Organizational behavior

Bonuses are really significant for all managers and employees. Bonus is a sum of money added to a person’s wages for good performance. It is a way of rewarding the employees’ work. That is why it is a significant way to get a good performance from employees. Bonuses might have both negative and positive effects on employees. The managers should know how to give bonuses. There are some sensitive facts that managers should implement. For instance, an employee should get a bonus as a consequence of really hard work. If an employee do the regular work which s/he should do as a routine, it is not necessary to give him or her a bonus.

Bonuses also should be distributed fairly. As an employee getting more bonuses than his or her manager is not a fair distribution. It should be in balance with employees’ seniority. If it is not in balance, it might be harmful for the company and it also might destroy the equation in the organization. This can cause a negative and unproductive effect in the employees. Generally it is important for companies to be in harmony with all employees. Most of the time group works are more useful for a company than individual works. That is why rewarding a group is more important than rewarding an individual.

Success of a group has a bigger effect to the organization then success of an individual because an individual maybe cannot carry an organization to a better position. However, a group might do it. If a manager gives bonus to a group, every single individual who are the members of the group might work for the company’s benefit as more productive than past. As a manager, people should use bonuses regularly in a company, because there are many advantages to use bonuses. Bonuses are often connected directly to performance, such as generating more sales or motivating a production line to meet or exceed a quota.

It is well known that there is a tangible financial reward for increasing productivity. It can be exactly an example of motivation that many employees need. Employers should use the promise of extra pay to convince managers to motivate their subordinates towards a specific goal. Sometimes, simply maintaining an accident free work environment can result in a performance bonus for supervisors and managers. Also many companies discover that using bonuses increase the productivity or improve morale in the workplace.

In designing a reward program, a small business owner needs to separate the salary or merit pay system from the reward system. Financial rewards, especially those given on a regular basis such as bonuses, profit sharing, etc. , should be tied to an employee's or a group's accomplishments and should be considered " pay at risk" in order to distance them from salary. By doing so, a manager can avoid a sense of entitlement on the part of the employee and ensure that the reward emphasizes excellence or achievement rather than basic competency.

Merit pay increases, then, are not part of an employee reward system. Normally, they are an increase for inflation with additional percentages separating employees by competency. They are not particularly motivating since the distinction that is usually made between a good employee and an average one is relatively small. In addition, they increase the fixed costs of a company as opposed to variable pay increases, such as bonuses, which have to be " re-earned" each year. Finally, in many small businesses teamwork is a crucial element of a successful employee's job.

Merit increases generally review an individual's job performance, without adequately taking into account the performance within the context of the group or business. The keys to developing a reward program are as follows: Identification of company or group goals that the reward program will support, identification of the desired employee performance or behaviors that will reinforce the company's goals, determination of key measurements of the performance or behavior, based on the individual or group's previous achievements, determination of appropriate rewards, and communication of program to employees.

In order to reap benefits such as increased productivity, the entrepreneur designing a reward program must identify company or group goals to be reached and the behaviors or performance that will contribute to this. While this may seem obvious, companies frequently make the mistake of rewarding behaviors or achievements that either fail to further business goals or actually sabotage them. If teamwork is a business goal, a bonus system rewarding individuals who improve their productivity by themselves or t the expense of another does not make sense. Likewise, if quality is an important issue for an entrepreneur, the reward system that he or she designs should not emphasize rewarding the ‘ quantity’ of work accomplished by a business unit. Properly measuring performance ensures the program pays off in terms of business goals. Since rewards have a real cost in terms of time or money, small business owners need to confirm that performance has actually improved before rewarding it.

Often this requires measuring something other than financial returns: reduced defects, happier customers, more rapid deliveries, etc. When developing a rewards program, an entrepreneur should consider matching rewards to the end result for the company. Perfect attendance might merit a different reward than saving the company $10, 000 through improved contract negotiation. It is also important to consider rewarding both individual and group accomplishments in order to promote both individual initiative and group cooperation and performance.

Lastly, in order for a rewards program to be successful, the specifics need to be clearly spelled out for every employee. Motivation depends on the individual's ability to understand what is being asked of her. Once this has been done, reinforce the original communication with regular meetings or memos promoting the program. Keep your communications simple but frequent to ensure staff members are kept abreast of changes to the system.