IMPACT OF GROUP BASED REWARDS ON EMPLOYEE PERCEPTIONS

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ABSTRACT

Purpose
Group based reward system is the most rapidly growing reward specially where there is a concept of team. This paper is developed to figure out the factors which are important from employee's perspective while implementation of group based rewards plan in the organization.

Design
This is a quantitative study conducted in the natural settings of the Pakistani organizations. Questionnaire based survey was formulated to test the hypothesis. Data analysis and interpretations are based on the responses collected from the organizations.

Findings
The results are significantly in favor of the theoretical framework which was developed after the comprehensive study of literature related to the thesis topic. All the hypotheses were proven to be positive. It was found that Employee Satisfaction, Organizational Commitment, Trust and Empowerment are the factors effecting employee's perception in group based reward system.

Value
This paper would help managers considering the importance of employee's perception in building the plans for the group based rewards to get the maximum productivity and increased performance from their employees.

Key words: group based rewards, employee satisfaction, organizational commitment, trust and empowerment

INTRODUCTION
Every organization has some kind of reward system that mainly aims to motivate employees to perform better and work according to the expectations. Rewards can be either financial in form of bonuses or non financial in form of promotions, holiday trips etc. Reward programs have three criteria's firstly, organizations must reward employees

on the basis of performance, secondly it must be competitive and in proportion to the market paid price and thirdly to motivate employees to perform much better every time. Rewards can be given on the individual basis or either on group basis for teams.

Group based rewards are gaining popularity in multinational organizations, software houses and private sector here in Pakistan and the other countries of the world too. It is effective yet a difficult way to give group based rewards because as individual systems it has some complications too. It's a new topic for the researchers to work on.

Group-based reward systems measure team performance; while individual rewards measure employees own performance. These systems encourage individual efforts toward common business goals; because they are also provided to the underperforming employees along with average and above-average employees; this is the main advantage of this system [1]. A kind of reward system that provides recognition to the achievements of the individual other than the team performance can provide extra motivation for employees.

Organizations have realized the importance of personnel (employees) over the years, their motivation is important as well and reward is one of the ways to keep them motivated. Team based work provides oneness of mind and unity of actions which will result in effective outcomes and goal achieving of the organization. Empowerment of employees within the team is quite an important issue or aspect for organizations as it will help them to flourish and take care of their own work properly and then will lead to a positive outcome. Today organizations are team oriented and they try to fulfill the principles of total quality management (TQM) that is why they need group rewards and appraisal to check the overall quality and management. Group based reward system is the concept from Japan and is rarely studied in Pakistan.

OBJECTIVE
Seeing the importance of team based rewards this study is focused to figure out the impact of employee's perception in order to know that what they believe about the system's effectiveness and also their satisfaction towards this system. Every employee has different attitude towards the rewards process, few people take it seriously and try to work hard to get them; few consider it an unequal distribution and a source of conflict among the coworkers. Managers will be able to integrate or align the proposed theoretical framework of the study with the employees' performance; organizational objectives and the outcome based group rewards and will help in appraising processes too.

LITERATURE REVIEW AND THEORATICAL FRAMEWORK

Group Based Rewards
Team-based rewards are 'payments or non-financial incentives provided to members of a formally established team and linked to the performance of the group' (IPD, 1996). [2]
A model is presented in an article supporting the alignment of team rewards and business goals (Cacioppe .R, 1999). So a team can effectively perform when they are clearly communicated about the goals and the rewards associated with the results.

Rewards monetary and non-monetary should be given based on the achievements and accomplishments of workers (The Business Research Lab, 2006). [3]

The results of the study of Motorola (Coli, 1997) and Trigon (Gross et al., 1997) are based on the experience of using team rewards system were to; have clear strategic purpose for teams and rewards, communicate about the rewards and the team results, plan the type, criteria and use of rewards and recognition, have financial measures and stretch objectives, include training in interpersonal and teamwork skills, evaluate and review the reward system. According to Coli (1997) some factors are needed to be considered while rewarding teams, these factors are the stages of team life cycle; reward and recognition categories; type of teams; public, private or not-for-profit sector; and culture of the team and organization. [4]

Trust
Trust affects all relationships between individuals and the group of individuals either its relation between parents, spouse or peers at work or in a group (De Furia, 1996). Trust in case of group or organization is the expectation that people will perform. Robert Bruce Shaw (1997) defines trust by saying it a "Belief that those on whom we depend will meet our expectations of them". [5]

Trust is divided at three levels: individual, intergroup/interpersonal and culture/institutional (McKnight and Webster). Martins .N presented his conceptual model of trust in his article and linked it with the 'Big Five model' and 'managerial practices'. While the results with the big five model proved to be weaker than the managerial practices of either the managers or the leaders[6] .Trust is studied with commitment, constructive behavior and justice with respect to the contingent employees in comparison with core employees by many researchers. In one of the study it was proved that trust correlates relatively stronger with most of the behavioral measures in case of core employees [7]. Results of another study indicates that trust is directly related to the employees role enlargement which leads to individual and organization citizenship behaviors which is found by Dan S. Chiaburu and Sophia V. Marinova in their research work [8]. The same way trust is also being studied with empowerment of an employee and indicates that employees who feel empowered in their work environment tend to have higher levels of interpersonal trust in their managers. [9]

Employee Satisfaction
Keeping employees morale high is wonderfully beneficial for any company, as happy employees are always likely to produce more, take fewer days off, and stay loyal to the company [10]. Employee satisfaction is the terminology used to describe whether employees are happy and satisfied in fulfilling their desires and needs at work. Employee satisfaction causes employee motivation, employee's goal achievement, and positive employee morale in the workplace [11] Employee satisfaction is studied with many perspectives: performance, productivity, customer satisfaction, rewards, retention, and recognition either in Pakistani settings or any other country. For reward system's to be successful, employee's satisfaction is important. For the successful reward systems it

believed to follow some criteria; match the reward to the person's efforts, match the reward to the employee's achievement, try to be timely and be specific.

Empowerment
Good managements always share their information, rewards, and powers with employees so that employees can work hard to take measures and make decisions to solve every problem either related directly or indirectly to the company and try to improve the services and performance. This information sharing is based on giving employees the skills, resources, authority, opportunity, motivation as well as holding them responsible and accountable for outcomes of their decisions and actions. [12]

As leadership expert Daniel Goleman points out "the team is a basic molecule of distributed leadership and basic unit in which you can change norms throughout the organization." [13]Empowerment leads to higher levels of employee satisfaction and commitment for achieving results. When employees have genuine control over the work they do, they tend to contribute more enthusiastically in identifying problems and proposing solutions. Reducing the need for approvals from the supervisors and managers can also shorten the project life cycle and get products and services to market faster.

Organizational Commitment
According to Buchanan (1974) commitment is a bond between an individual (the employee) and the organization (the employer). "Organizational commitment refers to an employee's belief in the organization's goals and values, desire to remain a member of the organization and loyalty to the organization (Mowday et al., 1982; Hackett et al., 2001)." (Maume, 2006, p. 164). "Organizational Commitment is typically measured by items tapping respondents' willingness to work hard to improve their companies, the fit between the firm's and the worker's values, reluctance to leave, and loyalty toward or pride taken in working for their employers"
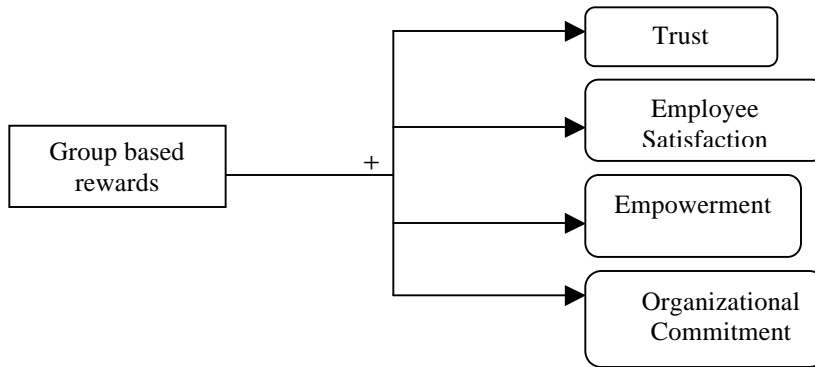
According to the study of Batemen and Strasser (1984) organizational commitment is to be deliberated because of "(a) employee behaviors and performance effectiveness, (b) attitudinal, affective, and cognitive constructs such as job satisfaction, (c) characteristics of the employee's job and role, such as responsibility and (d) personal characteristics of the employee such as age, job tenure" .[14]

Mostly, but with some exceptions, managers attitude considerably related to the organizational commitment with some of the effect in the organization's culture. It is also associated with the job satisfaction but not with the employees performance (Kamarul Zaman Bin Ahmad et al., 2009).

Now when we talk about the managers then we must also talk about the leadership and the charismatic characteristics of a leader. It's been proved from many studies that a charismatic leader is significantly related to the commitment. Commitment can no doubt be resulted in feeling of belongingness, security and increased compensation and rewards. And in case of organization these benefits means increased employee tenure,

limited turnover, reduced training costs, greater job satisfaction and meeting the organizations goals (Mowday et al., 1982; Randal, 1987). [15]

Theoretical framework

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                                    ┌──────────────────┐
                              ┌────►│      Trust       │
                              │     └──────────────────┘
                              │     ┌──────────────────┐
                              │ ┌──►│    Employee      │
┌─────────────┐              │ │   │   Satisfaction   │
│ Group based │       +      │ │   └──────────────────┘
│   rewards   │─────────────►│ │   ┌──────────────────┐
└─────────────┘              │ ├──►│   Empowerment    │
                              │ │   └──────────────────┘
                              │ │   ┌──────────────────┐
                              └─┴──►│  Organizational  │
                                    │   Commitment     │
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Group based rewards and Trust
In the above theoretical framework independent variable is shown to be positively linked with the trust. Employees have a certain kind of trust on the organization that they will be equally and fairly rewarded and appraised on the basis of their good performance and skills while working in a team. They not only have the trust for the rewards but for everything and aspect so they try to work hard. Group rewards are also a good source for an organization to gain trust of an employee to make him more comfortable and work in the best interest of organization. Hypothesis constructed for this relationship is, H1: There is a positive relationship between groups based rewards and trust.

Group based rewards and Employee Satisfaction
In this theoretical framework group based rewards (independent variable) is shown to be positively linked with the employee's satisfaction. Rewarding employees fairly in a group will lead to a satisfied employee.

Employees compare their own input/output ratio as well as the amount of reward they get in a team, with that of others. They weigh their strong points more heavily. So this weighing will directly affect their performance and the perception of getting rewards (Michael Newman, 2009). So here in a theoretical framework we see that an employee will be more satisfied when given proper amount of rewards and a satisfied employee will perform well, get his rewards in a fair way, which opens a thought for the managers to make them feel satisfied from their job, environment and all the procedures. Hypothesis constructed for this relationship is, H2: There is a positive relationship between groups based rewards and employee satisfaction.

Group based rewards and Empowerment
Making employees feel empowered is important when they will feel empowered or authorized in turn they will feel more responsible and will likely perform well. Good performance is always resulted in a handsome return in form of rewards. The relationship between group based rewards is positively related with empowerment in the theoretical

framework. Employees have the tendency to perceive that they will be given responsibilities or will be empowered in the team so they try to performance good to have positive image and to get rewarded well. Therefore, an empowered employee will perceive to have good amount of reward and a good amount of reward to an empowered employee will result in positive outcome for an organization. Hypothesis constructed for this relationship is, H3: There is a positive relationship between groups based rewards and empowerment.

Group based rewards and Organizational Commitment:
While working in a team; group based rewards helps in increasing employee's loyalty and commitment towards the organization in a positive manner. When we talk about the outcomes of organizational commitment there is strong evidence that employee commitment improves the awareness of a warm and supportive organizational climate and as being a good team member they are willing to help. Now when they will fell more committed and are willing to help then surely group's performance will enhance and employees will be appraised and rewarded accordingly. Rewards work as a source of enhancing commitment of an employee for its organization. When an employee will be rewarded with complete fairness he will feel happy, satisfied and will perform his tasks with more commitment for the organization. To prove this relationship hypothesis developed was, H4: There is a positive relationship between groups based rewards and organizational commitment.

RESEARCH METHODOLOGY
This study is hypothesis testing which explains the nature of certain relationships. The investigation is of correlation type which identifies the factors associated with the problem. The factors in the study influence one another and the problem in a chain like fashion. Independent variables i.e. trust and commitment, and work satisfaction are correlated with group based rewards and empowerment. It is conducted in natural settings with minimum interference; things are not changed and taken as they are (i.e. in contrived or natural settings). Sample sizes to whom the results are intended to apply are 250 individuals. Research tool used was the Questionnaire which addressed the teams. The employees ranged from top to middle and lower level. There were 19 questions following 12 about the demographics of the employees and all of them were on point five Likert scale.

Empirical study is conducted and the demography of sample was; 85.2% males and 14.8% females belongs to the revenue assurance, finance, IT, HR, systems and planning departments. Ages of the sample ranged from 24yrs-55yrs. Tenure of employees ranged from 2 months-33 years. Sample designated from middle level management 59.3% and upper level management 40.7%. Sample was taken from the 7 organizations including telecom, IT, oil and gas and banking sectors. Individual reward system was resulted to be 54% and group based was resulted to be 46%.

RESULTS AND ANALYSIS

Reliability of the variables in the questionnaire was proved to be significant and test of Cronbach's Alpha on all the variables was found to be (<.7).

Table#1 Correlation

	Affect Based Trust	Supervis or Based Trust	Continuance Commitment	Normative Commitment	Empower m-ent Total	Organization al Satisfaction	Team Members Satisfaction	Group Based Reward
Affect Based Trust	1							
Supervisor Based Trust	.598**	1						
Continuance Commitment	.265**	.251**	1					
Normative Commitment	.305**	.344**	.117	1				
Empowerme nt Total	.461**	.345**	.107	.346**	1			
Organization al Satisfaction	.493**	.431**	.179*	.511**	.592**	1		
Team Members Satisfaction	.474**	.376**	.196**	.499**	.540**	.665**	1	
Group Based Rewards	.276**	.269**	.191**	.325**	.386**	.399**	.528**	1

**Correlation is significant at the 0.01 level (2-tailed).
*Correlation is significant at the 0.05 level (2-tailed)
N=189

Table#1 presents the correlation among the tested variables. In the table dependent variable Group Based Rewards is positively related with all the independent variables. Correlation among the variables is highly significant at the 0.01 level.
Group based reward as an independent variable has very strong significance correlation of $r=.276$, $p<0.01$ with affect based trust, $r=.269$, $p<0.01$ with Supervisor Based Trust, $r=.191$, $p<0.01$ with Continuance Commitment, $r=.325$, $p<0.01$ with Normative Commitment, $r=.386$, $p<0.01$ with Empowerment Total (including all the four

components of empowerment), r=.399, p<0.01 with Organizational Satisfaction and r=.528, p<0.01 with Team Members Satisfaction. Results show positive correlation of independent variable with dependent variables in this analysis of companies hence supporting the entire hypothesis H1, H2, H3 and H4.

Table #2; Regression results with group based rewards as independents variables

Dependent Variables	BETA β	SIGNIFICANCE CHANGE	R SQUARE
Affect Based Trust	.133	.058*	.018
Supervisor Based Trust	.268	.000***	.072
Continuance Commitment	.190	.009**	.036
Normative Commitment	.325	.000***	.106
Empowerment Total	.385	.000***	.148
Organizational Satisfaction	.397	.000***	.158
Team Members Satisfaction	.527	.000***	.278

*p <.05, **p <.01, ***p < .001

Group based rewards caused 1.8% variation in Affect based trust which is significant at (β=.133, P=0.05). Group based rewards explained 7.2% variance in Supervisor Based Trust where (β=.268, P=.000). Independent variable, group based rewards caused 3.6% change in Continuance Commitment which is significant at (β=.190, P=.009). The test is also significant for Normative Commitment with variation of 10.6% at (β =.325, P=.000). Group based rewards caused 14.8% variation in Empowerment Total which is significant at (β=.385, P=.000). Independent variable, group based rewards caused 15.8% change in Organizational Satisfaction which is significant at (β=.397, P=.000). And finally the test is also significant for Team Members Satisfaction with variation of 27.8% at (β =.527, P=.000). The findings or the regression analysis supports the entire hypothesis i.e. H1, H2, H3 and H4.

CONCLUSION
Due to the competitive environment organizations have changed their organizational structure to the team-based organization (Johnson, 1993; Mohram, 1993). Rewarding teams is the critical feature of successful implementation of team projects in any organization.

From the analysis and findings we can conclude that the variables in the model are correlated and have great importance for the organization while making plans for the group/team based rewards. The results can be generalized in Pakistani organizations as the study was conducted in the same culture. Groups are given rewards on the basis of their performance; this scenario is on the organizations side. Whereas for employees so many things are important so in order to retain them and give them the feeling of being commitment for the organization, managers/supervisors have to build a strong trust with

the employees same thing is proved in this study. Employee's job satisfaction and empowering them is equally important as is suggested by the study.

So, to have the maximum output from the employees of the organization this model will help the managers in considering and understanding few important things while distributing the rewards in team; to gain the trust of employees, to make them feel committed and satisfied, finding the ways of empowering them and to maximize employees return in favor of the organization.

Future topics for research in reference with the model
Future research can be conducted on group based appraisals in the team. Plans, goals and objectives of the team are necessary to be communicated so that employees are well informed about their tasks, which would affect their performance and in turn rewards so the integration of these concepts should be studied in Pakistani organizations settings. Integration of team performance, team behavior and team attitude for rewarding teams must also be studied.

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