

The folly of rewarding  
a while hoping for b



The Folly Of rewarding A, While Hoping for B  
Case Study Overview: In this case analysis we shall be examining the unintended contradictory results that reward systems bring about and recommendations in solving the issues highlighted  
Problem Statement: Many Problems in Organizations are created because of Faulty Incentives and Flawed reward systems that are setup to accomplish one thing but actually does the opposite. “ While Mangers complain about lack of motivation in their workers, they might as well consider the possibility that the reward systems they’ve installed are paying off for the opposite”.

Directly linked to these Faulty Incentive and Flawed Systems are key issues with 1) Employee Motivation, 2) Reward Systems, 3) Expectation/Misaligned Perception and 4) Biasness in Decision making that are deeply rooted as a causative agent in the Flawed system  
Hypothesis 1) Misaligned Perception/Expectation: Process Perspective: A look at Equity theory and Expectancy Theory in understanding the expected outcome perceived by employee as related to behavioral attitude towards rewards systems )Employee Motivation which is dependent on the effectiveness of its reward system: As pointed out by MASLOW HIERACHY OF NEEDS and HERZBERG’S TWO-FACTOR theory of Motivation highlight the effect of rewards both tangible and intangible on behavior 3) Weak or Poor decision Making: As shown by biasness of the community in electing Public service official, even in the face of the right option for endorsement/election 4) Poor performance and attitudes In Most Companies is caused by its reward systems, not the workforce.

Analysis: As Pointed out by Expectancy theory that People make choices about behavior based on their expectation of what is likely to happen in terms of effort leading to performance and performance leading to desired reward. On the other hand Equity Theory Points out that those Perceptions about reward systems matter. From Equity Theory, if the Ratio of someone's outcome/input is equal to someone else's ratio, equity exists.

But if not, inequity exists and the theory suggests that People are motivated to reduce their Contribution in some way According to Equity theory, outcomes from a Job include pay, recognition, promotions, social relationships and intrinsic rewards. To get these rewards, the individual makes inputs to the job such as time, effort, experience e. t. c and compares it to someone else's ratio of contribution. Thus the Individual behavior is affected by his or her Perception than the actual reality.

In Sports, An underpaid Basketballer will be discouraged in developing teamwork skill. in order to make up for any inadequacies, Expecting that Scoring will Increase his or her earnings at the detriment of the team success. Similarly, if this player perceives that future rewards might be compromised; such player will reduce his or her commitment in response to his feeling of inequity towards the Team success. Thus it is discovered that people take into account Equity and expectation about future rewards in their choice of behavior.

Taking a look further points out that Many rewards systems discourage desired behaviors' while rewarding the very action that causes problems. Managers obviously design reward systems to motivate people to behave in certain ways, yet reward systems do not always produce the expected

results. For example: In World War II troops were committed for the duration unless killed or invalidated. They had a strong motivation to hasten the end of the war. Allied troops in the Vietnam War had a tour of a year or less. Their self interest was not tied to the end of the war.

While their governments wanted them to focus on winning the war, their rewards were linked to looking after themselves. Not to their opponents. They were there for the duration. Evidence of a Reward System which encourages Contrary behavior can also be traced to the Health Industry . Looking at a health System where Patients bear little or no cost, we shouldn't be surprised when doctors over test and over treat illness, and nothing is done to curtail this action, because the Patients have no incentive to resist the doctors' actions.

For doctors there may be some direct financial gain from over servicing. More important though is the possible costs and professional damage from malpractice suits. Over servicing diminishes the chance of facing such suits, or losing them if they occur. 3) Evidence of how a poor decision making Process has stereotyped and created a partiality that prevents objective consideration of an issue or situation is seen in Politics. This is a state of being BIAS Most of us want honest politicians who tell us clearly what they will do in office, then stick to that once elected.

The actual reality is that politicians don't behave that way, yet they get elected by our vote and we sustain this reward system. Also, we expect our public service to do the best it can with the community resources available to it. Yet there is usually great mismanagement in the public sector, Yet nobody act to resolve this issue or call the minister to order because it will

harm the government's standing and may cost it votes. This portrays a consequence of a community supported reward system unavoidably biased against good public sector management. )Financial incentives are designed to provide direct motivation - do this and you will get that while at the same time can spell doom. For Example giving a Psychiatrist a higher payment for condemning someone to be incapacitated at the expense of an individual being competent, the psychiatrist can be motivated by the higher pay. This Financial reward can therefore serve as a tangible form of motivation 4) Since some people expect that a certain level of effort will lead to certain levels and types of performance.

In turn, people develop expectations that a given level and type of performance will be rewarded or punished Recommendations: Since Organization design are changing in response to a changing world, it is thus imperative to look at an alternative way of reward system, one that benefits all and eliminate the problem introduced by the traditional, conventional approach to reward system. While I Write that there is no one cap fits all solution, also interesting is how the recommendations from each case study analysis somehow tend to be applicable to other case study analysis treated earlier in the class

An effectively planned and administered reward system can improve motivation and performance. 1) Starting from the Issues Introduced by the Expectancy perspective and equity Perspective. An Effective manager can help his or her Organization to understand both equity issues and expectancies. This might involve framing the situation for someone, so that his or her perceptions more closely mirror the Managers perception of

reality. Managers constantly need to clarify performance and be able to measure the attractiveness of rewards to employees. ) Effective Reward Systems should focus on positive reinforcement. Positive reinforcement is the most effective tool for encouraging desired behavior because it stimulates people to take actions because they want to because they get something of value (internally or externally) for doing it. An effectively designed and managed reward program can drive an organization's change process by positively reinforcing desired behaviors. The question to ask at this point is how to build an Effective reward system.

By taking the five steps listed below, an effective reward system could be achieved Timely. The recognition/rewards should be provided frequently enough to make performers feel valued for their efforts. Achievable. The employee's or group's goal should be within the reach of the performers Meaningful. The achievements rewarded should provide an important return on investment to both the performer and the organization. Specific. A line of sight should be maintained between rewards and actions.

Reliable. The program should operate according to its principles and purpose. 3) Performance Management. Organizations should concentrate on the process of managing performance and get away from thinking of the annual performance appraisal process as performance management. The process of performance management reflects how the work gets done and creates the environment in which people feel valued for their achievements. The performance management process includes four critical components:

I) A Focus on what is important to change or be improved. II) A Measures to determine whether and how much progress is being achieved. III) Feedback

so that performers will know whether and how much progress is being achieved. IV) Reinforcement so that everyone celebrates achievements as they are being unfolded. 4) ClearCommunication. Managers should clarify what they mean by performance so that there won't be misalignment and such that employees would understand how they can support what the manager is trying to accomplish. CONCLUSION:

Since reward system cannot be eliminated from the organization system and people tend to do what they perceive will be rewarded, the solution presented here require a shift in every facet of reward system practice. Also worthy to note is that since reward system will keep evolving, some systems being implemented such as broad banding i. e increment in the pay steps within a specific Job title without a promotion and cafeteria-Style Benefits i. e. Ability to allow employees to select from a menu of benefits. Will need to be designed in such ways that makes them Nimble and Flexible.