# An Equitable Total Rewards Approach to Pay for Performance Management

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*In today's competitive and global workplace, one of the strategies that successful companies use is having the ability to attract many qualified candidates, retain top talent, and maintain a highly motivated workforce. So what can an organization and managers do to attract, retain and motivate a talented workforce? Successful companies have various types of organizational reward programs that recognize and reinforce good employee performance. In this paper, the authors discuss that organizational rewards should strategically recognize good work habits and enhance the performance of each employee. This is a practice-based paper about performance management, reward systems, giving feedback, and recognition programs which should be strategically aligned with the organization's values and objectives. The content is helpful for managers, human resource professionals and organizational leaders who are considering the implementation of various reward systems and pay programs.*

## INTRODUCTION: REWARDS AND PERFORMANCE

Effective, appropriate, timely, and market-driven rewards can be motivational for managers and employees alike. Experience and research in the science of success reinforces the concept that effective and timely feedback can be motivational for morale and enhanced productivity (Kock, 2007). Studies demonstrate that there is a positive relationship between the resources available to employees, fairness of the compensation, the amount of information exchanged between employees and managers, and workers' level of stress and burnout on the job (Schaufeli and Bakker, 2004). Organizations and managers usually get what they reward. If an organization values something very strongly, then employees' behavior will be driven by those values (Pohlman and Gardiner, 2000). Managers must think about building an effective and value-based organization as it is important for their immediate success and the future of management (Hamel, 2007). As explained by Daniel Wren (2005), the evolution of management has taught us many lessons, and one is that managers must not just focus on enhancing production alone but should also think of how people fit into the firm's equation for success. If they reward ethical behavior and pay employees a fair wage, chances are very good that their employees will act ethically. Besides matching the perception of employees as being fair, reward systems and wages must also meet the legal criteria in each country as well (Cavico and Mujtaba, 2008). If organizations and managers reward quality products and quality improvement, then employees will regularly think of quality in their work which may lead to better ways of doing the job. If organizations reward customer intimacy and satisfaction, employees are likely to adjust and change their behavior to build a good relationship with customers in order to know and satisfy their needs (Mujtaba, 2006). It is especially important for human resource managers to understand employees, vendors and customers in each location where the organization is and build a good relationship with them since this is critical for the firm's success (Karadjova-Stoev and

Mujtaba, 2009; Franklin and Mujtaba, 2007). Proper reward systems for all employees and vendors, as part of a comprehensive performance management program, can help enhance performance and productivity in the workplace.

According to Mujtaba, "*performance management* is a way of measuring and making sure that the activities of everyone in the organization are aligned with the overall shared mission, vision, and goals of the company" (2008, 255). An appropriate performance management program explains what performance means, how it is measured, and provides timely feedback to those responsible for accomplishing the tasks (Rollo, 2001). Most performance management programs are designed to align employee activities to the firm's goals, provide useful data to make administratively educated decisions about employees, and to provide appropriate feedback to employees so they can correct their shortcomings in a timely manner and build on their strengths. Feedback is a very important part of any performance management system and should be given careful attention and consideration. Feedback to employees should be presented in such a way that it results in better performance, enhanced productivity, higher motivation, and increased morale.

According to Corcoran (2006), *performance management* is a system that is made up of several interdependent internal processes. It begins when a job is initially defined and ends when an employee leaves the company. Appraisals are just one part of an overall process that covers everything from recruitment and selection to goal setting, performance measurement and review, and training and development. Performance management relates to everything that takes place between these two events. Performance management is about setting and achieving organizational objectives. Objectives should include the 'what', 'who', 'how', and 'when' elements. The goals and objectives put forward by the employee in conjunction with the manager's assessment of the staff member's performance will determine to a great extent the training and development objectives.

According to Helm, Holladay, and Tortorella (2007), thinking of performance management as a complete system that encompasses goal alignment, education, communication, and continuous feedback can lead to the recognition of top performers. This recognition is important as organizations try to retain their top talent and improve the performance of all employees in an effort to positively influence the customer, client or a patient's experience. Helm, Holladay, and Tortorella (2007) mention that effective performance management involving a complete system of goal setting, training, communication, and ongoing feedback is a practice on which research often has important implications. However, research to date has primarily focused on one component of this topic-the link between performance and pay. Helm, Holladay, and Tortorella (2007) make the following points regarding pay and performance:

- Merit pay is a program that determines differing reward amounts according to the employee's performance level.
- Pay-for-performance programs are in place in many organizations, but only few organizations specify the goals of their performance management system, evaluate whether or not the goals are achieved, or align the goals to the organization's strategic plans.
- An increasingly large number of organizations in various industries, from computer technology to finance and retail sales to tree planting, have investigated how rewards, specifically compensation, can be linked to performance; which leads to widespread and growing development of pay-for-performance components in performance management systems.

This performance management initiative is a significant step toward achieving the institution's ultimate goal of being an employer of choice, where top performers are recognized, and for providing documented research that other organizations can learn from and use in their own performance management efforts (Helm, Holladay, and Tortorella, 2007). According to Helm, Holladay, and Tortorella, as organizations face employee turnover challenges, having a pay-for-performance system can attract good potential candidates while fostering retention of top performers and talented employees.

**REWARDS SYSTEMS**

There is an increasing demand on corporations to develop reward programs that are motivating employees to work harder and faster. These programs usually educate and encourage associates to become more productive, efficient, and valuable individuals in the company in terms of the "bottom-line." However, due to the pressures related to performance and incentives or ineffective implementation

procedures, in some cases, these programs can encourage unethical behaviors. So, in order to attract and retain qualified and committed individuals, firms need to have appropriate pay systems that encourage and reward employees to always stay focused on producing quality products in an efficient manner and to always do the right thing. At the mean time, managers and entrepreneurs should be moving toward greater alignment between performance management and company strategies, values, and quality measures. Reward systems should be linked with goal-setting, employee development, competency measures, and team performance. This will decentralize the decision-making down the hierarchy to empower those performing the tasks. This will translate into better reward systems and better morale among employees. In order to create a competitive edge, many organizations are now doing more with fewer employees, so it is imperative that people are rewarded for using effective and ethical problem-solving and decision-making skills.

While most human resource managers agree on the value of effective reward systems, few consider how differences in the quality of reward systems and incentive programs can affect the morale and productivity of each individual. Most reward systems have been written by one individual or obtained from a traditional or generic reward program. These types of reward systems may have serious limitations that may prevent its application to the general population and they can be very costly without producing the desired results for the organization. In general, a comprehensive employee reward system for effective performance management programs can include and/or consider the following elements: fixed pay (base pay), variable pay, short term incentives and long term incentives, gain sharing, benefits, allowances, quality and quantity of work, work environment, work-life balance, non-financial rewards, leadership style, organizational values and culture, equity, training and development (career/professional), participation in decision making, holidays and leave, challenging work, communication, employment security, opportunities for achievement, freedom and autonomy at work, management support and encouragement, performance management, etc.

Regardless of the reward, the key is in providing feedback. Immediate feedback on performance can motivate individuals to change their strategy or to become more creative and adjust their methods to become high performing. In parallel with the Pygmalion effect or the self-fulfilling prophecy concept, it is appropriate for managers and entrepreneurs to assume that everyone would like do well and become a contributing part of the society or company. However, people need feedback about their performance; and, if they can see and evaluate their own performance, then they would be able and willing to take appropriate action. Overall, just-in-time feedback is vital to every individual at every level of the organization and everyone wants to learn about his or her progress and stay abreast of it.

In order to create a high performance team in the 21st century, managers and entrepreneurs need to shift from the traditional hierarchy to a team-based management system. The basic or core elements of team structure should consist of the following:

- Work should be structured based on customer needs.
- Training programs should be provided to move to new levels.
- Rewards should be based on productivity and performance.
- Employees should get more responsibility as they become ready for them.
- No waiting for attrition or wearing out of the team.
- Cross training and different levels of skill should be required.
- Job responsibilities should emphasize results and not tasks or techniques.

It is also important to point out that after understanding the culture of the organization, managers and entrepreneurs will need to "unlearn" the traditional management practices. The new practice should develop systems of accountability and it should measure the right "KPI's" (key performance indicators). The new system should also encourage risk taking on the part of management as well as employees, and failure should be tolerated to an extent where it does not go out of control. It is believed that most people have capabilities beyond those which they are called for to complete their jobs. They can go deeper into their jobs and make better and stronger methods of getting work done more effectively and efficiently. This is a major shift from the traditional hierarchy into a team-driven management system and it will take time and planning on the part of executives. This reward program should be result-oriented and should not just concentrate on techniques because people can be creative and invent far more superior methods of accomplishing the results. Managers should keep in mind that their employees deserve to know what

needs to be done and how it should be completed and they will often handle the responsibilities better than what is expected. Communication should flow horizontally, from side-to-side, and vertically, up and down, to all employees. The new pay system to reward high performance teams could (be):

- Focused on the mission of the company.
- Team-based but employee focused.
- Market driven.
- Allow for strategic decisions at the employee levels.
- Control growth of base pay.
- Compatible with the market or industry pay structure.
- Provide fair incentives for the high level executives to meet customer needs.
- Differentiate between levels of performance.
- Eliminate the "one size fits all" mentality or strategy.

The completion of job analysis should provide relevant information about key performance indicators that need to be reinforced in the reward programs. After clarifying those KPI's that need to be reinforced, human resource professionals can design the new compensation plan which should reward ethical decision-making and the output. The reward programs should be individually focused because the value of certain rewards varies between different individuals. Bob Nelson, author of "*1001 Ways to Reward Employees*" says, "Appreciation for your best people heightens morale and it enhances your corporate image." The rewards should also be matched with each individual as his or her expectations, background, response to public or private recognitions, desire for money or promotion, and desire for peer respect may vary greatly and could be influenced by his or her past.

The new reward system requires the willingness and support of management, at all levels, to move from the traditional culture of entitlement and seniority to teamwork, empowerment, and employee involvement. Everyone needs to realize that the employees, unions, government officials, and executives of the organization have the same interest in the long run which is the success of the organization in an ethical manner and in the most efficient way. So, employees should be involved actively in the issues affecting them or their work. In its most general or simplest format, the new pay (which is inclusive of strategy-based-pay and performance-based pay) in an organization can be achieved by following a strategy and performance pay process (Mujtaba, 2008).

**Strategy-Based Pay**

This is the base pay which can reinforce new broader jobs, skill development, and performance. Base pay should be determined as a result of skill and the external market. Every job should have a base salary that is compatible with the industry or market. All jobs should be analyzed and described based on its work behaviors and characteristics of the work environment. Each position should be a little different than the previous one and should include added responsibility of new knowledge or skill. So, the base pay should be different for each job and should represent the level of skill or knowledge. All employees should be given the opportunity to learn new skills and knowledge required to take more responsibilities. Pay increases and promotions should be based on a 360 degree evaluation where each individual, even suppliers and vendors, can evaluate and recommend their co-workers for pay increase and promotions. It is extremely important that people are trained in the evaluation process and made aware of the effects of their evaluation on the person being evaluated. If conducted properly peer evaluations often are the most accurate judgments of an employee's behaviors.

**Performance-Based Pay**

Includes variable pay to reinforce and encourage performance improvements by sharing the profits or benefits of improved performance. The concept of "pay for performance" philosophy is what Frederick Taylor, the father of scientific management, practiced. However his methods did not involve people's brain but only their bodies. Today's pay for performance strategy can be an excellent strategy if it focuses on the result and not necessarily just on the means. This strategy would work great with technical and manufacturing jobs. However, jobs that require decisions of morality and ethics cannot be left alone to each individual as they represent the company and their views may not necessarily match that of the company. Moral and ethical decisions should be a concern of every stakeholder including corporate

executives and management. Individuals should be given resources, training, and the means of accomplishing results within defined limitations. Such limitations can be defined by a code of ethics or the values which the company has been guided by in its day-to-day operations. Such limitations may also be represented by a number of questions that must be asked before proceeding with the decision. A question might be: does the decision violate anybody's rights, company values, societal values, laws, or professional codes of ethics? A "yes" answer means discuss the matter with others before proceeding, and a "no" answer would mean the decision is aligned with the corporate values and mission.

The future pay strategy eliminates the traditional indirect pay, because it did not expect measurable results on the investment, and incorporates it into the variable pay. The variable pay, payments that are not folded into base pay which vary according to performance, can be a great motivator for individuals and organizations should they take advantage of it. This will help improve employee morale and can provide them with ways of becoming winners and gaining self-confidence through self-affirmation. For example, managers and entrepreneurs can reward employees for their unit production of optical fibers, cookware, ceramic cores, etc. This reward should be based on quality production of each unit with increasing reward as production goes higher both in quality and quantity. People should also be rewarded for the training of other associates, mentoring, cleanliness, knowledge of other skills, and maintenance of equipment. Pay for performance also provides immediate feedback to individuals and most importantly, employees evaluate their own performance based on their units of production and other key performance indicators. Since feedback is one of the top motivators, if not the top, the pay for performance system would work great in the manufacturing environment. Managers and entrepreneurs should remember that timely verbal feedback, when coupled with a desire to change, can provide a more accurate development tool than any written document. Timely verbal feedback reinforces good performance and good managerial behavior. Managers that do a good job of providing timely and relevant feedback for good performance will have that behavior reinforced which should cause it to continue.

An example of this new pay system is Eastman Chemical which at one time eliminated their formal appraisal program and their new system is designed to develop highly motivated employees. The executives at Eastman Chemical believed that employees need to feel like winners and that a positive feeling will give them exuberance and positive self-esteem in their personal and professional lives. Eastman Chemical received suggestions from its employees, through a survey, and prepared an employee development system with the following characteristics:

- Systematic growth of pay rates through the pay range and they are managed by the use of the learning curve concept and the use of maturity tables.
- Performance by accomplishments and contributions are important considerations in establishing individual pay.
- Long-term contributions are recognized through promotions.
- Flexibility for special recognition pay increase has been budgeted into the merit review.

Through industry benchmarking and the use of everyone's talent as well as input, managers and entrepreneurs can create the best pay system which can equip people for the twenty-first century and gain the firm a competitive edge throughout the industry. Decision-making has become increasingly difficult and more complicated in today's fast-paced business world. Therefore, an appropriate and well-designed plan can encourage and support moral behavior in today's empowered and decentralized workforce. A well-designed pay system should increase employee involvement, workforce flexibility, teamwork, learning, commitment, loyalty, and integrity in the firm. A well designed pay system will turn conflicting situations into positive results. Conflict if not managed appropriately can be devastating and negatively affect morale, teamwork, productivity, and of course the organization's bottom-line. But, if employees are encouraged to cooperate as team-members and openly discuss their thoughts, then they can easily move from "having a point of view" to a "viewing point." In this type of a work environment, according to Thomas Crumb (1987), author of "*The Magic of Conflict,*" a life of work can be transformed into a work of art because people feel happy and are intrinsically motivated to be involved and work harmoniously.

**RECOGNITION AND REWARDS**

Traditional methods of running an organization have changed rapidly and will probably continue to do so at an even faster pace as the workforce changes. The changing workforce requires new and flexible

reward practices that can enhance and produce positive situations in the work environment. Recognition programs can be geared toward both extroverts, those who need incentives to be motivated, and introverts, those who are motivated because of internal satisfaction of pride in workmanship and responsibility. Human resource professionals should design recognition programs to serve both introverts and extroverts to make the job more fulfilling. Challenging and fulfilling jobs can keep people happy and internally motivated to complete their jobs with commitment and personal integrity.

Cash awards are good; however the marginal utility of each dollar decreases as the award increases. Cash awards are temporary awards and the affects usually end during the next paycheck or the next day. So, cash awards in general, are not very effective in the long-term, and they are not always very popular either (Joinson, 1996). Most employers agree that they can get more mileage from noncash awards than they can from cash awards. Noncash awards are less costly and they should be given immediately, and more often, to continuously reinforce positive behavior. Research shows that every 12 cent cash award has been costing only 4 cents in recognition by noncash awards. Rewards tend to be about 38% a combination of cash and noncash, 15% cash, and 47% noncash for most large firms.

Today's employers are constantly finding different methods of recognizing their associates. These methods can range from recognizing productivity gains, to customer service and even putting forth an effort to make a new project or product work. According to Carla Joinson (1996), a survey of 213 companies reported using one or more of the programs listed in Table 1, and years of service was ranked first among the awards.

**TABLE 1**
**COMMON RECOGNITION PROGRAMS**
**(Mujtaba, 2008, P. 269)**

| Recognition Program | Percentage of Firms Using It |
|---|---|
| Years of service | 59% |
| Going "above and beyond" the job | 51% |
| Customer service | 41% |
| Cost saving | 39% |
| Increased productivity | 37% |

**REWARDING FOR PERFORMANCE**

It is important that rewards are perceived as fair and just in the eyes of the beholder or those receiving it. Fairness in pay and rewards appear to be the key factor in providing an environment that motivates people to believe in their superior's actions and policies. It is obvious that each manager would like to reward his or her productive employees, however, surveys show that top performers do not always receive top pay for their efforts and performance. According to Carla Joinson (1996), a survey of more than 350,000 government employees showed that more than 50 percent believed that "some people do most of the work while others do just enough to get by." Most of the respondents did not believe that job performance was an important factor in promotion, nor did they believe that the best people rose to the top of the organization. It is true that top managers make decisions regarding pay, rewards and promotions based on employee or team performance, however, it is important that these decisions are perceived as just and fair by their associates.

The scenario of giving high performers more work and avoiding the least performers is very familiar to most supermarket managers. A stock person who completes his or her aisle or work before everyone else is usually asked to help the person who is either a slow worker or is not able to get his or her work done on time. It is a good idea to have high performers work with low performers, however, the high performers need to be acknowledged, recognized, and rewarded appropriately for their contributions. Traditionally, people with seniority are being paid higher than the new associates and this may not be very fair on jobs that do not need experience. It may even have a counterproductive affect on new

associates who are high performers. Usually, high performers that are not recognized properly may reduce their standards to match the average standards, meaning they are going to do the minimum just to get by until a better position comes along.

It has been documented that managers spend most of their time with two to five percent of their employees who cause many problems. So, not only the average and top performers get ignored by the manager but they also get most of the work that needs immediate attention. In general, most managers would give an important project to people who they can count on based on their past performance. Over time, these high performing people can get frustrated and may even change their performance or leave the company. This is especially true if they feel that their co-workers who are not very productive get the same reward as high performing associates. It is crucial to spend time and effort with low performers to help them get better, but we cannot afford to do it at the expense of others who are doing well. Managers should spend appropriate or evenly balanced amounts of time with each group or individual in the department in order to recognize their contributions or to help them become better performers.

## ESTABLISHING AND DESIGNING A RECOGNITION PROGRAM

Designing and implementing an effective recognition program takes time and an understanding of the organization's recourses, culture, management styles, and employees. While there are no templates that might fit each organization, managers and entrepreneurs can begin by following the generic steps mentioned in Table 2: setting goals, mapping the strategy, developing measurement plans, planning the budget, identifying target groups and awards, identifying ethical dimensions and criteria, identifying a marketing plan, and implementing and improving the program.

### TABLE 2
### STEPS FOR DESIGNING A RECOGNITION PROGRAM
### (Mujtaba, 2008, p. 271)

|  | ACTIONS | DESCRIPTION |
|---|---|---|
| 1 | *Set Goals* | What are you trying to accomplish? Begin with the end in mind |
| 2 | *Map the Strategy* | Create a task force, set rules and policies, involving representatives from all groups or departments. |
| 3 | *Develop Measurements Plans* | How and where will it be measured? Company or department level. Should be simple. |
| 4 | *Plan the budget* | Take care of the administrative costs including roll-out process, training, and promotion costs. |
| 5 | *Identify target groups and awards* | Identify demographics, delivery time (2 - 48 hrs.), Variety of awards for teams and individuals. |
| 6 | *Identify ethical dimensions and criteria* | Is it encouraging the mission? Is it aligned with company philosophy?  Is it rewarding the desired behavior?  Do the ends justify the means? |
| 7 | *Identify Marketing Plan* | How and when is it going to be delivered? Who will be running the program? And who is going to follow-up on the promotion? |
| 8 | *Implement and Evaluate the Program* | Follow through, get feedback on benefits and side-effects, can it be made better? How long should the program last? Measure effects such as sales, profits, morale, satisfaction, turnover, and so on. |

Since there are many layers of management with different background and experience throughout the organization, it is important for professionals to follow a systematic and flexible approach to recognition and reward programs. It is also important to train managers and supervisors at all levels to reward and recognize their people appropriately and responsibly. While it is important to treat everyone consistently because everyone has the same rights, it is even more important to remember that people have different needs and the journey toward fulfilling those specific needs are the key motivating factors. It is the journey that enlightens people and not always the destination, so people should be recognized for their achievements and they should have new goals to accomplish. Managers should try to match the reward with the individual. Some managers have used the Myer Briggs survey profile to make better decisions about different task forces, working groups, and teams. They have tried to match the task with the right

teams or individuals. Perhaps, similar profiles and strategies can be used to determine the type of rewards that would match individual or team needs and desires. One should also keep in mind the piece rate or pay for performance methods as well. When it comes to goal setting, managers and entrepreneurs should consider SMART (Specific, Meaningful, Achievable, Reliable or Rewarding, and Timely) goal-setting strategies for effectively recognizing and rewarding people. Human resource professionals should always make sure that their recognition and award programs are SMART. Besides having a SMART recognition program, Mujtaba (2008) recommends that organizations should use the following guidelines to develop, design, and deliver fair reward programs.

**Train Managers and Supervisors about Rewards**

Research shows that there is about a twenty-five percent misunderstanding between managers and associates as to what is important in the organization. Some managers are afraid to give timely feedback to low performers and that might be why they are performing poorly. It has been said that honesty is the best policy, and honest feedback can create many opportunities for managers and employees. Feedback appears to be the number one motivator and this can be seen from watching sports on television. Some people are watching sports for long periods of time because they are able to receive feedback on a continuous basis. This immediate feedback can reinforce many positive thoughts and may encourage people to become "couch potatoes."

The immediate feedback process can be a great motivator which appears to be true in the case of bowling. What if there was a wall in the middle of the lane and the bowlers could not see the pins falling, there would be no immediate feedback, and the player probably would not experience the same effect as getting feedback immediately.

**Create Flexible and Creative Reward Programs**

It is important to keep the individual in mind when rewarding teams and groups. Reward programs should focus on teams as well as individuals in many different ways. Rewards should be based on win-win-win situations where the company stakeholders, teams, and individuals are recognized and rewarded accordingly. It is critical to match the reward with the employee so the reward can be meaningful to the person receiving it. It is also important to reward and recognize people appropriately as some individuals like to be recognized publicly while others may not want public recognition. One may draw some conclusions from Myer-Briggs type of instrument about the preference of each individual. However, everyone wants to be a winner and substandard performers can become winners if they are given proper opportunities, encouragement, and guidance. The key to finding the easiest way to get a difficult job done is to delegate the job to a lazy person and you will see the easiest way of accomplishing it. The moral of the story is that anyone can be creative in their own way if they apply themselves and if one looks at things from their perspective or frame of reference.

**Clarify Standards and Expectations to Everyone**

Without a destination, one can be driving around for days and never get anywhere. With proper destination one can eventually get there, even if they have to stop and ask for directions. It is crucial to have standards and communicate those standards to all employees on a regular basis. Job descriptions and evaluation forms should be designed professionally and they should measure the right elements, those that are geared toward the mission\vision of the department or the company.

**Cross-Functional Training and Agronomic**

It is essential to consider the work environment and enhance it to reduce boredom and increase creativity and involvement. Repetition can be very boring and sometimes repetitive jobs do not require the person's spiritual mind to be involved one-hundred percent of the time. A study completed by the University of Illinois showed that listening to music may increase productivity in all jobs (Oldham, Cummings, Mischel, Schmidtke, and Zhou, 1996). Sometimes it is helpful to provide job enrichment and cross-train people for different jobs and/or departments. This can reduce cost of overtime, increase morale and job satisfaction, and keep people involved as a team. This would also help to find the right people for the right jobs, especially during the busy times.

**Align Rewards with Company Mission and Values**

It is important that reward programs are on parallel paths with the corporate culture of an organization. All rewards should be geared toward the mission and values of the company. Goals and objectives are short-term strategies that focus people to strive for the purpose or mission of an organization. The long-term purpose and mission of the company should be communicated to all parties and they should not be sacrificed at the expense of short-term goals. It is important to emphasize ends as well as means; otherwise some people will create unethical means of accomplishing the results.

**Encourage Experimentation and Individuality**

Managers should be encouraged to try new methods of rewarding and recognizing people to keep them creative, innovative, happy, and satisfied. People get tired of becoming "employee of the month" and getting to park at the employee of the month's parking lot as its reward. So, managers should try to experiment and find out what works in the organization and how it can be altered again and again. Managers should also be recognized for their efforts regardless of positive or negative results. Some incentives are designed based on good intentions, but they may not work realistically because people abuse the concept. For example, one company recognized their associates for creating "raving fans" and this could be done by going above and beyond the call of duty to satisfy a customer or if a customer wrote a complimentary letter or complimented the manager for having such a great employee. This recognition program got out of control because employees started asking customers for written letters and compliments which defeats the purpose of the incentive. So, even a well-intended reward program may have some "side-effects" that need to be taken into consideration in the designing stage of the program.

When rewarding employees, most managers honestly want to help to their employees by recognizing their personal achievements and progress; however, in some cases their true intentions are not always helpful when they do not match the right rewards with each achievement. Rewards come in many forms and managers must match the right incentives for each individual based on his/her efforts, development, and/or progress. Sometimes employees just want guidance and emotional support. In this case, managers can simply attempt to remain helpful. Schein (2009) explains that helping can be seen as a social process since:

> All relationships are governed by cultural rules that tell us how to behave in relation to each other so that social intercourse is safe and productive. We call this good manners, tact, or etiquette. Underneath this surface level of overt behavior lie powerful rules that must be followed for society to work at all. Some of these rules vary according to the situation, but in any given culture there will be a set of universal rules that, if violated, cause the person to be ostracized or isolated. When they are violated in an ongoing interaction we become offended, embarrassed, or suspicious that the relationship is not good. This may result in a lack of trust or hurt feelings if the client felt that no help was provided, or the helper felt refused or ignored (Schein, 2009, p. 9).

Helping can be obligatory through formal relationships such as teacher-students or manager-employee bonds. However, the context in which helping takes place often happens to be informal. Informal help, which is institutionalized in most societies and corporate cultures, is defined as a process that requires a culture of deliberate cooperation, collaboration, and various forms of altruistic behavior (Schein, 2009, p. 7). Whether formal or informal, Schein explains how relationships can experience roadblocks, especially in Western culture where the client might feel "one-down" or dependent on the helper. At the beginning especially, "Helping situations are intrinsically unbalanced and role ambiguous…Emotionally and socially, when you ask for help you are putting yourself "one-down"" (Schein, 2009, p. 31). On the other side, the helper or consultant usually has more power in the relationship which can be an emotional trap in the relationship. The helper and the client must work as an effective team. In order to have effective teams, members must engage in a process of mutual inquiry and understand each other's weaknesses and strengths along with their overall goal for the team. Shared goals and communication is important because "To assess progress towards the goals, the group members need to create situations in which the norms of face-to-face interaction can be altered to allow feedback across status and rank lines without damaging the relationships" (Schein, 2009, p. 127). Otherwise, relationships can become weak and illnesses can

follow from prolonged stress or tension. Schein writes that "When social exchanges don't work properly because the two people involved define the situation differently, and are, therefore, using different currencies, the result is anxiety, tension, anger, discomfort, embarrassment, shame, and/or guilt. What was given and received is perceived by either or both parties to be inequitable" (2009, p. 17). Such situations can be resolved once both parties have discovered the inequity and/or have made apologies or amends for it. In all hierarchal relationships, one of the main goals should be to enable the client to successfully solve the existing problem and allow for a gradual reduction of his/her dependency on the client. Of course, it should be noted that "Knowing when and how to give help and when and how to receive it from others makes relationships both more productive and more pleasurable (Schein, 2009, pp. 28-29). Being an effective helper and properly receiving assistance from others can improve life for us all. So, giving help in a proper format can be a great form of reward to employees and colleagues.

Employees cannot always control what types of help or rewards they receive, but they can control their attitude toward what happens to them, and as a result, they will be continuing to develop themselves and moving closer toward the achievement of their personal goals regardless of external resources or rewards. Nonetheless, people want to be recognized for their hard work and fairly rewarded by their managers and organization. Proper rewards and incentives can focus people to desire that which is beneficial to the organization. Of course, desire is often a precursor to elevated levels of motivation; however, higher motivation is not sufficient since it is the continued determination and commitment to the pursuit of a worthwhile and predetermined goal that will enable people to attain higher levels of success for the organization. Most successful people have achieved this distinction of "success" not necessarily because a new opportunity was presented to them, but rather because they developed the opportunity from the resources that were available to them. This type of dedication requires fair and equitable reward if people are to continue their hard work for more such achievements.

**SUMMARY**

In many organizations, management levels and hierarchies are being eliminated to reduce red-tape and increase the speed of decision making. People at all levels are expected to be prepared, flexible, and to respond faster than ever before. Managers are expected to match rewards with individuals and to direct individuals toward accomplishing company objectives. The difficulty occurs when personal and professional objectives do not match. So, most companies have various types of organizational reward programs that recognize and reward good employee performance.

The authors emphasized that organizational rewards should be structured in such a way that it recognizes and enhances performance as well as the efforts of each individual. These programs should convey a message of getting to the end with ethical means. These programs should be concerned with how the results are accomplished and the results should be evaluated accordingly. In order to make sure the reward programs are designed and implemented properly, managers and executives should receive training and education to deal with these issues properly. They should try to set goals that stretch people's performance capability and goals so that employees can accomplish them and get rewarded for it in a timely manner. Overall, it is recommended that any reward and recognition program should be a part of an integrative and comprehensive performance management system that is strategically aligned with the organization's mission and vision statements.

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