

PROFILING EMPLOYEE PREFERENCES FOR REWARD AND RECOGNITION

¹Usha.D, ²Meekha Elizabeth
¹Assistant Professor, ² Student,
¹Department of Management Studies,
¹ Women's Christian College, Chennai, India

Abstract: This study has been undertaken to understand the perception of the employees from an entertainment firm about the rewards and recognition schemes that are available for them. The organization has structured the rewards and recognition schemes in such a way that it seeks to provide best experience for the employees working with them. Though the organization brings variegated and innovative schemes to the platter an analysis of how the ultimate beneficiaries-the employees perceive and profile them is essential. Out of six levels of employees the study focused on Level 5 and Level 6 employees which included the front line employees. Descriptive research design and quantitative analysis of the data was done. *Contribution/Uniqueness:* The study provides furtherance to academic research by providing a method of profiling employee perception of reward and recognition. It also has significant managerial implication since it indicates the need to understand beneficiary oriented assessment of employee engagement measures.

Index Terms – Rewards, Recognition, Multi-dimensional Scaling, Employee Engagement, HR strategy.

I. INTRODUCTION

As human capital constitutes the core of any business operation, employee satisfaction, growth and retention should be one of the primary components of human resource management. Understanding what motivates an employee has always been a key challenge for managers, but considering the importance of it for an organization's success, one has to continuously attempt to understand it better. Rewards and recognition are the key tools that have been universally accepted by human resource managers to acknowledge valuable employees and to build an integrated and motivated workforce. As the competitive advantage of a business is determined by its people the use of Rewards and Recognition is becoming more and more critical. With human capital gaining prominence over financial capital in the recent times, it becomes all the more important. But with the constant changes occurring in the nature and composition of workforce nowadays there is a need for constant innovation in the manner in which the organizations communicate with their employees, keep them engaged and increase their morale.

Rewards and Recognition are often considered to be synonyms. But they are different. Recognition mostly refers to non monetary ways of saying thank you and can take the form of thank you notes, pins, plaques, award ceremonies, company products, gift vouchers, employee photograph in the company newsletter or on "the wall of fame". Rewards on the other hand may involve monetary elements. Because of the wide ranging impact a reward system has on individual behavior and behavior of organizations, it is very important to design such a reward and recognition system that will motivate the right performance, attract the right people and create a supportive and good working climate within organization. Hence, though it is generally accepted that such a system is an important and positive process for any business, for a company that aims to take their employee motivation to a more productive level, there are a number of questions to take into account. Do the employees really understand and use the reward and recognition in the same context that it was framed? What are the criterions that they use to evaluate and continuously use them? Does an employee's tenure with the same organization have an impact on their satisfaction with the existing reward and recognition system over the years? This study attempts to address the above issues.

II. THEORETICAL FRAMEWORK

Reward is something which is given or received in return for a success or achievement (Bowen, 2000). In other words, reward is used as an appreciation of certain behavior in the shape of monetary or non-monetary incentives after certain accomplishment or a success. Bowen added that extrinsic and intrinsic reward enhances employees' performance and it will lead to higher job satisfaction. At organizational levels, the employee extrinsically gets motivated if they get higher pay and promotions. Prosperity and survival of the organizations is determined by how the employees are treated. Most of the organizations have gained immense progress by fully complying with their business strategy through a well-balanced reward and promotion programs for employee (Entwistle, 1987).

There are two aspects that decide how much a reward is attractive- the quantity of reward which is provided and the weightage an employee gives to a specific reward (Lawler, 2003).

Rewards are sometimes considered to be detrimental too (Lepper & Greene, 1978; Wilson 1995; Kohn 1993). Rewards may obtain only temporary compliance and not enduring commitment. Administering rewards may induce a feeling of being controlled which is punitive in itself. It can rupture relationships since people have to compete for the scarce rewards. Besides rewards based on performance will affect intrinsic motivation. On the other hand recognition may be more suitable to raise self-esteem. Hence reward and recognition strategy must suit the culture and values that the organization wishes to develop (Cacioppe , 1999). Ali and Ahmed (2009) states that if rewards or recognition offered to employees is altered, then there would be a corresponding change in work motivation and satisfaction. Maslach et al. (2001) suggested that while a lack of rewards and recognition can lead to burnout, appropriate recognition and reward is important for engagement.

III. CONCEPTUAL FRAMEWORK

Recognition is generally classified as formal and informal. Formal recognition adapts a defined structure and process. It may begin with a written nomination to persuade a selection committee about how the employee exhibited the company values in his or her work interactions. The recognition of the selected nominee is done at a special public event. The event is an opportunity to communicate to the entire company the values being recognized. It also motivates others to earn the honor themselves. Informal recognition may include gestures of encouragement and appreciation. A pat on the back or a word of praise in front of the team helps to boost the morale of the employees.

A reward system consists of several elements which are basic pay, contingent pay, benefits and allowances. Base pay is influenced by internal relatives such as job evaluation and external relativities such as market rates (Armstrong, 2007; Gerhart et al, 1995). Contingent pay is an addition to the basic rate which is provided for performance, contribution or skills of an employee. Employee benefits may include pensions, sick pay, company's cars, annual holidays. Allowances are paid in addition to basic pay for special circumstances like location allowances, overtime payments, working condition allowances, etc. Generally rewards are classified on three bases. i) Intrinsic versus extrinsic rewards: Intrinsic rewards are the satisfactions one gets from the job itself. These satisfactions are self- initiated rewards, such as having pride in one's work, having a feeling of accomplishment, or being part of team. Job enrichment, shorter work-weeks, flex-time and job rotation can offer intrinsic rewards by providing interesting and challenging jobs and allowing employee greater freedom. Extrinsic rewards come from an outside source, mainly management. It includes money, promotions, fringe benefits, salary increase etc., ii) Financial versus non-financial rewards: Financial rewards enhance the employees monetary well- being directly through wages, bonuses, profit sharing, pension plans, paid vacations, paid sick leave and purchase discounts. Non financial rewards do not increase the employee's financial position but makes the employees life on the job more attractive.iii) Performance-based rewards: Performance based rewards are payments based on the output either of the individual or team. It includes commission, piecework pay plans, group bonuses, or other forms of merit pay plans.

3.1 Research gap

Most of the classification is based on the employer's perspective but fails to take the employee's perspective. It does not consider the dimensions across which the employee will be evaluating the rewards and recognition. The basis of evaluation may also differ across different levels of employees. This study thus aims to bridge the existing gap by analyzing how the employees profile and position such rewards and recognition. The scope though is limited to only the blue collared employees.

The recognition methods used for evaluation are verbal recognition, employee of the month, handwritten appreciation, appreciation sent to family, lunch with CEO, badges, certificates, notice board write up. The various methods of reward used for evaluation in this study are incentives, bonus, paid leave, movie tickets, lunch coupons, trips.

IV. RESEARCH FRAMEWORK

The Research design used in this study is Descriptive. Descriptive Research methods are used when the researcher wants to describe specific behaviour as it occurs in the environment. It describes data and characteristics about the population or phenomenon being studied. The sampling method chosen here is area sampling method. It is a method in which an area to be sampled is sub-divided into smaller blocks that are then selected at random and then again sub-sampled or fully surveyed. It is a special form of cluster sampling in which the sample items are clustered on a geographic area basis. Thus respondents belonged only to the Chennai region. The number of valid responses received was 224. Primary data was collected by the use of Questionnaire. A total of 16 specific questions were developed to analyse the effectiveness of rewards and recognitions at the organisation. The data collected are analysed using the statistical software SPSS version 21.

V FINDINGS AND DISCUSSION

4.1 Reliability analysis

Reliability analysis helps to study the properties of measurement scales and the items that compose the scales. The Reliability analysis provides information about the relationships between individual items in the scale. Reliability analysis is determined by obtaining the

proportion of systematic variation in a scale, which can be done by determining the association between the scores obtained from different administrations of the scale or by Cronbach's alpha. Thus, if the association in reliability analysis is high, the scale yields consistent results and is therefore reliable.

Table 1 Reliability analysis

Cronbach's Alpha	Number of Items
.840	4
.665	3
.829	3
.853	9

4.2 Descriptive Statistics

The demographic profile of the respondents is indicated in Table 1. The respondents are spread across different departments but are only from level 5 and level 6 grades. The respondents also belong to a younger age group of 15-35 years.

Table 2 Demographic characteristics

Variable	Categories	Frequency	Percentage
Department	Admin	7	3.1
	Blur	17	7.6
	Chat	4	1.8
	Bakery	4	1.8
	Kitchen	20	8.9
	Concession	46	20.5
	Engineering	7	3.1
	F & B	8	3.6
	House Keeping	59	26.3
	Security	27	12.1
	ID	9	4.0
	Laundry	7	3.1
La Piazza	9	4.0	
Age group	15-25	95	42.4
	25-35	80	35.7
	35-45	45	20.1
	45-55	4	1.8
Experience	Below 1 year	56	25.0
	1 -5 Years	87	38.8
	5-10 Years	48	21.4
	10-15 Years	33	14.7
	Above 15 years	4	5.3
Education	School	133	59.4
	Under Graduate	35	15.6
	IT	5	2.2
	Diploma	29	12.9
	No formal schooling	22	9.8
Designation	Admin Boy	13	5.8
	Buddy	4	1.8
	Cleaning Staff	8	3.6
	Commis chef	23	10.2
	Driver	3	1.3
	Gaming Assistant	9	4.0

Guard Man	18	8.0
Guest Relation Executive	14	6.3
House Man	26	11.6
Housemaid	21	9.4
Junior Guest Relation Executive	28	12.5
Kitchen Steward	12	5.4
Lady Guard	8	3.6
Senior Supervisor	5	2.2
Senior Guest Relation Executive	8	3.6
Steward	8	3.6
Team Leader	3	1.3
Technician	7	3.1
Ticketing agent	6	2.7

To study the central tendency and the dispersion of the variables the mean and standard deviation were calculated. The results indicated that the means of the variables ranged from 1.02 to 5.86 and standard deviation ranged from 0.16 to 2.9.

4.3 Multidimensional scaling

Multidimensional scaling (MDS) is a method to visualize the extent of similarity of individual objects. The objects may be either real or conceptual stimuli. It depicts a distance matrix wherein objects that are similar are placed together and those that are less similar are placed at longer distances. So it depicts similarities and dissimilarities at the same time.

The perception of the employees were measured using 8 point scale as “rank according to your preference with 1 most preferred and 8 representing least preferred”. The Euclidean distance was measured and the matrix graph was drawn as in Fig 1

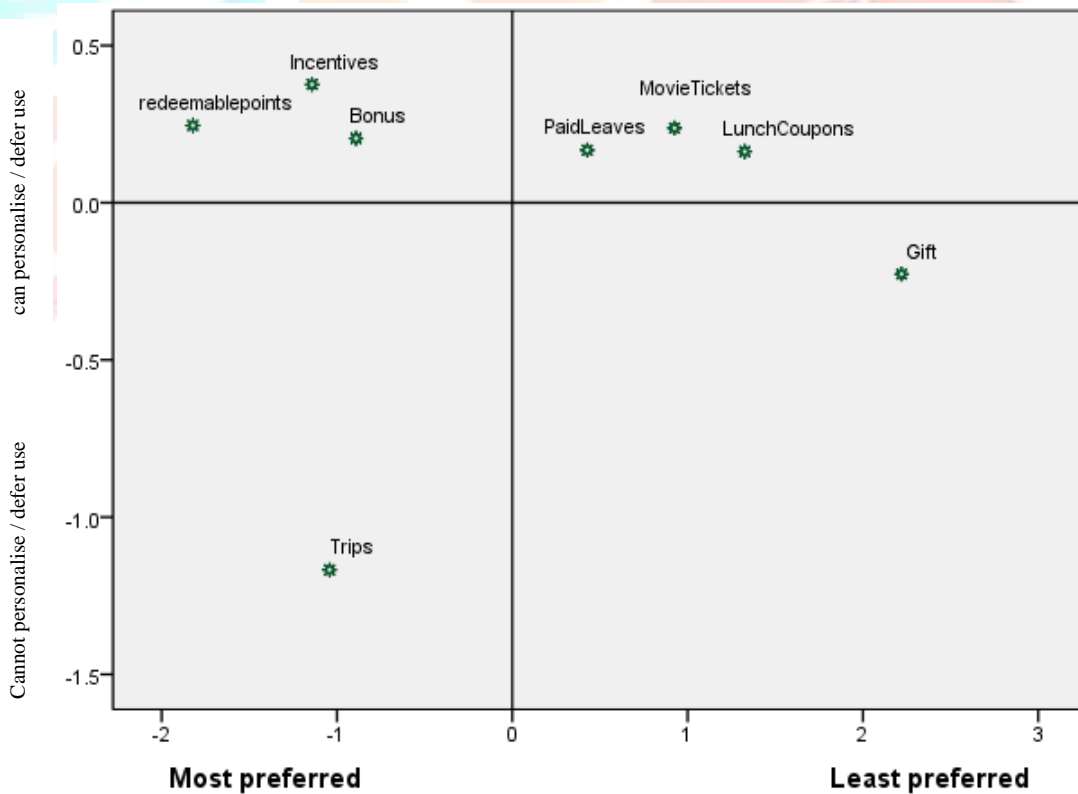


Figure 1 Preferential positioning of reward schemes-Euclidean distance model

Figure 1 indicates that the employees profile the various rewards scheme based on whether the benefit requires to be immediately consumed or collected and be used later. Their preference also seems to be for rewards that provide an element of gamification (collecting points and redeeming it at a later date) and rewards that has a prospect of a considerably indefinite monetary value

(incentives and bonus). The stress level for the model was observed to be .000373 which is considerably within the acceptable limit of .20. The coordinates between the stimulus are indicated in Table 3

Table 3 Stimulus coordinates (stress =.000373)

Stimulus number	Stimulus name	1	2
1	Gift	2.22002	-.2269
2	Redeemable points	-1.8550	.2457
3	Incentives	-1.1424	.3762
4	Bonus	-.8914	.2049
5	Paid leave	.4274	.1673
6	Movie tickets	.9248	.2375
7	Lunch coupons	1.3256	.1630
8	Trips	-1.0422	-1.1677

The preferential positioning for the recognition schemes was also measured on an 8 point scale with 1 being the most preferred and 8 being the least preferred. The two dimensional matrix was drawn based on the Euclidean distance

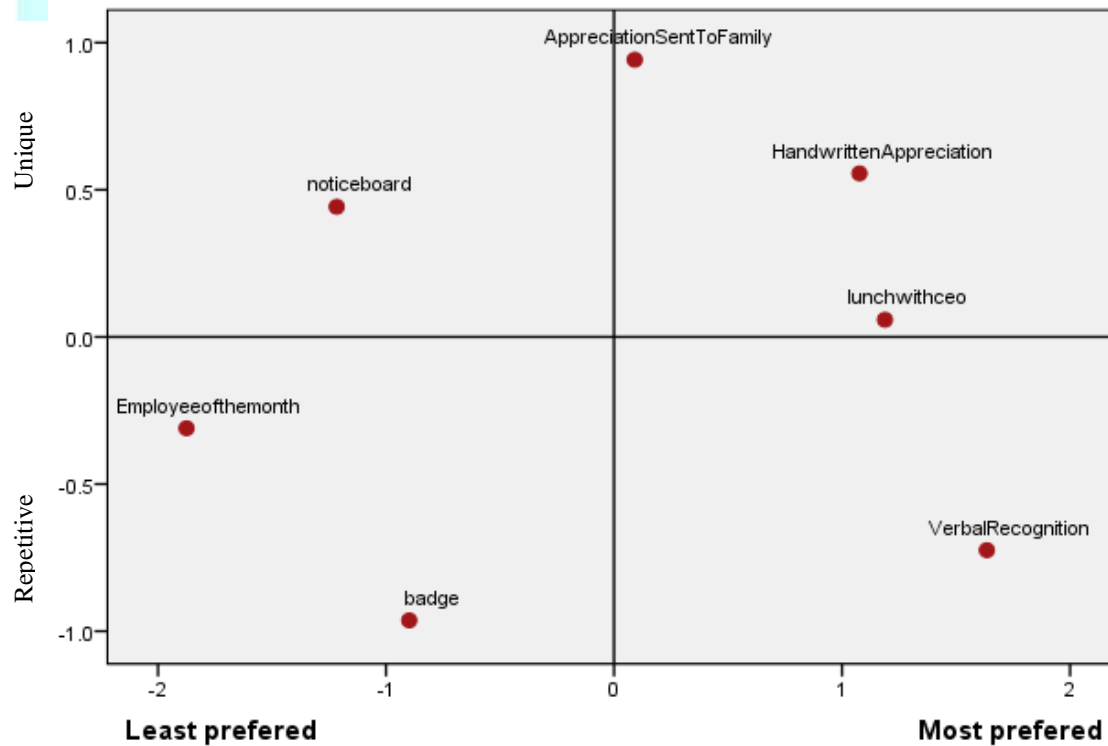


Figure 2 Preferential position of recognition schemes- Euclidean distance model

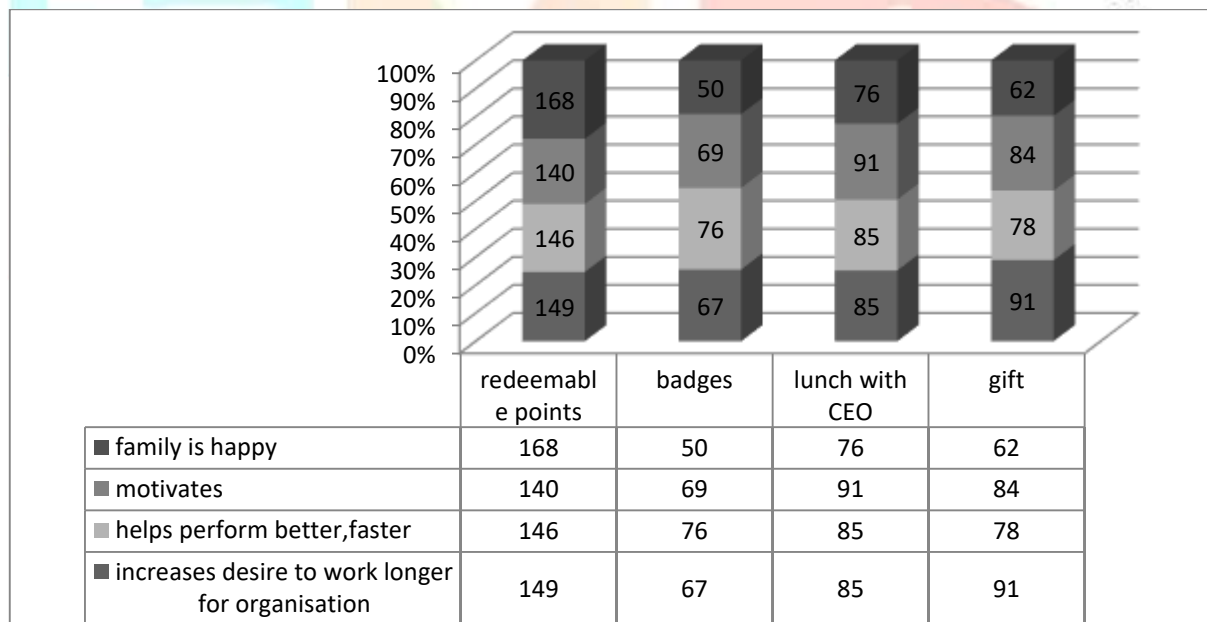
It was observed that the employees preferred those schemes that are personalised such as a word of appreciation-either oral or written and getting a chance to have lunch with the CEO. Their profiling is also based on the rare or routineness of the recognition.

Table 4 Stimulus coordinates (stress =.9096)

Stimulus number	Stimulus name	1	2
1	Lunch with CEO	2.22002	-.2269
2	Verbal recognition	-1.8550	.2457
3	Notice board	-1.1424	.3762
4	Badge	-.8914	.2049
5	Employee of the month	.4274	.1673
6	Handwritten appreciation	.9248	.2375
7	Appreciation to family	1.3256	.1630

4.4 Comparative analysis

On a comparison of the rewards and recognition schemes it is observed that the rewards in the form of redeemable points has been most preferred than the other methods. The element of fun, collection of points for deferred use has a positive impact on the employees and they are also able to share the excitement with the family members and the opportunity to decide on the gift that can be redeemed is also left to the beneficiary.



4.5 Analysis of Variance

The Analysis of variance in overall satisfaction with rewards and recognition with respect to experience shows that it is significant at 95% confidence level ($p < .05$). It indicates that the experienced employees may seek changes or variations in the reward and recognition program over the years

ANOVA

Experience* satisfaction	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	15.364	4	3.841	4.091	.003
Within Groups	205.618	219	.939		
Total	220.982	223			

V. LIMITATION AND SCOPE FOR FURTHER RESEARCH

The study is limited to one organization and can be further explored in other organization to understand the similarity of profiling of rewards and recognition by the beneficiaries. A longitudinal study can also be undertaken to understand the change in perception of the employees over a period of time when there is prolonged exposure to the same mix of rewards and recognition. Future studies can also make a comparative analysis between different grades and levels of employees to understand whether there is a need to tailor-make the design of the reward and recognition system according to the designation of the employees.

VI. IMPLICATION AND CONCLUSION

Reward and recognition system aims to obtain a positive behavior from the individual employees that will in turn help the organizational growth in the long run. Hence, it is essential to design a reward and recognition system that will motivate the right performance, attract the right people and create a supportive and good working climate within organization. This study furthers theoretical research by providing a classification of rewards and recognition based on the profiling done by the employees. It furthers managerial implication by reiterating the fact that the employee's perception may be different from that of the employers. Their profiling and positioning of the schemes may be radically different from the way the employers may have visualized it. Thus it becomes imperative for the organizations to understand and strategize keeping in view the profiling that is done by the beneficiary so that it can build a engaged and committed workforce. For, as Bob Nelson stated "*People may take a job for more money, but they often leave it for more recognition.*"

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