



INSPIRING WAVES OF CHANGE

## DO REWARDS MOTIVATE EMPLOYEES?

### INTRODUCTION

The underlying philosophy behind most motivation schemes in Malaysian organisations, is that employees must be offered rewards, in order to motivate them to be more 'productive'. In fact most Malaysian organisations have some form of incentive program built into their compensation and benefits scheme. But the question asked is, "Do incentives and rewards work?" Do incentives make people more efficient and effective? Do incentives like paid holidays motivate employees? My view is that it does, but only for short term periods. It produces temporary compliance. Rewards do not create an enduring commitment to work but temporarily, change our short term behaviour. It is ineffective when it comes to producing lasting change in attitudes or behaviours. As long as there is an incentive, the productivity will improve. Take away the incentives, and the productivity also wanes. So the question asked is, "why are organisations still offering incentives"?

### REASONS WHY ORGANISATIONS OFFER REWARDS

My answer to this is that, most Malaysian organisations want short term, easy solutions to problems. For example, if the sales department are given a target of achieving an increase of sales by 30%, and are informed that they would receive cash incentives if they manage to do so, then the chances are that the sales personnel would be immediately motivated to accomplish that goal. Assuming that this is achieved, then there would be a two fold effect i.e. the employees get their cash incentive and the company gets a 30% increase in sales. This seems like an excellent win-win solution? But what happens then? In an indirect sense, the company has passed a clear message that rewards are tied in with productivity. The message to employees is clear; we pay you for "normal" performance, and if we want better performance we will have to pay for it. The motivation is extrinsic and is short term. After the rewards have been distributed, the personnel in the sales department will get back to what is termed as 'normal' performance.

But why is this so? This behaviour can best be explained through behavioural theories of learning as advocated by social scientists like Pavlov. The incentives offered to employees for producing or achieving tangible objectives, tends to condition staff into adopting the following attitude, "when I achieve this, you will give me that". The motivating factor here is the rewards. Take the rewards away, and employees have a convenient excuse not to do 'productive work'. In that context its long term effects are minimal and more importantly may sometimes work counter to desired expectations. Rewards and incentives in the context of this article are tangible items or things given to employees over and above their normal salaries. These could range from holidays to cash bonuses.

### DRAWBACKS OF REWARDS

To further illustrate this point of rewards having only short term motivational value, let's take the example of bonuses. The problem here is that it is taken for granted. Employees expect bonuses at the end of the year, even though they may not have contributed to the company's profitability. As it has come to be expected, it's motivational value is therefore minimal. On the other hand, if the bonus, for whatever reason is not paid, then there will be a backlash as employees not only become de-motivated, but also angry, frustrated and disappointed. The value of the bonus now becomes sustenance of motivation rather than motivation per say. At the same time, there exists this very real threat of de-motivation if the bonus is not given out or the amount given out is not up to expectations.

In a real life example which took place in America, a well known pizza chain offered students free pizzas whenever they completed reading a book. These coupons were given through teachers who served as the control process. On the surface of it, this looked like a very good idea for encouraging students to read and at the same time afford valuable publicity to the pizza chain. Unfortunately the end result was contrary to expectations. It was found that those students who had already acquired the habit of reading started

reading shorter and less challenging books so that they could get more coupons. Those who had not started to read were encouraged to read only short and simple books. Eventually when the scheme was stopped, so did the reading, by those who used to be avid readers as well as those who were not reading previously. What happened here was that the scheme substituted the intrinsic motivation of reading for pleasure for the extrinsic motivation of getting coupons. With pizza coupons no longer available, the children felt that there was no longer a reason to read. This true incident demonstrates a clear drawback of incentive programs.

Other than this, rewards have other disadvantages too. When employees are aware that problems at the work place can jeopardise the receipt of rewards, then they will be encouraged to pass problems on to other departments or other individuals elsewhere and later in the system. The attitude will be to ensure that no problems exist irrespective of whether it jeopardises organisational objectives.

Staff will also circumvent the system for personal gain, creating problems for the system. The attitude will be to do everything possible in order to ensure that management perceives the department or sub-department as 'effective' or 'efficient' even if this had to be done at the expense of customers. For example, in a real life incident, the mechanics in a car servicing centre provided unnecessary repairs and replaced perfectly good parts in order to meet their monthly quotas. Short term, the mechanics gained, but long term this was obtained at the expense of customers and the credibility and image of the company.

Rewards can also undermine teamwork and co-operation. They often set up a form of internal competition in which people strive to be perceived as better than their fellow employees. Competing employees will regard each other as adversaries. Therefore instead of working together to achieve the common goals of the organisation, they may instead try to subvert each others' efforts, at the expense of organisational objectives. Complementary to this situation is the fact that once rewards are dispensed, those not receiving it do become de-motivated. They will raise questions as to the fairness of the system, and the very idea of the system itself. So in a sense, the rewards will motivate some employees in the short term, whilst at the same time de-motivating others in the short and long term.

When rewards come into play, employees will also often opt for safer options. They will be less inclined to take risks. Challenges are avoided because the reward system encourages conformity and concern about the rewards employees can get.

## METHODS TO MOTIVATE EMPLOYEES AT THE WORKPLACE

So what can be done about all this? How do we motivate employees at the work place? How do we dispense with rewards and incentives without de-motivating employees? There are no clear cut answers to all these questions. I would suggest that perhaps managers' time would be effectively spent doing some of the following.

Firstly, as far as rewards are concerned, organisations must pay employees well and fairly, and then do everything possible to help them forget about money. There must be this perception by employees that they are being paid fairly for the work that they are contributing to the company. A good yardstick is what other companies in the industry are paying. If possible, pay them a little more, so that this cannot be used as a convenient excuse for being unproductive. Once the compensation and benefits system is taken care of, then the company must take measures to improve the work environment.

There must be a serious attempt to remove the factors that de-motivate in the organisation. This can range from offensive individuals to ineffective systems, to unfair rules and regulations. Ask employees what gets in the way of them doing their job well; then remove those obstacles. Ask employees what can be done to improve the work place; then provide those facilities. Focus on constantly improving the work environment from job methods to the provision of facilities like water coolers, pleasant rest areas etc. What is important is for employees to be happy at their work place. There must be this perception that management cares and is concerned about their welfare and their needs.

In that context, 'happiness' in the work place cannot be achieved by isolated events or incidents like company dinners or family days. A staff feels happy when he knows that he is working for an organisation that cares. And how does a company show that it cares? This is again difficult to answer as it covers a whole gambit of activities and factors like the way management runs the organisation to the nature of the organisational culture. At the end of the day, it is something an employee 'feels' about the organisation. He

may rant and rave at certain policies or managerial incompetence, but deep inside he 'knows' that the company is doing it for its own good and the good of its employees. He knows that the company is being fair. If the majority of employees have common feelings of this nature, then it can be safely said that the employees in the company are 'happy'.

More times than not, what is more important to workers are such intangibles as being appreciated for the work they've done, being kept informed about things that affect them, and having sympathetic managers and supervisors who take time to listen to them. None of these intangibles cost anything other than the time and efforts of superiors who care. Research has time and time again demonstrated that employees work harder when they are recognised for their efforts.

Employees also thrive on praise, and the more they get, the harder they work to get even more. They want to know that they are doing a good job and that this is valued by the company. Managers should therefore look for, and capitalise on opportunities to praise their employees as often as they can. When done properly, it's a small investment which brings in huge dividends.

## CONCLUSION

One of the biggest fallacies that managers and organisations in Malaysia seem to have is that employees are withholding a certain amount of effort that must be bribed from them by means of various incentives and rewards. Most organisations unconsciously perpetuate this fallacy through their "motivational programs". And by doing so, they create an organisational culture where productivity can only be achieved through incentives, which will be to the long-term detriment of that organisation.

Malaysian managers and organisations must break away from this convenient but out-dated notion. Incentives motivate but only for short-term periods. On the other hand, a harmonious, happy and caring working environment will have better long-term motivational value. It is this that organisations must strive to attain in the long term.

In the final analysis, if I am asked the question, "do rewards and incentives motivate?", my answer would be, "Yes, they do; they motivate people to strive for more rewards".