift certificates, pen and pencil sets, or paid time off (Bob, 2001). Employees can also disclose suggestions via circuit television within the company and local newspapers, and includes contest of employee of the month or year (Mottaz, 2003). In the campaign "key innovation", the Cyanamid Company of Canada encouraged the workers to contribute ideas and become "frequent innovators." For ideas that promote productivity, employees receive between 40 and 1,000 points, redeemable for prizes chosen from a catalog which contained, among other things, glassware, appliances and travel weekend for two people (William & Mackinnon, 2006). In Eastman Kodak Company, Rochester (New York), an employee whose suggestion is in implementation receives 15 percent of the savings obtained in the first two years of its implementation (Mottaz, 2003). If a suggestion is a new product, the reward is equal to 3 percent of product sales, in the first year. Kodak has granted rewards, which on average are worth 3 billion a year, won by more than 30,000 people. According to Robert Crandall, "it is very important to ensure that every employee feels valued and respected."

CONCLUSION

There is no standard rule of rewarding employees which can be used in every organization. There are some guidelines which should be used by the organizations so that the employees do not feel overrated. It is important for the organizations to reward the employees after letting them hear positive comments from the customers about the activities done by employees which benefitted them. Employees do not always want to get rewards in terms of money or some other kind, but if a board member comes to an employee to meet and thank

him/her it seems to be a lot for the employee. This is same as hearing positive feedback from the customers. The supervisors of every organization should understand the factors motive the employees. It will help them to motivate the employees properly. In every monthly meeting, it is really important to mention the major accomplishments of different employees for the month. Gift certificates should be provided to the employees with major accomplishments. There should be some guidelines for determining who will get the gift certificates and the policies should be discussed with the employees in advance so that the employees find the policy equitable and fair. The employees should be given chance to recommend other employees for getting the gift certificates. The reward policy must be defined in certain manner so that the employees do not feel overrated. There should be proper reason for rewarding employees. There are many organizations where the management rewards their employees without any sufficient reason and the employees feel overrated and they start to think that they are quite valuable for the company. Employees take reward practice as a clear path to promotions. This factor should be considered by the management before rewarding employees. Once they feel that they are overrated, their expectations from the company increase. After that, if the company fails to meet the expectations of the employees they quit the company and look for another job. It creates a major problem for the organization. The management of every organization knows that rewarding employees is good for the business and it increases the productivity, improves the attitude of the employees and it builds loyalty in every employee. The rewarding should be done periodically like weekly, monthly, quarterly or yearly. If an employee has to wait for a long time, like for ten years, then it is not considered as rewarding. The employees working in an organization want to feel valued but it is limited to some extent. The employees always want to hear that their works are appreciated and it is quite easy for the managers to let them know this. It should be done regularly and no need to wait for annual review or retirement of the employee.

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