

T.C.
MARMARA ÜNİVERSİTESİ
SOSYAL BİLİMLER ENSTİTÜSÜ
KAMU YÖNETİMİ ANA BİLİM DALI
HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT BİLİM DALI

**THE EFFECT OF REWARD SYSTEM APPLICATIONS ON EMPLOYEE
PERFORMANCE IN SERVICE SECTOR**
(YÜKSEK LİSANS TEZİ)

NİHAN KOŞMALI YAZICI

İstanbul, 2008

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Danışman : Yrd. Doç. Dr. Salim Atay

İstanbul, 2008

Marmara Üniversitesi
Sosyal Bilimler Enstitüsü Müdürlüğü

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ÖZET

ÖDÜL SİSTEMİ UYGULAMALARININ HİZMET SEKTÖRÜNDE ÇALIŞNA PERFORMANSI ÜZERİNE ETKİLERİ

Günümüz iş dünyasında İnsan Kaynakları'nın şirket yönetimlerinde stratejik ortak olmaları ile birlikte seçme yerleştirme, kariyer planlama, ücretlendirme gibi yürüttüğü ana fonksiyonlara, çalışan performansını doğrudan etkilemeye yönelik ödül yönetimi süreci de eklenmiştir.

Bu çalışmanın amacı hizmet sektöründe gerçekleştirilen ödül yönetimi uygulamalarının çalışan performansı üzerindeki etkisinin araştırılmasıdır. Ödül yönetimi ile ilgili yapılan literatür taramasına göre organizasyonların kullandığı ödül sistemi ve stratejileri çalışanlarının motive ettiği ve performanslarını artırdığı kanıtlanmıştır.

Bu çalışmada performans etkinliği bakış açısı ödül yönetimi sistemleri üzerinde değerlendirilecektir. Çalışmanın birinci bölümünde ödül yönetimi kavramı detaylarıyla anlatılacak olup; ödül politikaları, prosedürleri, strateji ve araçları tanımlanacaktır. İkinci bölümde performans yönetimi ve performans değerlendirme sistemleri methodları ile birlikte tartışılacaktır. Teorik çerçevenin ardından ödül yönetimi ve çalışan performansı arasındaki ilişki anlatılacak ve Türkiye'de faaliyet gösteren beş yıldızlı bir otelin ödül yönetimi sisteme uygulama olarak detaylandırılacaktır.

Çalışmanın sonuçları ödül yönetimi uygulamalarının çalışan performansına doğrudan etkisi olduğunu göstermiştir. Çalışanların ödül seçimlerinin çalıştıkları pozisyona göre değişebileceğini gösteren sonuçlar, finansal ödüllerin her zaman finansal olmayan ödüllerle desteklenmesi gerektiğini göstermektedir.

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ABSTRACT

THE EFFECT OF REWARD SYSTEM APPLICATIONS ON EMPLOYEE PERFORMANCE IN SERVICE SECTOR

In todays business environment as being a strategic partner with company managements, reward management which has a direct effect on employee performance, is added as a core function to human resources dicipline such as recruitment, career planning and compensation.

The aim of this study to research the effects of reward management system applications on employee performance in service sector. According to literature review on the previous studies about reward management, it is proven that organizations use reward systems and strategies to motivate their employees and to increase their performance.

In this study, performance effectiveness perspective will be determined on reward systems. At the first part of the study, definiton of reward management will be identified with its details, such as reward policies, procedures, strategies and instruments. At the second part, the definition and methods of performance management and performance appraisal systems will be discussed with their methods. After the theoretical framework, the relationship between two will be explained and than a practice will be conducted out in a five star hotel chain in Turkey.

The results show that reward management applications have a direct effect on employee performance. The preferences of employees on rewards may change from position to position in the organization. The results also show that, financial reward should be always supported with non-financial rewards.

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ABBREVIATIONS

ed.	Edition
e.g.	Exempli Gratia (For Example)
etc.	Et Cetera (And So On)
f.	Frequency
HR	Human Resources
HRM	Human Resources Management
K.M.O.	Kaiser-Meyer-Olkin
MBO	Management By Objectives
NBRI	National Business Research Institute
p.	Page
pp.	Pages
PA	Performance Appraisal
PM	Performance Management
RM	Reward Management
Sig.	Significance
SPSS	Statistical Package for the Social Sciences
Std.	Standard
Vol.	Volume

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1. INTRODUCTION

Human Resources (HR), that historically take care of the personnel developments issues, are now becoming more strategic component for the organizations by contributing in the definition of incentive plans and professional development.

Organizational reward management is one of the strategic core issues for HR processes such as recruitment, career planning and training. According to previous studies, it has important effect on the employee performance. Many organizations realized that reward reinforces employee focus on their performance, enhance motivation levels and gain their commitment.¹

In this study, I will try to review the current literature; explain the objective of reward, definition and determinants of rewards and the argument of whether reward is a motivator as employee performance conceptions are all supporting the research subject: the effect of reward system applications on employee's performance. I will use performance appraisal system tools to measure the effect of rewards.

If we go through work environment, we can easily see that, every organization is set up to fulfill a mission. To achieve this purpose, they build business strategies and spread out these specific strategies to each level of organization through its mission, vision, policies and procedures. Human Resources Management (HRM) takes an important role to help to achieve the goals of the organization at this point. HR departments of the organizations set up Human Resources Strategies in accordance with organizations strategy which is called Business Strategy.

HR Strategy of the organization is the main reference point while building Human Resources systems and procedures. Human Resources builds the recruitment, reward management which includes compensation,

¹ Robert II Smith, "Paying for Performance and Reward Management", <http://www.webmastertips.us/story/Article>, Date of Access: 28.03.2008.

performance appraisal, job evaluation, labor relations, training and succession planning in consistent with organization's business strategy.

Organizations have to attract the necessary information, skill, talent and attitudes and recruit them. Main reason is to use reward systems is; to attract and retain those who not only have the desired knowledge and skills, but also have the interest and are willing to put forth the effort needed to link their knowledge and skills to the accomplishment of organizational goals.

Organizations should design reward systems also, to increase the commitment of employees and make employees focus on necessary behaviors which are needed to achieve the goals and objectives of the organizations. Because of this reason, reward systems are one of the tools to increase the motivation and performance on the job and support the expected behaviors in the organizations.

Success of the organizations are mainly related to the success of their employees. The effective, productive and the right use of human resource is also extremely important. It is necessary to determine and evaluate the performance and the adequate rate of the workers according to objective criteria to contribute the success of the organization. For the continuity of the success and motivation of the employees, the system of reward management should be enhanced and applied besides the performance appraisal system.

There is a significant body of empirical data which supports the proposition that rewards are important when considering behavior and performance. Generally, researchers have found that when rewards, in the form of pay, promotions, and recognition, are contingent upon good performance, the levels of performance and satisfaction that result are substantially higher.²

Therefore the subject of this study is evaluation of the relationship between reward management systems and employee performance appraisal.

² Robert T. Keller and Andrew D. Szilagyi, "Employee Reactions to Leader Reward Behaviour", **The Academy of Management Journal**, Vol.19, No.4, Dec.,1976, pp. 619-627.

At the first section of the study, the main subject “reward management” is explained in details with its elements, functions, goals, strategy and types. The second section includes the explanation of employee performance and performance appraisal system and its methods which is thought to have effects on reward systems.

At the third section, the relationship between reward management and employee performance is evaluated according to literature review. Than at the fifth section, the effect of reward management system on employee performance at one of the National Five Stars Hotel Chain from service sector by using a questionnaire. Than the results of analysis and current circumstances will be explained at the conclusion part.

1. REWARD MANAGEMENT

2.1. General Definitions

Rewarding should be considered an important aspect of the process of strategy implementation. However, there is a lot of misunderstanding about this concept and its content, which is also evidenced by the use of a lot of terms like “compensation”, “remuneration”, “pay”, “incentives”, “rewards” etc. Therefore, I would first like to focus on terminology and provide you with a workable definition of “reward”.

While many authors limit the discussion to “pay”, I would like to broaden the scope and take the “total reward” approach, which is much more oriented towards the employee’s perspective. This means that I do not only take the purely financial elements into consideration, but non-financial rewards as well, like recognition, involvement, information sharing, work-life balance, etc.

According to this perspective, *reward* refers to all forms of returns – direct and/or indirect, short-term and long-term, financial as well as non-financial – that employees receive as part of their employment relationship.³

According to Bratton and Gold, reward refers to all of the monetary, non-monetary and psychological payments that an organization provides for its employees in exchange for the work they perform.⁴

Total reward is all of the available tools of employer's, that may be used to attract, retain, motivate and satisfy employees. It is an approach to providing a 'package' of reward to employees in ways that optimise employee satisfaction with reward from their work, and which does this in such a fashion that the employees' contribution to the employer is optimised at an acceptable cost.⁵

In other words, *total reward* is the combination of financial and non-financial rewards available to employees.

According to Worldatwork, which is the world's leading not-for-profit professional association dedicated to knowledge leadership in total rewards, compensation, benefits, and work-life, *total rewards* are all of the tools available to the employer that may be used to attract, motivate and retain employees. Total rewards include everything the employee perceives to be of value resulting from the employment relationship.

Throughout history, employers have been challenged with attracting, motivating and retaining employees. From the simplest barter systems of centuries past to the current complex incentive formulas of today, the organizational premise has been the same: Provide productivity and results to our enterprise and we will provide you with something of value.

³ Kurt Verweire, **Integrated Performance Management: A Guide to Strategy Implementation**, London: GBR: Sage Publications, 2004, p.216.

⁴ John Bratton and Jeffrey Gold, **Human Resource Management**, 3rd ed., Hampshire: Palgrave Macmillan, 2003, p.276.

⁵ Micheal Armstrong, **Employee Reward**, 3rd ed., London :CIPD, 2003, p.8.

There are five elements of total rewards, each of which includes programs, practices, elements and dimensions that collectively define an organization's strategy to attract, motivate and retain employees. These elements are:⁶

- Compensation
- Benefits
- Work-Life
- Performance and Recognition
- Development and Career Opportunities

Figure 1 shows the model of Total Rewards Model of Worldatwork.



Figure 1: Total Rewards Model

Source: Worldatwork Journal, 3rd Quarter, 2007, p. 8.

Total remuneration is the value of all cash payments (total earnings) and benefits received by employees. Total remuneration includes *base or basic pay*, *contingency pay* and *employee benefits*.

The base rate is the amount of pay (the fixed salary or wage) that constitutes the rate for the job. It may be varied according to the grade of the job or, for manual

⁶ Author N.A. "What is Total Rewards?", <http://www.worldatwork.org/waw/home/html/home.jsp>, Date of Access: 01.06.2008.

workers, the level of skill required. Base pay will be influenced by internal and external relativities. The internal relativities may be measured by some form of job evaluation. External relativities are assessed by tracking market rates. Alternatively, levels of pay may be agreed through collective bargaining with trade unions or by reaching individual agreements. Base pay may be expressed, as an annual, weekly or hourly rate. For manual workers this may be called a 'time rate' system of payment. Allowances for overtime, shift working, unsocial hours or increased cost of living in somewhere may be added to base pay. The base rate may be adjusted to reflect increases in the cost of living or market rates by the organization, unilaterally or by agreement with a trade union.⁷ Service-related, performance, skill-based or competence-related pay increases may be added to, or "consolidated" into, the basic rate, and these form the basis for pension contributions, sick pay, payment for overtime, and bonuses or profit shares when these are awarded as a percentage of base pay.

Contingent pay is the additional financial rewards may be provided that are related to performance, competence, contribution, skill and/or experience. Besides, bonuses, incentives, commission, service-related pay and career development payments are other types of contingent payments.⁸ Contingent payments may be added to base pay, e.g. consolidated. If such payments are not consolidated (e.g. paid as cash bonuses) they are described as '*variable pay*'. Employee benefits include pensions, sick pay, insurance cover, company cars and a number of other 'perks'. They comprise elements of remuneration additional to the various forms of cash pay and also include provisions for employees that are strictly remuneration, such as annual holidays.

Financial incentives aim to motivate people to achieve their objectives, improve their performance or enhance their competence or skills by focusing on specific targets and priorities. They are designed to provide direct motivation –'Do this and you will get that.' A shop-floor payment-by-result scheme and a sales representative's commission systems are examples of financial incentives.

⁷ Micheal Armstrong, **Handbook of Human Resource Management Practice**, 10th ed., London: Kogan Page, Limited, 2006, p.627.

⁸ Peter Gallagher, **Human Resources Planning**, Broadstairs, Kent: Scitech Education, 2000, p.96.

Financial rewards provide financial recognition to people for their achievements in the shape of attaining or exceeding their performance targets or reaching certain levels of competence or skill. An achievement of bonus or a team based pay lump-sum payment are examples of financial rewards. Financial rewards provide a tangible form of recognition and can therefore serve as indirect motivators, as long as people expect that further achievements will produce worth-while rewards.⁹

Non-financial rewards are rewards that do not involve any direct payments and often arise from the work itself, for example, achievement, autonomy, recognition, scope to use and develop skills, training, career development opportunities and high quality leadership.¹⁰ For example, praise and recognition from supervisors is consistently found to be among the most important motivators. Employees want to be recognized and feel their contributions are noticed and valued. It is important that supervisors recognize the value and importance of sincerely thanking employees verbally and/or in writing for their specific contributions.¹¹

According to Manus and Graham¹², total reward ‘includes all types of rewards – indirect as well as direct, and intrinsic as well as extrinsic’. Each aspect of reward, namely base pay, contingent pay, employee benefits and non-financial rewards, which include intrinsic rewards from the work itself, are linked together and treated as an integrated and coherent whole. Total reward combines the impact the two major categories of reward as defined below and illustrated in Figure 1: 1) *Transactional rewards* – tangible rewards arising from transactions between the employer and employees concerning pay and benefits; and 2) relational rewards – *intangible rewards* concerned with learning and development and the work experience.

⁹ Armstrong, 2003, p. 252.

¹⁰ Armstrong, 2003, p. 629.

¹¹ Author N.A. “Performance Rewards”, http://www.uth.tmc.edu/ut_general/admin_fin/hr/perplan/reward.html, Date of Access: 21.04.2008.

¹² Manus and Graham, 2003.

<i>Transactional rewards</i>	<i>Base pay</i>	<i>Total remuneration</i>	<i>Total reward</i>
	<i>Contingency pay</i>		
	<i>Employee benefitts</i>		
<i>Relational rewards</i>	<i>Learning and development</i>	<i>Non-financial / intrinsic rewards</i>	
	<i>The work experience</i>		

Figure 2: The Components of Total Rewards

Source: Micheal Armstrong, Handbook of Human Resource Management Practice, 10th ed., London: Kogan Page, Limited, 2006, p.631

The total reward concept emphasizes the importance of considering all aspects of reward as an integrated and coherent whole. Each of the elements of total reward, namely base pay, pay contingent on performance, competence or contribution, employee benefits and non-financial rewards, which include intrinsic rewards from the employment environment and the work itself, are linked together¹³.

2.2. Defining of Reward Management

Reward management (RM) is concerned with the formulation and implementation of strategies and policies, the purposes of which are to reward people fairly, equitably and consistently in accordance with their value to the organization and thus help the organization to achieve its strategic goals. It deals with the design, implementation and

¹³ Micheal Armstrong, **Reward Management**, London : GBR:Kogan Page, Limited, 2004, p. 11.

the maintenance of reward systems (reward processes, practices and procedures) that aim to meet the needs of both the organization and its stakeholders.

It is based on a well-articulated philosophy – a set of beliefs and guiding principles that are consistent with the values of the organization and help to enact them. These include beliefs in the need to achieve fairness, equity, consistency and transparency in operating the reward system. The philosophy recognizes that HRM is about investing in human capital from which a reasonable return is required, then it is proper to reward people differentially according to their contribution.

The philosophy of RM recognizes that it must be strategic in the sense that it addresses longer-term issues relating to how people should be valued for what they do and what they achieve. Reward strategies and the processes that are required to implement them have to flow from the business strategy.

RM adopts “total reward” approach, which emphasizes the importance of considering all aspects of reward as a coherent whole that is integrated with other HR initiatives designed to achieve the motivation, commitment, engagement and development of employees. This requires the integration of reward strategies with other HRM strategies, especially those concerning human resource development. Reward management is an integral part of an HRM approach to managing people.¹⁴

2.3. Goals of Reward Management

According to Kessler and Purcell¹⁵, the core goals of reward system are, motivation, recruitment and retention.

It is clear that pay systems themselves can not be single solution that leads the best performance. There is a broad spectrum of motivators beyond money. Whereas money and employee benefits can be classified as extrinsic motivators, there are also a number of intrinsic motivators, such as praise, participation and autonomy. The

¹⁴ Armstrong, 2006, p.623.

¹⁵ Kessler and Purcell, “Performance Related Pay: Objectives and Application”, **Human Resource Management Journal**, 1992, Vol. 2 No.3, pp.16-33.

reward management systems are focused on both intrinsic and extrinsic motivators to achieve those mentioned goals.

Armstrong shares the same ideas with Kessler and Purcell and defines the aims of RM below:¹⁶

- reward people according to what the organization values and wants to pay for;
- reward people for the value they create;
- reward the right things to convey the right message about what is important in terms of behaviors and outcomes;
- develop a performance culture;
- motivate people and obtain their commitment and engagement;
- help to attract and retain the high quality people the organization needs;
- create total reward processes that recognize the importance of both financial and non-financial rewards;
- develop a positive employment relationship and psychological contract;
- align reward practices with both business goals and employee values;
- operate fairly –people feel that they are treated justly in accordance with what is due to them because of their value to the organization;
- apply equitably – people are rewarded appropriately in relation to others within the organization, relativities between jobs are measured as objectively as possible and equal pay is provided for work of equal value;
- function consistently – decisions on pay do not vary arbitrarily and without due cause between different people or at different times;
- operate transparently – people understand how reward processes operate and how they are affected by them.

The other aims of reward systems are; supporting the organization's strategy, recruiting qualified employees, retaining capable employees so that turn over is held to an acceptable level, ensuring internal and external equity, being sustainable within the financial means of the organization, motivating employees to perform to the maximum extent of their capabilities, strengthening the psychological contract, promoting

¹⁶ Armstrong, 2006, p.624.

organizational citizenship”, complying with legal regulations, being efficiently administered.

2.4. Reward Instruments

2.4.1. Financial Rewards

As it was mentioned before reward is much more than money. To make this concrete, Tables 1 and 2 provide detailed overview of the various financial and non-financial reward tools that are available.

Table-1: An Overview of Financial Reward Instruments¹⁷

Financial Rewards	Direct income	- Fixed wage (paid monthly, weekly, daily) - Bonus, variable pay (recurring and non-recurring – based on individual, team, and/or company performance) - Commission (sales)
	Deferred income	- Stock (employees share ownership) - Stock options
	Employee benefits:	- Retirement and savings plan
	Income security	- Life insurance and death coverage - Medical and medical-related benefit payments (hospital, disability, accident)
	Employee benefits:	- Company car
	Income-adding	- Meal vouchers - Company restaurant - Payment for time not worked in addition to social security (e.g. palliative care)
	Employee benefits:	- On-site services, like laundry, ironing, shopping service
	Services	- Sports facilities - (Emergency) child care - Financial planning - Career advice - Medical check-up

Source: K. Verweire, Integrated Performance Management : A Guide to Strategy Implementation, London: GBR: Sage Publications, Incorporated, 2004, p. 219.

¹⁷ Verweire, 2004, p. 220.

There is a lack of knowledge about employee' preferences regarding reward. Some of the research that is available has proven that there are a number of employee preferences that are quite universal:

- High pay levels
- Individually oriented pay systems (instead of group-based pay)
- Fixed rather than variable pay
- Job-based pay
- Flexible benefits
- Base pay increases based on merit (e.g. individual performance)

This makes clear that employees are relatively risk-averse (because they prefer fixed pay) and want their financial rewards to be linked to variables under their control.

2.4.2. Non-Financial Rewards

In this economic climate, it is more critical than ever to make employees feel recognized for their contributions. It is important because recognition is about feeling special, and more times than not, it is hard to feel special from a corporate program where everyone gets the same thing, like a five-year pin. To be effective, recognition needs to come from those we hold in high esteem, such as one's manager.¹⁸

There is not always a clear distinction between financial and non-financial rewards. For instance, promotion is a non-financial reward element. However, if it is not accompanied by financial rewards (e.g. a higher wage), it might lose its motivational power. Learning and development is another example. Some employees find this element important because it will increase their market value. What I mean is that, in many cases non-financial rewards can or will also have consequences in the area of financial rewards. Furthermore, reward processes are also linked to socio-demographic variables, such as age, gender and family situation.

¹⁸ Bob Nelson, **Retaining Your Best People**, Boston: Harvard Business School Press, 2006, p. 104.

Table 2: An Overview of Non-Financial Reward Instruments

Non-Financial Rewards	Psychic income	- Accomplishment in the job, interesting work - Recognition - Trust - Job title - Image of the employer - Working atmosphere (colleagues, line management, accessibility of top management)
	Learning Opportunities	- Training budget - Breadth of training entitlement - Learning on the job - Possibilities for job rotation/promotion
	Organizational participation	- Being informed about the organization - Autonomy, responsibilities - Being able to give input, suggestions, etc. - Participation in decision-making
	Time	- Flexible working hours - Compressed working week (year) - Additional time-off - Flexibility in granting time-off - Possibilities for part-time work
	Place	- Distance between home and workplace - Tele-work - Desk: ergonomics, space, comfort
	Employment Security	- Job security - Employment guarantees offered by the employer

Source: K. Verweire, Integrated Performance Management : A Guide to Strategy Implementation, London: GBR: Sage Publications, Incorporated, 2004, p. 220

2.4.3. Financial Rewards versus Non-financial Rewards

Rewards may or may not enhance the employee's financial well-being if they do, they can do this directly – through wages, bonuses, profit sharing, and the like – or indirectly- through supportive benefits such as pension plans, paid vacations, paid sick leaves, and purchase discounts.

Non-financial rewards cover a smorgasbord of desirable “extras” that are potentially at the disposal of the organization. Their common link is that they do not increase the employee’s financial position. Instead of making the employee’s life better off the job, non-financial rewards emphasize making life on the job more attractive. The nine financial rewards that I will identify represent a few of the more obvious; however, the creation of these rewards is limited only by manager’s ingenuity and ability to assess “pay-offs” within their jurisdiction that individuals within the organization find desirable.¹⁹

2.4.4. Integration of Intrinsic and Extrinsic Rewards

As it is explained, there are various ways for rewarding employee both with intrinsic and extrinsic rewards. According to studies, which are made in this area, it can not be said that one of the reward is more important than the other one. Because all employees have different values, desires, needs and expectations. The best reward combination is the one, which satisfies that employee’s needs.²⁰

2.5. Elements of Reward Management

2.5.1. Reward System

2.5.1.1. Definition of Reward System

An organization is formed to accomplish a specific mission. To do this, it must attract and hire people who have certain knowledge, skills, aptitudes and attitudes. To attract and retain such people, the organization provides rewards. An organization designs and implements a reward system to focus worker attention on the specific behaviors the organization considers necessary to achieve its desired objectives and

¹⁹ David A. De Cenzo and Stephen P. Robbins, **Human Resource Management**, 5th ed., New York: John Wiley & Sons, Inc, 1996, p. 353.

²⁰ Jeffrey E. LaBelle, “The Paradox of Safety Hopes and Rewards, Management”, **Professional Safety**, December 2005, p.37.

goals. The behavior range from simply arriving at work at the scheduled time to meeting specified performance standards and providing innovative contributions that lead to improved productivity. If rewards are to be useful in simulating desired behaviors, they must meet the demands of the employees whose behaviors they are intended to influence.²¹

Organizational reward system is one of the most effective motivation tools, managers have at their disposal. The organizational reward system consists of the types of rewards to be offered and their distribution. Organizational rewards include all types of rewards, both intrinsic and extrinsic, that are received as a result of employment by the organization.²²

According to Bratton and Gold, the mix of extrinsic and intrinsic rewards by the employer is termed its *reward system*, the monetary or economic element of the reward system being called the *pay system*. A reward system also consists of the integrated policies, processes, practices and administrative procedures for implementing the system within the framework of the human resources strategy and the total organizational system. The management of rewards must meet numerous economic and behavioral objectives.²³

An employee reward system consists of an organization's integrated policies, processes and practices for rewarding its employees in accordance with their contribution, skill and competence and their market worth. It is developed within the framework of the organization's reward philosophy, strategies and policies, and contains arrangements in the form of processes, practices, structures and procedures which will

²¹ Richard Henderson, **Compensation Management, Rewarding Performance**, 5th ed., New Jersey: Prentice Hall, 1988, p. 2.

²² Lloyd L. Byars and Leslie Rue, **Human Resource Management**, 6th ed., Boston : Irwin McGraw-Hill, 2000, p. 299.

²³ Bratton and Gold, 2003, p.278.

provide and maintain appropriate types and levels of pay, benefits and other forms of reward.²⁴

2.5.1.2. Bases for Reward Systems

Reward systems may be based on; *job, skill and performance*.

Traditionally in organizations such rewards as pay and perquisites have been based on the type of a job a person does. Indeed, with the exception of bonuses and merit salary increases, the standard policy in most organizations is to evaluate the job, not the person, and then to set the reward level. This approach is based on the assumption that job worth can be determined and that the person doing the job is worth only as much to the organization as the job itself is worth.

An alternative to job-based pay that has been tried by a number of organizations is to pay individuals for their skills. In many cases this approach will not lead to pay rates very different from those of a job-based system. After all, people's skills are usually matched reasonably well with their jobs. A skill approach can however, produce some different results in several respects. Often people have more skills than the job uses, in which case they would be paid more than under a job-based system. On other cases, newly appointed job-holders do not initially have all skills associated with the position; they would have to earn the right to be paid whatever it is the job-related skills are worth.²⁵

Perhaps the most important changes introduced with skill-based or competence-based pay are in organizational climate and motivation. Instead of being rewarded for moving up the hierarchy, people are rewarded for increasing their skills and developing themselves. This policy can create a climate of concern for personal growth and development and produce a highly talented work force.

²⁴ Armstrong, 2003, p.4.

²⁵ Lyman W. Porter, Gregory A. Bigley and Richard M. Steers, **Motivation and Work Behavior**, 7th ed., New York: McGraw-Hill, 2003, p. 465.

The key strategic decision made in the design of any system is whether or not it will be based on performance. The major alternative to basing pay on performance is to tie it to seniority. Many government organizations, for example, base their rates on the job the person does and then on how long he or she has been in that job.

Performance can be measured at various levels. Each individual may get a reward based on his or her own performance. In addition, rewards based on the performance of a particular group can be given each of its members. Or everyone in the organization can be given a reward based on the performance of the total organization. Finally, many different kinds of performance can be rewarded. For example, managers can be rewarded for sales increases, productivity volumes, their ability to develop their subordinates, their cost-reduction ideas, and so on.

2.5.1.3. Effective Impacts of Reward Systems

Reward systems in organizations have six kinds of impact that can influence organizational effectiveness: *attraction and retention of employees, motivation of performance, motivation of skill development, cultural effects, reinforcement of structure, and cost.*²⁶

Attraction and Retention : Research on job choice, career choice, and turn over shows that the rewards an organization offers influences who is attracted to work for it and who will continue to work for it. Overall, organizations that give the greatest rewards tend to attract and retain the most people. High reward levels apparently lead to high satisfaction, which in turn leads lower turn over.

²⁶ Lyman W. Porter, Gregory A. Bigley and Richard M. Steers, 2003, p. 457.

Motivation of Performance : Most theorists are crucially concerned with what motivates people to work. In spite of the vast body of knowledge coming from people like Taylor, Mayo, McGregor, Maslow and Herzberg, there is still no consensus. Many managers still hold to the belief that money, because of what it can buy (including security and status), is a major motivator. Others tend to the complex views of Maslow and Herzberg, arguing that people work for a composite package, including, money, security, self-esteem, esteem of others, job satisfaction, etc. At a practical level this discussion obviously concerns the merits of otherwise of reward systems and incentive schemes.²⁷

Under certain conditions, reward systems have been shown to motivate performance. Employees must perceive that important rewards are tied in a timely fashion to effective performance. Organizations get the kind of behavior that leads to the rewards their employees' value. Performance motivation depends on the situation, how it is perceived, and the needs of people.

Skill development : Reward systems can motivate skill development. They can do this by tying rewards to skill development. To a limited degree most pay-for-performance systems do this indirectly by rewarding the performance that results from the skill. Pay systems that pay the holders of higher-level, more complex jobs also reward skill development when and if it leads to obtaining a higher level job.

Culture : Reward systems contribute to the overall culture or climate of an organization. Depending upon how they are developed, administered, and managed, reward systems can help create and maintain a human-resources-oriented, entrepreneurial, innovative, competence-based, bureaucratic, or participative culture.

²⁷ Micheal Boella and Steven Goss-Turner, **Human Resource Management in the Hospitality Industry**, 8th ed., Oxford: Elsevier Ltd., 2005, p. 159.

Reinforcement and Definition of Structure : The reward system can help define the status hierarchy, the degree to which people in technical positions can influence people in line-management positions, and the kind of decision structure used.

Cost : Reward systems are often a significant cost factor. Indeed, the pay system alone may represent over 50 percent of the organization's operating cost. Thus, it is important in strategically designing the reward system to focus on how high these costs should be and how they will vary as a function of the organization's ability to pay.

2.5.1.4. Components of Reward Systems

The main components of the reward system are; *processes, practices, structures, schemes and procedures*.

- i. **Processes*** for measuring the value of jobs, the contribution of individuals in those jobs, and the range and level of employee benefits to be provided; these processes consist of job evaluation, market rate analyses and performance management
- ii. **Practices*** for motivating people by the use of financial and non-financial rewards; the financial rewards consist of base and variable pay and employee benefits and allowances, and non-financial rewards are provided generally through effective management and leadership, the work itself, and the opportunities given to employees to develop their skills and careers
- iii. **Structures*** for relating pay and benefit levels to the value of positions in the organization and for providing scope for rewarding people according to individual, group or organizational performance

- iv. **Schemes** for providing financial rewards and incentives to people according to individual, group or organizational performance
- v. **Procedures** for maintaining the system and for ensuring that it operates efficiently and flexibly and provides value for money.

2.5.2. Reward Strategy

2.5.2.1. Definition of Reward Strategy

Reward strategy is a declaration of intent that defines what the organization wants to do in longer term to develop and implement reward policies, practices and processes that will further the achievement of its business goals and meet the needs of its stakeholders.

Reward strategy provides a sense of purpose and direction and a framework for developing reward policies, practices and process. It is based on an understanding of the needs of the organization and its employees and how they can best be satisfied. It is also concerned with developing the values of the organization on how people should be rewarded and formulating guiding principles that will ensure that these values are enacted.²⁸

As Milkovich and Newman stated, an increasing amount of literature on HRM identifies rising concerns regarding the effects of strategic choice on firm performance, and individuals beginning to be rewarded for the success of the organization as a whole and their contribution to it.²⁹

Reward strategy is concerned with what the organization wants to do about reward over the next two or three years. It defines the intentions of the organization on how its reward policies and processes should be developed to meet business needs.

²⁸ Armstrong, 2006, p. 644.

²⁹ Richard Thorpe and Gill Homan, **Strategic Reward Systems**, 1st edition, Harlow: Prentice Hall, 2000, p. 32.

In other words, reward strategy is a business-focused statement of the intentions of the organization concerning the development of future reward processes and practices which are aligned to the business and human resource strategies of the organization, its culture and the environment in which it operates. It is an integrated reward approach, linking company strategy, pay systems and employee behaviors.³⁰

A more comprehensive description is to be found in Gomez-Mejia and Balkin³¹ who define it as:

“ the deliberate utilization of the pay system as an essential integrating mechanism through which the efforts of various subunits and individuals are directed toward the achievement of an organization’s strategic objectives, subject to internal and external constraints. When properly designed, contingent upon the organization’s strategic objectives and constraints, it can be an important contributor to the firm’s performance.”

Reward strategy sets out what the organization intends to do in the longer term to develop and implement reward policies, practices and processes that will further the achievement of its business goals.

It flows from business strategy and the HR strategy and is based on certain fundamental considerations as shown in Figure 2.

As Figure 2 shows, a strategic orientation to reward means understanding the ‘big picture’ – what the organization is there to do, where it is going, and how it is going to get there. It requires the development of long-term vision of the future. Importantly, it involves alignment – of the reward strategy with the business strategy and of reward strategies with other aspects of the HR strategy.³²

³⁰ Armstrong, 2003, p. 83.

³¹ Luis R. Gomez-Mejia and David B. Balkin, **Compensation, Organizational Strategy and Firm Performance**, 1st ed., Cincinnati: Southwestern Publishing, 1992, p.7.

³² Armstrong, 2003, p. 84.

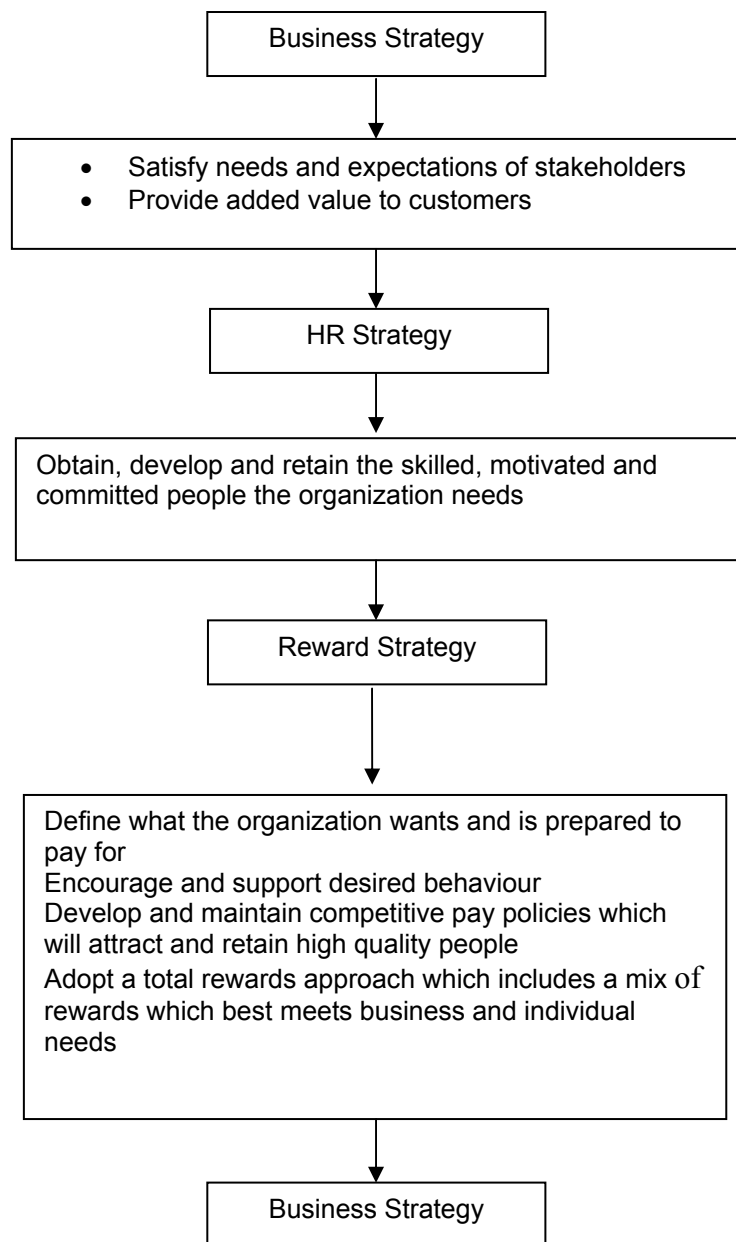


Figure 3: The Development of Reward Strategy

Source: Micheal Armstrong, Employee Reward, 3rd ed., London: CIPD, 2003, p.84

Reward strategy flows from the business and HR strategy. The latter indicates how the business intends to achieve competitive advantage through innovation, quality, performance and cost leadership, and what action it proposes to take to increase shareholder value through growth, diversification, product / market development,

performance / productivity improvement, process re-engineering and better cost management.³³

As Lawler emphasizes;³⁴

“The business strategy, in particular, serves as a crucial guide in designing organizational systems because it specifies what the company wants to accomplish, how it wants to behave, and the kinds of performance and performance levels it must demonstrate to be effective.”

Integrating reward and business strategies means combining them as a whole so that they contribute effectively to achieving the mission or purpose of the organization. The processes of linking strategies is the best way of achieving integration, or “fit”, in the sense that business and reward strategies are in harmony. But it is necessary to see that reward goals are aligned with business goals and reward strategies are defined in a way which spells out how they will contribute to the achievement of the strategic objectives contained in the business plan. This process of “alignment” is perhaps the most important feature of reward strategy. It means aligning what the organization thinks it should do about reward with;

- What the business wants to do strategically
- The culture of the business as it is now or what it needs to become
- The needs of the people in the business
- The other HR strategies.

The last point is crucial. Vertical integration with the business strategy may be the first aim but it is important to achieve horizontal integration so that reward strategies and those concerned with employee resourcing, development and relations are mutually supportive. Various studies have shown that when organizations “bundle” related strategies together a much greater impact on organizational performance is achieved. A model of the process of integration is given in Figure 3 below.³⁵

³³ Luis R. Gomez-Mejia and David B. Balkin, 1992, p. 87.

³⁴ Edward E. Lawler, “The New Pay:A Strategic Approach”, **Compensation and Benefits Review**, 1995, July-August, pp. 14-22.

³⁵ Armstrong, 2003, p. 89.

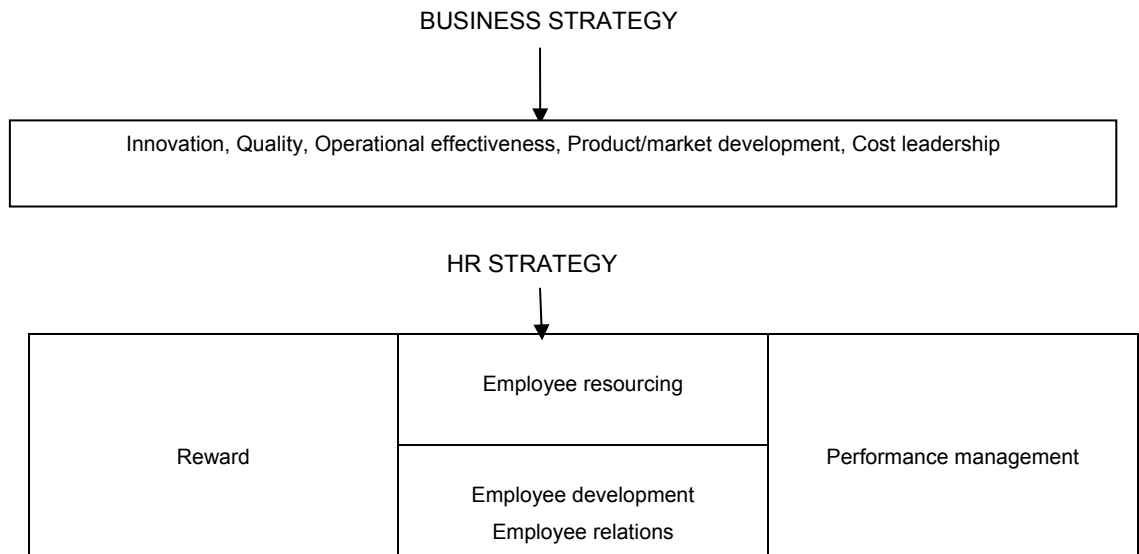


Figure 4: A Model of the Process of Integrating Strategy

Source: Micheal Armstrong, *Employee Reward*, 3rd ed., London: CIPD, 2003, p.89

Unfortunately, it is really difficult to reach lots of literature about reward strategies and systems. Because most of the researchers and writers take pay and compensation into account when defining about rewards. They do not consider employee benefits or non-financial rewards.

2.5.2.2. Contents of Reward Strategy

The Industrial Society's 1997 survey indicated that organizations with formal reward strategies have tended to concentrate on relatively few aspects of reward – notably linking level of pay to performance and to external pay survey data. The survey found the following concepts or elements in use in formal reward strategies³⁶:

- Statement of corporate values / mission
- Objectives for reward policies / practices
- Culture change
- Reorganization / business restructuring

³⁶ Angela Wright, *Reward Management in Context*, 1st ed., London: Cipd, 2004, p.8.

- Corporate policy in relation to pay levels in other organizations, external pay survey data and decentralization / devolution of decision-making
- Internal equity / fairness
- Clear link between reward strategy and business plan
- Pay related to individual performance
- Pay related to corporate / business unit performance
- Equal pay for work of equal value
- Communication with employees on reward issues
- Recruitment and retention
- Reward in relation to skill or competency development
- Employee involvement
- Link between reward and working practices (e.g. team work)
- How the effectiveness of the reward strategy will be measured, monitored or evaluated.

2.5.2.3. Reward Strategy and Performance

Reward strategy is concerned with the achievement of higher levels of organizational, team and individual performance as shown in Figure 4.

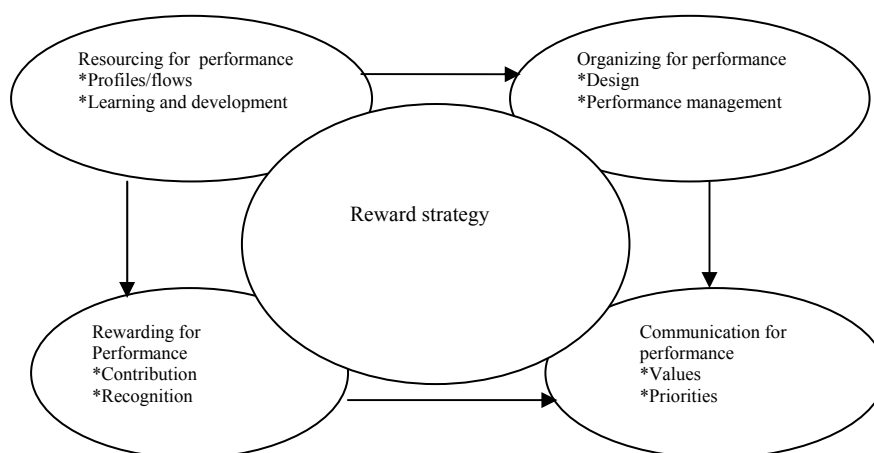


Figure 5: Reward Strategy and Performance

Source: Micheal Armstrong, Employee Reward, 3rd ed., London: CIPD, 2003, p.85

Figure 4 focuses on resourcing, organizing, communicating and rewarding for contribution to value added as well as providing recognition for accomplishment and growth.

2.5.2.4. Features of Effective Reward Strategy

As Brown states³⁷ that it is necessary to recognize that effective reward strategies have three components:

- They have to have clearly-defined goals and a well-defined link to business objectives.
- They have to be well-designed pay and reward programs, tailored to the needs of the organization and its people, and consistent and integrated with one another.
- Perhaps most important and most neglected, effective and supportive HR and reward processes must be in place.

An effective reward strategy;

- is based on corporate values and beliefs
- flows from the business strategy but also contributes to it
- is driven by business needs and 'fits' the business strategy
- is governed by a reward philosophy expressed as guiding principles
- aligns organizational and individual competencies
- is integrated with other HR strategies
- is congruent with the culture and internal and external environment of the organization – the content of the strategy will be contingent of those environments
- rewards results and behavior that are consistent with key organizational goals, thus, as Armstrong and Murlis assert, driving and supporting desired behavior
- is linked with business performance, adopting a competitive strategy perspective
- is practical and implementable
- has been evolved in consultation with key stakeholders

³⁷ Duncon Brown, **A Practical Guide to Competency-Related Pay**, London: Financial Times, 2001.

2.5.2.5. Developing Reward Strategy

As mentioned before, reward strategy is a business and people focused description of what the organization wants to do about reward in the next few years. The aim is to provide the organization with a sense of purpose and direction in delivering reward programs that support the achievement of business goals and meet the needs of stakeholders.

It generally starts with a review of the current reward arrangements and situation, then a definition of the desired future state, and the development of reward initiatives and activities to close the gap between two.

This process is often more about continuous improvement than massive change.³⁸

Development process begins with environmental analysis. Environmental analysis includes internal, external environment and current reward policies. External environment analysis includes an examination of the changing of labor market; a literature review of employers' responses to emerging employment trends and how their competitors reward staff; gaining a more in-depth understanding of how specific reward elements are used and integrated in the market and examining what employees need in their reward package. On the other hand, internal environment analysis includes, a full audit of the current reward investment and its focus; consideration of the existing use of bonus schemes, an examination of pay for performance arrangements and the current provision of financial and non-financial rewards.³⁹

After analysis of environment, organization strategy is formed by looking at mission and purpose, business goals, priorities and key success measures. After contributing it with culture and people requirements HR Strategy appears, and HR Strategy helps to build the reward strategy with its philosophy and principles, goals, programs and issues.

³⁸ Michael Armstrong and Duncan Brown, **Strategic Reward**, London: GBR: Kogan Pag, 2006, p. 140.

³⁹ Armstrong, 2006, p.145.

The formulation of reward strategy can be described as a process for developing and defining a sense of direction. The main phases are:

1. The *diagnosis* phase, when reward goals are agreed, current policies and practices assessed against them, options for improvement considered and any changes agreed.
2. The *detailed design* phase, when improvements and changes are detailed and any changes tested (pilot testing is important).
3. The *final testing and preparation* phase.
4. The *implementation* phase, followed by ongoing review and modification.⁴⁰

2.5.2.6. Components of an Effective Reward Strategy

Brown has suggested that effective reward strategies have three components:

1. They have to have clearly defined goals and a well-defined link to business objectives.
2. There have to be well-designed pay and rewards programs, tailored to the needs of the organization and its people, and consistent and integrated with one another.
3. Perhaps most important and most neglected, there needs to be effective and supportive HR and reward process in place.⁴¹

2.6. Types of Rewards

Most theories of motivated work behavior deal with the processes by which rewards energize, sustain, and direct behavior. A common theme among such theories is that work behavior can be motivated by many different rewards, including pay, praise, promotion, alleviation of boredom, a sense of

⁴⁰ Armstrong, 2006, p. 650.

⁴¹ Armstrong, 2006, p. 652

accomplishment, etc. Recently, such rewards often have been characterized as of two types: intrinsic and extrinsic rewards.⁴²

The organizational reward system consists of the types of rewards to be offered and their distribution. Organizational rewards include all types of rewards, both intrinsic and extrinsic, that are received as a result of employment by the organization. Figure 5 helps us to see distinction apparently.

2.6.1. Intrinsic Rewards

Intrinsic rewards are internal to the individual and are normally derived from involvement in certain activities or tasks. Job satisfaction and feelings of accomplishment are examples of intrinsic rewards.⁴³ Intrinsic rewards are positively valued work outcomes that are received by the individual directly as a result of task performance; they do not require the participation of another person or source. The feelings of the employees are self regulated in that a person is not dependent on an outsider, such as the manager, to provide them.

Some intrinsic rewards are completion, achievement, autonomy and personal growth.⁴⁴

2.6.2. Extrinsic Rewards

Extrinsic rewards are directly controlled and distributed by the organization and are more tangible than intrinsic rewards.⁴⁵ For example, an employee who receives an extrinsic reward in the form of a pay raise may also experience feelings of accomplishment (an intrinsic

⁴² Richard A. Guzzo, "Types of Rewards, Cognitions, and Work Motivation", **Academy of Management Review**, 1979, Vol. 4, No. 1, pp. 75-86.

⁴³ Lloyd L. Byars, 2000, p. 299.

⁴⁴ John M. Ivancevich and Michael T. Matteson, **Organizational Behavior and Management**, 2nd ed., Boston: BPI IRWIN, 1990, p.295.

⁴⁵ Özgür Ceylan, "Ödül Yönetiminin İş Tatmini ve Örgütsel Bağlılık Yaratmadaki Rolü ve Bir Uygulama", Marmara Üniversitesi Sosyal Bilimler Enstitüsü Yüksek Lisans Tezi, İstanbul, 2002, p.12.

reward) by interpreting the pay raise as a sign of a job well done.⁴⁶ In other words, extrinsic rewards come from sources that are outside of and are external.

Formal recognition, fringe benefits, incentive payments, pay, promotion, social relationship and work environment are examples of extrinsic rewards.

Extrinsic rewards require constant attention and revision on the part of management, while intrinsic rewards are more intermediate outcomes of an individual's efforts. If you are taking a course in something you enjoy, one reward lies in the learning process itself. If course is required and irrelevant to you, the only reward may be the grade, which is clearly extrinsic.

In most cases, intrinsic rewards are more effective and long lasting than extrinsic ones. Job enrichment and enlargement seem to be methods of increasing the intrinsic rewards of work. The basic survival needs are appropriately met by extrinsic rewards, but the social and higher-level needs are best through intrinsic rewards. Look at the difference between a situation in which social interaction is a legitimate part of the work process and that in which it is treated as a "fringe benefit" of getting the work done. The former tends to be more effective in terms of making multiple rewards intrinsic to the work; the latter forces a separation between the task rewards and the social rewards, consequently reducing the payoff directly associated with the work.

Theoretical positions have varied regarding effects of two types of extrinsic rewards on intrinsic motivation. The first type are rewards that are contingent upon only engaging in activities. The second type are rewards that are contingent upon attaining certain levels of task performance. Deci has argued that rewards that are contingent on performance levels should have the stronger undermining effect, since

⁴⁶ Byars and Rue, 2000, p. 299.

such rewards strongly imply to individuals that they engage in behaviors to attain rewards, rather than because the behaviors are of intrinsic interest. On the other hand, social learning theory would predict that extrinsic rewards that are contingent on performance levels will enhance intrinsic motivation. Bandura argued that “the development of self-motivation and self-direction requires certain basic functions that are developed through the aid of external incentives” and that “the capability for evaluative self-reinforcement is established partly through the influence of extrinsic reinforcement”.⁴⁷

Obviously, extrinsic rewards are part of any organization’s performance incentives, and under certain conditions (monotonous work, non-changing technology and work patterns, and so fort) management needs to depend upon extrinsic factors to motivate employees. In general, when an extrinsic reward system is necessary, it is most likely to be effective under the following conditions:⁴⁸

1. Rewards that are important in the eyes of the employees can be tied to performance.
2. Information pertaining to how rewards are given is open and public.
3. Management is willing to explain the system to employees.
4. There is adequate variation in the rewards to match varying needs and performance.
5. Performance can be measured.
6. Meaningful performance appraisal occurs.
7. A high level of trust exists between management and employees.

⁴⁷ Hugh J. Arnold, “Task Performance, Perceived Competence, and Attributed Causes of Performance as Determinants of Intrinsic Motivation”, **Academy of Management Journal**, 1985, Vol. 28, No.4, pp. 876-888.

⁴⁸ Allan R. Cohen and Stephen L. Fink, **Effective Behavior in Organizations**, 7th ed., Boston: McGraw-Hill Irwin, 2001, p. 156.

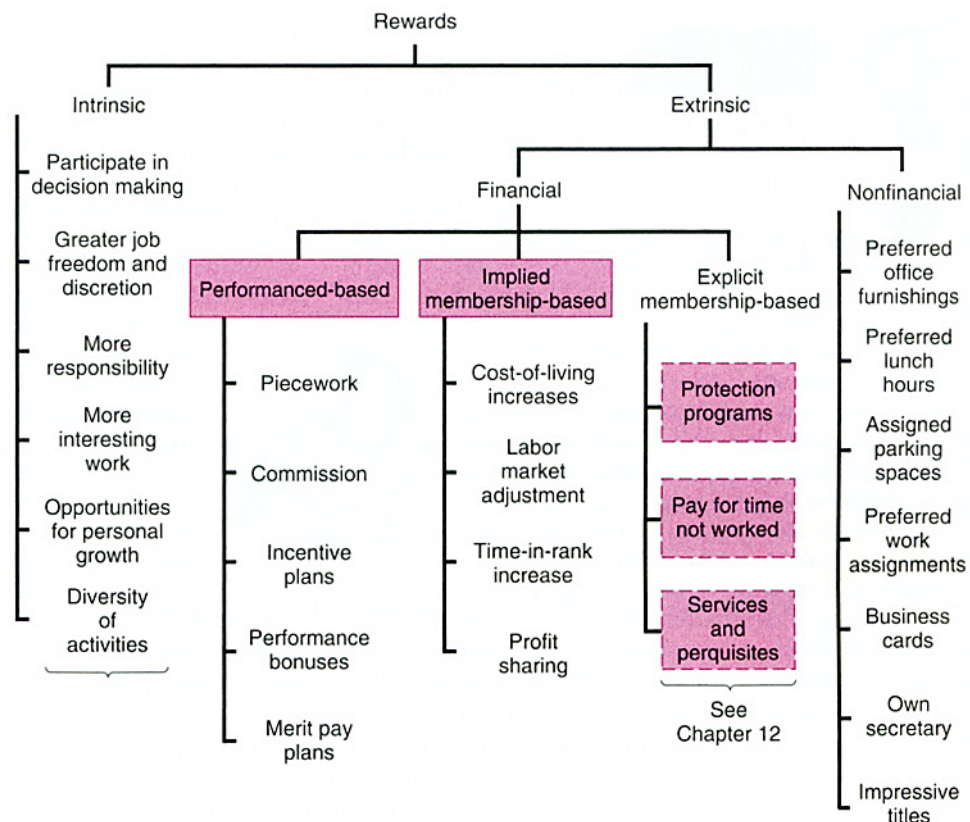


Figure 6: Types of Rewards-I

Source: David A. De Cenzo, Stephen P. Robbins, Human Resource Management, 5th ed., New York: John Wiley & Sons, Inc, 1996, p. 353

There may be negative and positive relationships between intrinsic and extrinsic rewards. For example, in a situation that is already intrinsically rewarding, the addition of extrinsic rewards may actually reduce the effectiveness of the intrinsic rewards. A person perceiving an activity as rewarding in itself might, if overpaid for engaging in that activity, tend to devalue the intrinsic worth of the activity. A competent musician, for example, might tend to perceive less intrinsic reward in performing as the payment for performing increases. On the other side of the argument is evidence that supports an additive relationship between intrinsic and extrinsic rewards. For example, entrepreneurs, who are high in the need for achievement, tend to find success rewarding in itself and money, while a less important reward in its own right, serving as a symbol of that success. Thus, the two kinds of rewards reinforce each other.⁴⁹

⁴⁹ Cohen and Fink, 2001, p.157.

The major dimension that can be used to classify types of rewards in organizational settings is the distinction emphasized by Katz: system-wide rewards versus individual rewards. These different types of rewards may have distinct effects on work behavior. System-wide rewards are those provided by the organization to everyone in a broad category of employees. Examples would be certain fringe benefits (e.g. medical insurance) that everyone in the organization receives simply by being an employee, or the dining room facilities provided to all managers above a certain level. In contrast, individual rewards are provided to particular people but not to all people of a particular category of employees. Examples of individual rewards would be bonuses and merit increases.⁵⁰

If we combine the two dimensions, intrinsic versus extrinsic and system-wide versus individual, we have a convenient way of categorizing any particular type of reward, as shown in Figure 6. A particular type of reward will often be very effective for one function, but very ineffective for another.

	System-wide	Individual
Extrinsic	Example: Insurance benefits	Example: Large merit increase
Intrinsic	Example: Pride in being a part of a “winning” organization	Example: Feeling of self-fulfillment from the completion of a particular task

Figure 7: Types of Rewards-II

Source: Lyman W. Porter, Gregory A. Bigley, Richard M. Steers, *Motivation and Work Behavior*, 7th ed., New York: McGraw-Hill, 2003, p.452.

According to De Cenzo and Robbins, the rewards that the organization allocates can be said to be based on either performance criteria or membership criteria.

⁵⁰ Porter, Bigley, Steers, p.452.

Performance criteria are the means of determining successful or unsuccessful performance. Performance criteria are one of the products that arise from a detailed job analysis, for once the specific elements of a job are known, it is easier to develop the means to assess levels of successful or unsuccessful performance.⁵¹

As De Cenzo and Robbins emphasize, *performance-based rewards* are exemplified by the use of commissions, piecework pay plans, incentive systems, group bonuses, merit pay, or other forms of pay-for-performance plans. On the other hand, *membership-based rewards* include cost-of-living increases, benefits, and salary increases attributable to labor-market conditions, seniority or time in rank, credentials (such as college degree or a graduate diploma), or future potential (e.g., the recent MBA out of a prestigious university). The key point is that membership-based rewards are generally extended irrespective of an individual's, group's, or organization's performance. The difference between the two is not always obvious. In practice, performance may be only a minor determinant of rewards, despite academic theories holding that high motivation depends on performance-based rewards.⁵²

2.6.3. Selection of Rewards

Selection of rewards to be offered is critical if the reward system is to function effectively. As a first step management must recognize what employees perceive as meaningful rewards. Pay is usually the first, and sometimes only, reward most people think about.

If an organization is going to distribute rewards, they should learn what employees perceive as meaningful rewards, which is not necessarily what management perceives. Traditionally, managers have assumed they are fully capable of deciding just what rewards employees need and want. The difference of perceptions of managers and employees about rewards surfaced in a mid 1990s study. The

⁵¹ Ronald E. Riggio, **Introduction to Industrial/Organizational Psychology**, 4th ed., New Jersey: Prentice Hall, 2003, p. 124.

⁵² De Cenzo, p. 354.

employees ranked “interesting work” highest, while their supervisor’s ranked “good wages” as their employees’ highest preference.⁵³

Another closely-related, and often false assumption is exemplified by the fact that most organizations offer the same mix of rewards to all employees. Studies have shown that many variables, such as sex, marital status, number of dependents and years of service, can influence employee preferences for certain rewards. For example, older employees are much more concerned with pension benefits than younger employees.

Another dimension to be considered when selecting the types of rewards to offer is the intrinsic benefits that might accrue as a result of the rewards. All too often, managers and employees alike consider only the tangible benefits associated with a reward.

In addition to the internal factors just mentioned are external factors that place limitations on an organization’s reward system. These factors include such things as the organization’s size, environmental condition’s, the stage in the product life cycle and the labor market.

2.7. Functions of Reward Systems

At a broad level, an organizational reward system includes anything an employee values and desires that an employer is able and willing to offer in exchange for employee contributions. As mentioned before, the reward systems include both compensation and non-compensation rewards. Compensation rewards include direct financial payments plus indirect payments in the form of employee benefits. Non-compensation rewards include everything in a work environment that enhances a worker’s sense of self-respect and esteem by others (e.g. work environment that are physically, socially, and mentally healthy; training to improve job skills; and status symbols to enhance individual perceptions of self-worth).

⁵³ Byars, 2000, p. 300.

Rewards bridge the gap between organizational objectives and individual expectations and aspirations. To be effective, organizational reward systems should provide four things;

- A sufficient level of rewards to fulfill basic needs
- Equity with the external labor market
- Equity within the organization
- Treatment of each member of the organization in terms of his or her individual needs.⁵⁴

Rewards can motivate two broad categories of behavior: participation in the organization and performance in the organization. The first categories, participation, can in turn be divided into membership and attendance. Membership refers to the act of joining the organization and the decision to remain with it. The other participation category is attendance (or the avoidance of absenteeism). Absenteeism can represent a major expense for organizations and, therefore, is a type of behavior that organization would likely want to minimize. Most organizations devote considerable effort to designing reward systems to induce individuals to become members in the first place, and, having once joined, to instill in them a strong desire to remain with the organization and show up at work (both physically and psychologically).

The second major category of behavior that reward systems are designed to facilitate is job performance (or the “decision to produce” in March & Simon’s terminology). When employees perceive that they will get valued rewards within a reasonable period of time, rewards can facilitate effective performance.⁵⁵ Here, again, there are two distinct subcategories: “normal” or expected role (job) performance, and what is called “extra-role behavior”. The former refers to performance that meets the basic standards that the organization has set for someone in a particular job. When the standards are met, the organization would consider that employee’s part of the reciprocal deal has been fulfilled. The employee has, in effect, exchanged at least adequate job performance for an agreed-upon level of compensation.

⁵⁴ Wayne F. Cascio, **Managing Human Resources**, 4th ed., New York: McGraw-Hill, 1995, p.350.

⁵⁵ Didem Yücel, “The Influence of Motivation and Rewarding on Job Satisfaction and Organizational Commitment and an Application”, Marmara Üniversitesi Sosyal Bilimler Enstitüsü Yüksek Lisans Tezi, İstanbul, 2006, p.37.

Extra-role behavior, on the other hand, goes “above and beyond” what is normally expected by the organization for a particular job. It is behavior that is spontaneous and, perhaps, quite innovative. Most organizations probably would not function very well if the only type of behavior exhibited by employees was the routine job performance mentioned previously. Hence, organizations need to find ways to motivate extra role behavior from at least some of their employees.

The problem, from the organization’s point of view at least, is that rewards effective in generating role-specific performance (such as merit pay) may not be very useful in motivating extra role behavior. Thus, to the extent that such extraordinary behavior is needed, the organization is presented with a considerable challenge in the design and application of reward systems.⁵⁶

More broadly, pay systems are designed to attract, retain, and motivate employees. This is the ARM concept. Indeed, much of the design of compensation systems involve working out trade-offs among more or less seriously conflicting objectives.

3. PERFORMANCE APPRAISAL

“Performance appraisal is an organizational system comprising deliberate processes for determining staff accomplishments to improve staff effectiveness.”

Winston & Creamer, 1997.

3.1. Definition of Performance

Performance is the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it. In other words, performance is the any recognized accomplishment.

⁵⁶ Porter, Bigley and Steers, p.453.

Employee performance is essentially what an employee does or does not do. Performance of employees that effects how much they contribute to the organization could include:⁵⁷

- Quantity of output
- Quality of output
- Timeliness of output
- Presence at work
- Cooperativeness

The data or information that managers receive on how well are performing their jobs can be of three different types. *Trait-based* information, identifies a subjective character trait – such as pleasant personality, initiative, or creativity- and may have little to do with the specific job. Traits tend to be ambiguous, and may have little to do with the specific job. *Behavior-based* information focuses on specific behaviors that lead to job success. For a salesperson, the behavior of “verbal persuasion” can be observed and used as information on performance. Behavioral information is more difficult to identify, but has the advantage of clearly specifying the behaviors management wants to see. *Result-based* information considers what the employee has done or accomplished. For jobs in which measurement is easy and appropriate, a results-based approach works very well. However, that which is measured tends to be emphasized, and the equally important but unmeasurable parts of the job may be left out. For example, a car sales representative who gets paid only for sales may be unwilling to do any paperwork or other work not directly related to selling cars. Further, ethical or even legal may arise when only results are emphasized and not how the results were achieved.

According to HR perspective; performance may be defined as the accomplishment of an employee or manager’s assigned duties and the outcomes produced on a specific job function or activity during a specified time period.

⁵⁷ Robert L. Mathis and John H. Jackson, **Human Resources Management**, 9th ed., Ohio: South-Western College Publishing, 2000, p.381.

Performance appraisal (PA) is the process of evaluating how well employees perform their jobs when compared to a set of standards, and then communicating that information to those employees. Such appraisal also has been called *employee rating*, *employee evaluation*, *performance review*, *performance evaluation* and *results appraisal*.⁵⁸

3.2. Factors Effecting Employee Performance

In any labor market, companies compete to find and keep the best employees, using pay, benefits, promotions, and training. At this point the front-line manager is the key to attracting and retaining talented employees. Employee survey research shows the company that lacks great front-line managers will be affected negatively.

The best managers select an employee for talent rather than for skills or experience, setting expectations for him or her, defining the right outcomes rather than the right steps. The best managers motivate people, building on each person's unique strengths rather than trying to fix their weaknesses. And, great managers develop employees, finding the right fit for each one, not necessarily the next rung on the ladder.

Essential to this process is the employment of an appropriate measuring stick, which successfully links customer data with employee productivity, customer loyalty, and profitability.

Given the importance of the front-line managers, any effective employee incentive program must begin with incentives specific to the supervisor level. Clearly, the factors that motivate supervisors are often different from the factors that motivate the general employee population. Through the root cause analyses, underlying psychological factors that motivate supervisors within a particular business environment are identified, and appropriate incentives are designed to address those factors. National Business Research Institute (NBRI) employee survey research has shown that these factors may be related to one or more of the following categories:

⁵⁸ Mathis and Jackson, 2000, p.385.

- Career advancement
- Money
- Prestige
- Public recognition

It is not always the case, then, that employee incentives, particularly at the supervisor level, require extraordinary expenditures by management in order to increase employee performance. While most employee reward programs include a combination of the categories above, NBRI research has clearly shown that recognition, above all, is the most powerful motivator.⁵⁹

3.3. Definition of Performance Appraisal and Performance Management

Organizations strive to do the following at all levels:

- Design jobs and work systems to accomplish organizational goals.
- Hire individuals with the abilities and desire to perform effectively.
- Train, motivate, and reward employees for performance and productivity.

It is this sequence that allows organizations to diffuse their strategic goals throughout the organization. Within this context, the evaluation of performance is the control mechanism that provides not only feedback to individuals, but also an organizational assessment of how things are progressing. Without performance information, managers of an organization can only guess as to whether employees are working toward the right goals, in the correct way, and to the desired standard.⁶⁰

PA was a term once associated with a rather basic process involving a line manager completing an annual report on a subordinate's performance and (usually, but not always) discussing it with him or her in appraisal interview. Whilst this description still applies in a number of organizations, it does not in many others. PA has become a

⁵⁹ Author N.A. Employee Survey White Papers, http://www.nbrii.com/Employee_Surveys/Employee_Performance.html, Date of Access: 08.06.2008.

⁶⁰ Cynthia D. Fisher, Lyle F. Schoenfeldt and James B. Shaw, **Human Resources Management**, 3rd ed., Boston: Houghton Mifflin Company, 1996, p.451.

general heading for a variety of activities through which organizations seek to assess employees and develop their competence, enhance performance and distribute rewards. It sometimes becomes a part of a wider approach to integrating HRM Strategies known as performance management. As Williams points out, there are at least three different models of performance management (PM); PM as a system for managing organizational performance; PM as a system for managing employee performance; PM as a system for integrating the management of organizational and employee performance. PA plays important, if varying, role in all of them. The potentially relevant research for this expanded domain is very broad, including topics such as performance-related pay, assessment and development centers, job analysis and competencies, organizational communication strategies, and much more besides.⁶¹

PA systems have been a common element in the workforce since 1914, when Lord and Taylor Co. instituted a formal performance evaluation system in which they started rating their employees annually against pre-established performance objectives. Whether they are called performance review, annual reviews, performance appraisal, merit ratings, performance ratings, employee ratings, or some other title, these performance appraisal systems have been a staple of business and public sector management ever since. Since the flourishing of the Management by Objectives movement, performance appraisals have become an almost universal element in management.⁶²

PA means evaluating an employee's current and/or past performance relative to his or her performance standards. It is also assumes that the employee understood what his or her performance standards were, and that the supervisor also provides the employee with the feedback, development and incentives required to help the person eliminate performance deficiencies or to continue to perform above par. The aim should be to improve performance.⁶³

⁶¹ Clive Fletcher, "Performance Appraisal and Management : The Developing Research Agenda", **Journal of Occupational and Organizational Psychology**, 2001, Vol.74, pp.473-487.

⁶² David R. Law, "Appraising Performance Appraisals: A Critical Look at an External Control Management Technique", **International Journal of Reality Therapy**, 2007, Vol. 26, n.2, p.18.

⁶³ Gary Dessler, **Human Resources Management**, 10th ed., New Jersey: Prentice Hall, 2005, p.310.

In another words, PA is defined as a planned tool, which completes individual's success in mission, his or her attitudes in working area, his moral situation and evaluates employee's contribution into organization success.⁶⁴

PA is not a tool of human resources management; it is a tool of business management. Human resources managers can usefully facilitate and catalogue the process, but this should not detract from the prime responsibility which line managers have for successful performance management. Performance appraisal is about communicating, gaining commitment to and managing the process of corporate evolution, and about increasing the health, performance and viability of the company.

As a summary, performance appraisal is the systematic description of the job-relevant strengths and weaknesses of an individual or a group. It serves two major purposes in organizations: (1) improving the job performance of employees and (2) providing information to employees and managers for use in making decisions.⁶⁵

While the idea that appraisals should improve employee performance is nothing new, many managers take the integrated nature of that process – of setting goals, training employees, and then appraising and rewarding them - more seriously today than they in the past. They call the total, integrated process “performance management”. PM may be defined as; a process that consolidates goal setting, performance appraisal, and development into a single, common system, the aim of which is to ensure that the employee's performance is supporting the company's strategic aims.

⁶⁴ Baybars Yulaf, “Performance Appraisal System and a Performance Appraisal Model”, Marmara Üniversitesi Sosyal Bilimler Enstitüsü Yüksek Lisans Tezi, İstanbul, 2003, p.2.

⁶⁵ Cascio, p.302.

According to Office of Personnel Management PM is the process of⁶⁶:

- **planning** work and setting expectations
- continually **monitoring** performance
- **developing** the capacity to perform
- periodically **rating** performance in a summary fashion; and
- **rewarding** good performance

PLANNING: In an effective organization, work is planned out in advance. Planning means setting performance expectations and goals for groups and individuals to channel their efforts toward achieving organizational objectives. Getting employees involved in the planning process will help them understand the goals of the organization, what needs to be done, why it needs to be done, and how well it should be done.

The regulatory requirements for planning employees' performance include establishing the elements and standards of their performance appraisal plans. Performance elements and standards should be measurable, understandable, verifiable, equitable, and achievable. Through critical elements, employees are held accountable as individuals for work assignments or responsibilities. Employee performance plans should be flexible so that they can be adjusted for changing program objectives and work requirements. When used effectively, these plans can be beneficial working documents that are discussed often, and not merely paperwork that is filed in a drawer and seen only when ratings of record are required.

MONITORING: In an effective organization, assignments and projects are monitored continually. Monitoring well means consistently measuring performance and providing ongoing feedback to employees and work groups on their progress toward reaching their goals.

⁶⁶ U.S. Department of Interior, Performance Appraisal Handbook, www.doi.gov/hrm/guidance/370dm430hndbk.pdf, Date of Access: 09.06.2008.

The regulatory requirements for monitoring performance include conducting progress reviews with employees where their performance is compared against their elements and standards. Ongoing monitoring provides the supervisor the opportunity to check how well employees are meeting predetermined standards and to make changes to unrealistic or problematic standards. By monitoring continually, supervisors can identify unacceptable performance at any time during the appraisal period and provide assistance to address such performance rather than wait until the end of the period when summary rating levels are assigned.

DEVELOPING: In an effective organization, employee developmental needs are evaluated and addressed. Developing in this instance means increasing the capacity to perform through training, giving assignments that introduce new skills or higher levels of responsibility, improving work processes, or other methods. Providing employees with training and developmental opportunities encourages good performance, strengthens job-related skills and competencies, and helps employees keep up with changes in the workplace, such as the introduction of new technology.

Carrying out the processes of performance management provides an excellent opportunity for supervisors and employees to identify developmental needs. While planning and monitoring work, deficiencies in performance become evident and should be addressed. Areas for improving good performance also stand out, and action can be taken to help successful employees improve even further.

RATING: From time to time, organizations find it useful to summarize employee performance. This helps with comparing performance over time or across a set of employees. Organizations need to know who their best performers are.

Within the context of formal performance appraisal requirements, rating means evaluating employee or group performance against the elements and standards in an employee's performance plan and assigning a summary rating of record. The rating of record is assigned according to procedures included in the organization's appraisal program.

It is based on work performed during an entire appraisal period. The rating of record has a bearing on various other personnel actions, such as granting within-grade pay increases and determining additional retention service credit in a reduction in force.

REWARDING: In an effective organization, rewards are used often and well. Rewarding means recognizing employees, individually and as members of groups, for their performance and acknowledging their contributions to the agency's mission. A basic principle of effective management is that all behavior is controlled by its consequences.

Those consequences can and should be both formal and informal and both positive and negative.

Good managers don't wait for their organization to solicit nominations for formal awards before recognizing good performance. Recognition is an ongoing, natural part of day-to-day experience. A lot of the actions that reward good performance, like saying "thank you," don't require a specific regulatory authority. Nonetheless, awards regulations provide a broad range of forms that more formal rewards can take, such as cash, time off, and many recognition items. The regulations also cover a variety of contributions that can be rewarded, from suggestions to group accomplishments.⁶⁷

3.4. Purposes of Performance Appraisal

The overall purpose of performance appraisal is to provide an accurate and objective measure of how well a person is performing the job. On the basis of this information, decisions will be made about the employee's future with the organization. In addition, performance evaluations are often used to validate specific selection techniques. Thus, there are two broad purposes for conducting performance appraisals:

⁶⁷ US Office of Personnel Management, Performance Management and Incentive Awards Division, **A Handbook for Measuring Employee Performance**, PMD-013, September 2001, p.5.

- Administrative, for use with personnel decisions such as pay increases and promotions
- Research, usually for validating selection instruments.⁶⁸

Organizations usually conduct appraisals for administrative and/or developmental purposes. Performance appraisals are used administratively whenever they are the basis for a decision about the employee's work conditions, including promotions, termination, and rewards. Developmental uses of appraisal, which are geared toward improving employees' performance and strengthening their job skills, include counseling employees on effective work behaviors and sending them for training.⁶⁹

PA programs should provide feedback to employees about their job competence and their progress within the organization. Appraisals can also suggest how employees might change certain behaviors or attitudes to improve their work efficiency. Also a careful evaluation of employee performance can uncover weakness or deficiencies in knowledge, skills and abilities that once identified can be corrected through additional training and improvement plans.

In employing organizations, rewards are in the form of salary increases, bonuses, promotions, and transfers to positions providing greater opportunity for advancement. To maintain employee initiative and morale, these changes in status cannot depend on a supervisor's whim or personal bias but must be based on a systematic evaluation of employee worth. Performance appraisal provide the foundation for these career decisions and also help to identify those employees with the potential and talent for contributing to the company's growth and expansion.⁷⁰

According to Dessler, there are four reasons to use performance appraisal; first appraisals play or should play, an integral role in the employer's performance management process; it does little good to translate the employer's strategic goals into specific employee's goals, and then train the employees, if you don't periodically review

⁶⁸ Duane P. Schultz and Sydney E. Schultz, **Psychology and Work Today**, 7th ed., New Jersey: Prentice Hall, 1998, p.131.

⁶⁹ Luis R. Gomez-Mejia, David B. Balkin, Robert L. Cardy, **Managing Human Resources**, 3rd ed., New Jersey: Prentice Hall, 2001, p.226.

⁷⁰ Gomez-Mejia, Balkin, Cardy, 2001, p. 132.

your employees' performance. Second, the appraisal lets the boss and subordinate develop a plan for correcting any deficiencies the appraisal might have unearthed and to reinforce the things the subordinate does correctly. Third, appraisals should serve a useful career planning purpose by providing the opportunity to review the employee's career plan in light of his or her exhibited strengths and weaknesses. And, last but not least, the appraisal almost always effects the employer's salary raise and promotional decisions in the reward management processes.

3.5. Benefits of Performance Appraisal

According to Gomez-Mejia, Balkin and Cardy, the benefits of PA may be determined by looking at two perspectives⁷¹:

Employer perspective:

- Despite imperfect measurement techniques, individual differences in performance can make a difference to company performance.
- Documentation of performance appraisal and feedback may be needed for legal defense.
- Appraisal provides a rational basis for constructing a bonus or merit system.
- Appraisal dimensions and standards can help to implement strategic goals and clarify performance expectations.
- Providing individual feedback is part of the performance management process.
- Despite the traditional focus on the individual, appraisal criteria can include team work and the teams can be the focus of the appraisal.

Employee perspective:

- Performance feedback is needed and desired.
- Improvement in performance requires assessment.
- Fairness requires that differences in performance levels across workers be measured and have an effect on outcomes.
- Assessment and recognition of performance levels can motivate workers to improve their performance.

⁷¹ Gomez-Mejia, Balkin and Cardy, 2001, p. 226.

3.6. Methods of Performance Appraisal

Performance can be appraised by a number of methods. In Figure 7, various methods are categorized into four major groups.

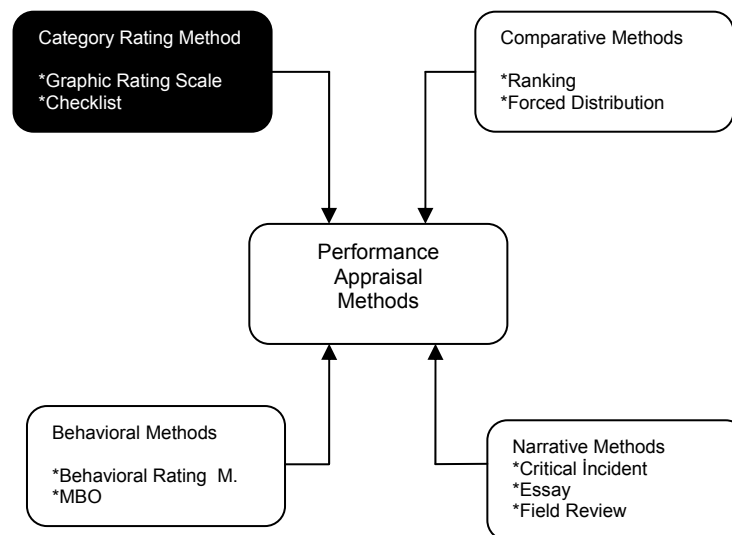


Figure 8: Methods of Performance Appraisal

Source: Robert L. Mathis, John H. Jackson, "Performance Management and Appraisal". *Human Resource Management*. 9th ed. 2000. p. 393.

3.6.1. Category Rating Methods

The simplest methods for appraising performance category rating methods, which require a manager to mark an employee's level of performance on a specific form divided into categories. The graphic rating scale and checklist are common category rating methods.

Graphic Rating Scale : This allows the rater to mark an employee's performance on a continuum. Because of its simplicity, this method is the most frequently use.

A graphic scale lists traits (such as quality and reliability) and a range of performance values (from unsatisfactory to outstanding) for each trait.⁷²

Checklist : It is composed of a list of statements or words. Raters check statements most representative of the characteristics and performance of employees.⁷³

3.6.2. Comparison / Comparative Methods

Comparative Methods require that managers directly compare the performance of their employees against one another who are doing the same job. These methods include ranking and forced distribution.

Ranking : The ranking method consists of listing all employees from highest to lowest in performance. The primary drawback of the ranking method is that the size of the differences among individuals is not well defined. For example, there may be little difference in performance between employees ranked second and third, but a big difference in performance between those ranked third and fourth.

Ranking requires that a rater initially list all employees on a sheet of paper who are ranked from best employee to the worst employee, then the second best, then the second worst, and so forth, alternating from the top to the bottom of the list until all employees have been ranked.⁷⁴

Forced Distribution : Forced distribution is a technique for distributing ratings that can be generated with any of the other methods. With the forced distribution method, the ratings of employee's performance are distributed along a bell-shaped curve.

⁷² Dessler, p.315.

⁷³ Mathis and Jackson, p. 393.

⁷⁴ Cascio, p. 285.

3.6.3. Behavioral / Objective Methods

Behavioral Rating Approaches: These technique attempt to assess an employee's behaviors instead of other characteristics. Some of the different behavioral approaches are *behaviorally anchored rating scales*, *behavioral observation scales* and *behavioral expectation scales*.

Management by Objectives (MBO) : Management by objectives specifies the performance goals that an individual hopes to attain an appropriate length of time. The objectives that each manager sets are derived from the overall goals and objectives of the organization, although MBO should not be a disguised means for a superior to dictate the objectives of individual managers or employees. Although not limited to the appraisal of managers, MBO is most often used for this purpose. Other names for MBO include, *appraisal by results*, *target-coaching*, *work planning and review*, *performance objectives* and *mutual goal setting*.⁷⁵ The important point of this technique is that; managers set specific measurable goals with each employee and then periodically discuss the latter's progress toward these goals.

3.6.4. Narrative Methods

Managers and HR specialists frequently are required to provide written appraisal information. Documentation and description are the essence of the *critical incident*, *the essay* and *the field review methods*. These records describe an employee's actions rather than indicating an actual rating.⁷⁶

Critical Incident : In the critical incident method, the manager keeps a written record of both highly favorable and unfavorable actions and work-related behavior in an employee's performance. When a "critical incident" involving an employee occurs, the manager writes it own. A list of critical

⁷⁵ Mathis and Jackson, p. 399.

⁷⁶ Mathis and Jackson, p. 397.

incidents is kept during the entire rating period for each employee. The critical incident method can be used with methods to document the reasons why an employee was rated in a certain way.

Essay : The essay, or “free-form”, “appraisal method requires the manager to write a short essay describing each employee’s performance during the rating period. The rater usually is given a few general headings under which to categorize comments. This method is often combined with other methods.

Field Review : In the field review, the outside reviewer becomes an active partner in the rating process. The outsider interviews the manager about each employee’s performance, then compiles the notes from each interview into a rating for each employee. Then the rating is reviewed by the supervisor for needed changes. This method assumes that the outsider knows enough about the job setting to help supervisors give more accurate and thorough appraisals.

3.7. The Performance Appraisal Process

In the past two decades, research on performance appraisal has focused more on the cognitive processes underlying performance appraisal decisions –how an evaluator arrives at an overall evaluation of a worker’s performance. This research views performance appraisal as a complex, decision-making process, looking at; (1) how information about the worker’s performance is acquired; (2) how the evaluator organizes and stores information about a worker’s performance behaviors; and (3) how the evaluator retrieves and translates the stored information in making the actual performance appraisal.

The results of several studies suggest that evaluators form ongoing, or “on-line” evaluations of others. That is, evaluators form opinions as they observe behavior day-to-day, rather than just waiting until the time a formal performance rating is required and then forming an opinion based solely on memory. Because evaluation of performance is an ongoing, information

processing task, evaluators should be presented with the performance appraisal rating instruments up front, so that they can familiarize themselves with the rating dimensions before they begin to observe and evaluate.

The performance appraisal process involves more than just the process of evaluating and rating worker performance. A good performance appraisal should consist of two parts. This is the performance assessment, or the means of measuring a worker's performance in order to make personnel decisions. The second part is performance feedback, which is the process of providing information to a worker regarding performance level with suggestions for improving future performance. Performance feedback typically occurs in the context of the performance appraisal interview. Research has also indicated that training programs for appraisers that include training in providing feedback and in dealing with workers' possible reactions to that feedback are effective in improving the entire performance appraisal process.⁷⁷

3.8. Common Errors in Appraising Performance

There are many possible sources of error in the performance appraisal process. Those are mentioned below⁷⁸ :

Halo effect : Rating an employee excellent in one quality, which in turn influences the rater to give that employee a similar rating or higher than deserved rating on other qualities.

Horn effect : Rating a person unsatisfactory in one quality, which in turn influences the rater to give that person a similar rating or a lower than deserved rating on other qualities.

Central tendency : Providing rating of average or around the midpoint for all qualities.

⁷⁷ Riggio, 2003, p. 144.

⁷⁸ Henderson, 1988, p. 318.

Strict rating : Rating consistently lower than the expected norm or average; being overly harsh in rating performance qualities.

Lenient rating : Rating consistently higher than the expected norm or average; being overly loose in rating performance qualities.

Latest Behavior : Rating influenced by the most recent recent behavior; failing to recognize the most commonly demonstrated behaviors during the entire appraisal period.

Initial impression : Rating based on first impressions; failing to recognize most consistently demonstrated behaviors during the entire appraisal period.

Spillover effect : Allowing past performance appraisal ratings to unjustly influence current ratings.

Status effect : Overrating employees in higher-level jobs or jobs held in high esteem and underrating employees in lower-level jobs or jobs held in low esteem.

Same as me : Giving the rate a rating lower than deserved because the person has qualities or characteristics similar to those of the rater.

Performance dimension order : Two or more dimensions on a performance instrument follow or closely follow each other and both describe or relate to a similar quality. The rater rates the first dimension accurately and then rates the second dimension similarly to the first because of their proximity. If the dimensions had been arranged in a significantly different order, the ratings might have been different.

3.9. Effective Performance Appraisal

Organizations appraise staff for a variety of reasons. Indeed a frequent cause of failure is that they seek to fulfill too many different or conflicting requirements at once. The four prime reasons;

- To review past performance
- To help improve current performance
- To set performance objectives
- To assess training and development needs.

The problems of performance appraisal are many and varied, and it has acquired a bad name in many places. Amongst the most serious drawbacks are that;

- Neither appraiser nor appraisee is clear as to why the appraisal takes place, nor are they trained in its use
- The system almost always tries to do much (rating, personal development, succession planning, HR audit, objective setting and pay increment being among them)
- It is applied inconsistently across the organization and application progressively falls away, requiring new champions to reanimate the system.

The increasing emphasis on results in organizations over the last two decades has inevitably led to an undignified scramble in many cases to install some semblance of performance appraisal without corresponding care and attention devoted to objective setting. Often the form taken has been as add-on, resulting in yet more confusion in the role of appraisal.

However, feedback is a core motivational technique which, if undertaken correctly, increases individual performance and thereby enhances the performance of the organization. Successful corporate

change needs a mission which can be translated into sub-objectives. There must be communicable and actionable at each level, and must represent a part of, or contribution to, the new order. The objectives set must also stretch the individuals who are responsible for attaining them. It is therefore both natural and logical that the extent to which the objectives have been reached should be appraised seriously.⁷⁹

4. RELATIONSHIP BETWEEN REWARD MANAGEMENT AND PERFORMANCE APPRAISAL

Edward E. Lawler III is one of the strongest advocates of tying rewards to performance. He has summarized 4 conclusions about the rewards. These are;

- i. Satisfaction with a reward is a function of both how much is received and how much the individual feels should be received.
- ii. An individual's feelings of satisfaction with rewards are influenced by comparisons with what happens to others.
- iii. Satisfaction is influenced by how satisfied employees are with both intrinsic and extrinsic rewards.
- iv. People differ in the rewards they desire and in how important different rewards are to them.⁸⁰

Performance appraisals are part of the reward and punishment system of an organization. Employees who receive favorable evaluations tend to receive organizational rewards, such as merit pay increases and bonuses, whereas those with unfavorable evaluations receive organizational sanctions including demotions or discharge. Other personnel decisions commonly linked to performance appraisal include promotions, layoffs, transfers, and discipline decisions.

⁷⁹ Hewitt Associates, **Total Compensation Management**, Oxford: Blackwell Business, 1991, p. 99.

⁸⁰ Remziye Kozacıoğlu, "The Relationship of Organizational Commitment and Work Rewards with Organizational Citizenship Behavior", Marmara Üniversitesi, Sosyal Bilimler Enstitüsü Yüksek Lisans Tezi, 2002, p.18.

According to Bannister and Balkin, employees seem to have greater acceptance of the appraisal process, and feel more satisfied with it, when the process is directly linked to rewards. Such findings are a serious challenge to those who feel that appraisal results and reward outcomes must be strictly isolated from each other.

There is also a group who argues that the evaluation of employees for reward purposes, and frank communication with them about their performance, are part of the basic responsibilities of management. The practice of not discussing reward issues while appraising performance is, say critics, based on inconsistent and muddled ideas of motivation.

In many organizations, this inconsistency is aggravated by the practice of having separate wage and salary reviews, in which merit rises and bonuses are decided arbitrarily, and often secretly, by supervisors and managers.⁸¹

The goal in linking pay to performance and to other personnel decisions is to motivate employees to perform better. Unfortunately, matching performance and reward is much easier said than done. The performance of individuals must be accurately assessed, the rewards provided must truly be of value to employees, and the organization must develop a performance-based reward system that employees perceive as being fairly administered. The system will fail if employees believe managers and supervisors distribute rewards on the basis of favoritism or political considerations.⁸²

Organizations provide rewards for many reasons. Rewards can motivate two broad categories of behavior: *participation in the organization* and *performance in the organization*.

The first of these categories, *participation*, can in turn be divided into *membership* and *attendance*. Membership refers to the act of joining the organization and the decision to remain with it. The other participation category is attendance (or the avoidance of absenteeism). Absenteeism can represent a major expense for

⁸¹ Brendan D. Bannister and David B. Balkin, "Performance Evaluation and Compensation Feedback Messages: An Integrated Model", **Journal of Occupational Psychology**, Vol. 63, June, 1990, British Psychological Society.

⁸² Fisher, Schoenfeldt and Shaw, 1996, p.456.

organizations, and therefore, is a type of behavior that organizations would likely want to minimize. Most organizations devote considerable effort to designing reward systems to induce individuals to become members in the first place, and, having once joined, to instill in them a strong desire to remain with the organization and show up at work (both physically and psychologically).

The second major category of behavior that reward systems are designed to facilitate is *job performance* (or the “*decision to produce*”). There are distinct subcategories: “*normal*” or *expected role (job) performance*, and what is called “*extra-role behavior*”. The former refers to performance that meets the basic standards that the organization has set for someone in a particular job. When the standards are met, the organization would consider that the employee’s part of the reciprocal deal has been fulfilled. The employee has, in effect, exchanged at least adequate job performance for an agreed-upon level of compensation.

Extra-role behavior, on the other hand, goes “above and beyond” what is normally expected by the organization for a particular job. It is behavior that is spontaneous and, perhaps, quite innovative. Many examples could be offered, of course, such as the clerk who goes out of the way to placate a dissatisfied customer, or the manager who voluntarily stays over time to solve some particular production problem. Most organizations probably would not function very well if the only type of behavior exhibited by employees was the routine job performance mentioned previously. Hence, organizations need to find ways to motivate extra-role behavior from at least some of the employees.

The problem, from the organization’s point of view at least, is that rewards effective in generating role-specific performance (such as merit pay) may not be very useful in motivating extra-role behavior. Thus, to the extent that such extraordinary behavior is needed, the organization is presented with a considerable challenge in the design and application of reward systems.⁸³

In implementing reward systems, the most basic issue of all, concern the evaluation or appraisal of performance. If rewards are to be distributed in such a way

⁸³ Porter, Bigley, Steers, p.453.

that they have a positive impact on employee motivation to perform, it is crucial that the organization have effective means for assessing the quality and quantity of performance. If the appraisal systems that organizations use are unreliable or lack reasonable validity, it can hardly be expected that rewards distributed on the basis of such systems can have much effect on motivation, at least in the desired direction.⁸⁴

As it was discussed at “Effective Impact of Reward Systems” section, performance motivation depends on the situation, how it is perceived, and the needs of people. The most useful approach to understanding how people develop and act on their mental maps is called “expectancy theory”. Three concepts serve as the key building blocks of the theory: *Performance-outcome expectancy*; each individual mentally associates every behavior with certain outcomes (rewards & punishments). In other words, people believe that if behave in a certain way, they will get certain thing. Attractiveness, each outcome has a certain attractiveness for each individual. Valuations reflect individual needs and perceptions, which differ from one person to another. *Effort-performance expectancy*; individuals also attach a certain probability of success to behavior. This expectancy represents the individual’s perception of how hard it will be for him or her to achieve such behavior.⁸⁵

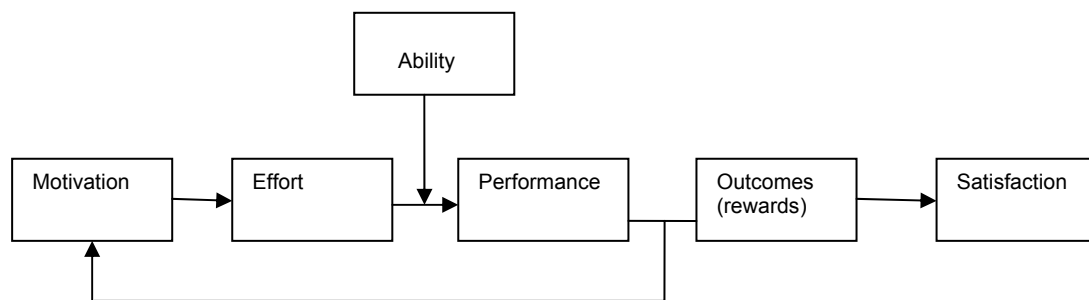
These concepts provide a basis for generalizing about motivation. An individual’s motivation to behave in a certain way is greatest when he or she believes that the behavior will lead to certain outcomes (performance-outcome expectancy), feels that these outcomes are attractive, and believes that performance at a desired level is possible (effort-performance expectancy). Given a number of alternative levels of behavior, a person will choose the level of performance with which the greatest motivational force is associated, as indicated by a combination of the relevant expectancies, outcomes, and values.

On the basis of these concepts, it is possible to construct a general model of behavior in organizational setting (see Figure 9). Motivation is seen as a force impelling an individual to expend effort. Performance depends on both the level of the effort put forth and the individual’s ability – which in turn reflects his or her skills, training,

⁸⁴ Porter, Bigley, Steers, p.454.

⁸⁵ David Hume, **Reward Management, Employee Performance, Motivation and Pay**, Oxford: Blacwell Publishing, 1995, p.25.

information, and talents. Effort thus combines with ability to produce a given level of performance. As a result of performance, the individual attains certain outcomes (rewards). The models indicate this relationship in a dotted line, reflecting the fact that people sometimes are not rewarded although they have performed. As this process of performance rewards occurs repeatedly, the actual events provide information that influences an individual's perceptions and thus influences motivation in the future.



A person's motivation is a function of;

1. Effort-to-performance expectancies
2. Performance-to-outcome expectancies
3. Perceived attractiveness of outcomes

Figure 9: The Expectancy-Theory Model

Source: Lyman W. Porter, Gregory A. Bigley, Richard M. Steers, **Motivation and Work Behavior**, 7th ed., New York: McGraw-Hill, 2003, p.460

The expectancy model suggests that all an organization has to do is relate pay and other frequently valued rewards to obtainable levels of performance. But if the reward system is to be an effective motivator, the connection between performance and reward must be visible, and a climate of trust and credibility must exist in the organization. The belief that performance will lead to rewards is essentially a prediction about the future. Individuals can not make this kind of prediction unless they trust the system that is promising them the rewards.⁸⁶

Organizations need to focus three key areas of responsibility in order to coordinate and integrate human resource policy: Performance definition, performance facilitation and performance encouragement.

⁸⁶ Porter, Bigley, Steers, p.460.

Performance encouragement is the key area of management responsibility in a coordinated approach to motivating employee performance. It has five aspects:

- Value of rewards
- Amount of rewards
- Timing of rewards
- Likelihood of rewards
- Equity, or fairness of rewards⁸⁷

The value and amount of the rewards relate to the choice of rewards to be used. Management must offer rewards to employees (e.g. job redesign, flexible benefits systems, alternative work schedules) that employee personally value. Then a sufficient amount of reward must be offered to motivate the employee to put forth the effort required to receive it. *The timing and likelihood* of rewards relate to the link between performance and outcomes. Whether the rewards are in the form raises, incentive pay, promotions, or recognition for a job well done, timing and likelihood are fundamental to an effective reward system. There is an excessive delay between effective performance and the receipt of rewards, the rewards lose their potential to motivate subsequent high performance. *Equity or fairness* can also encourage or discourage effective performance. Fairness is related to, but not the same thing as, pay satisfaction.⁸⁸ Satisfaction depends on the amount of rewards received and on how much is still desired. Satisfaction is comprised of four aspects : the level of pay and benefits, the extent to which workers perceive their earnings as fair or deserved, comparisons with other people's pay and noneconomic satisfactions, such as intrinsic satisfaction with the content of one's work. Pay satisfaction certainly includes perceptions of fairness or unfairness, but the concepts of fairness and unfairness are distinctly different.

⁸⁷ Cascio, p.420.

⁸⁸ Marcia P. Miceli, Iljae Jung, Janet P. Near and D.B. Greenberger, "Predictors and Outcomes of Pay-for-Performance Plans", **Journal of Applied Psychology**, 1991, Vol. 76, pp.508-521.

As a summary, the effectiveness of an organization's performance and reward management can have a major impact not only on morale and productivity but also its ability to attract and retain staff. Many organizations have found that far from complementing the stated aims of the business, their performance and reward systems were actually driving counter-productive behavior.

To ensure the reward system is effective and motivates the desired behaviors, it is essential to consider carefully the rewards and strategies utilized and ensure the rewards are linked to or based on performance. To be effective, any performance measurement system must be tied to compensation or some sort of reward. Rewarding performance should be an ongoing managerial activity, not just an annual pay-linked ritual. A good appraisal system could be enough to motivate the employees. Motivated staff are more likely to work harder and more effectively. The appraisal system may also be linked with decisions about pay, bonuses and other incentives such as share schemes.

5. AN APPLICATION OF REWARD MANAGEMENT SYSTEM IN A FIVE STAR HOTEL CHAIN IN SERVICE SECTOR IN TURKEY

It is possible to increase the productivity of the organizations, if the request and interests of the employees are consistent. Because of this reason, managers have to identify and apply some methodologies so that the interest and willingness to work may be increased for the employees.

It is one of the methodologies to use reward management systems to increase the interest and desire of the employees on their work. Some of the organizations take into consideration reward management systems and set policies according to reward strategies but some of them do not prefer to use these systems.

It is essential to identify the types of preferred rewards per employee groups. After the determination of the reward types per groups, reward management can be built and managed more effectively. Socio demographic qualifications such as gender, age, marital status, education level, seniority and position in the organization (title) effect the types, frequency of usage and time intervals of reward management tools.

Consequently it is so important to decide the types of rewards which will be applied on which group of employees and is essential to set the time intervals and rates of reward management tools.

If organizations build any reward management systems to have a better employee performance by taking consideration all the other variables, employees' attitudes will change positively on their motivation at work and this will enable organizations to reach their organizational goals easily and quickly.

This part of this study shows the application with the methodology including analysis, which has been applied on the employees of a National Five Stars Hotel Chain in Turkey.

5.1. The Goal and Scope of the Research

The purpose of this study is, to analyze whether reward management systems and its tools have an influence on employee performance or not at the Five Star Hotel Chain in Turkey (herein after will be referred to as Company X); and to identify the more effective reward management tools within the all.

5.2. The Statement of the Problem

“Does the reward management systems and its tools have an effect on the employees in a five stars hotels chain operating in the service sector and which of the reward management tools plays important role more than the others?” forms the statement of this study.

5.3. Restrictions of the Research

Tourism area is selected to make an application in service sector. Interviews made with HR Departments of five star hotel chains in Turkey and decided to make the research at the most prestigious hotel chain of Turkey. All the permission procedure is obtained from the HR Manager of Company X. There are approximately seven hundred employees working at five different locations of Company X. There are two hotels in Istanbul, one hotel in Bodrum, one hotel in Antalya and one hotel in Marmaris. Since the locations are very far away from Istanbul, questionnaire forms sent to the unit managers by electronic mail, so the number of the respondents were not as it is expected. Because of this reason, the restriction of this study is the distance between the locations. To have the most reliable representative audience the number of respondents from all hotels are selected of equally. So questionnaire forms are delivered to seventy employees equally selected from all locations.

5.4. The Model of the Research

The model of this study is determined as descriptive since the study aims to state the present circumstances.

In order to collect and analyze the data economically and provide the fitness for the purpose of the research, one of the Scanning Model “General Scanning Model” is preferred to use.

Scanning models are the research approaches that aim to describe the past, present or future situations. Scanning models have two types as; General Scanning Models and Case Study Scanning Models.

General Scanning Model is the scanning arrangements to have a general estimation on the whole sampling which has made in an environment that consist of more than one item. This process is made on either a group taken from the whole sampling or on the whole sampling.⁸⁹ Singular and relational scanning may be done by General Scanning Models.

The research models which are developed to determine variables severally are called Singular Scanning Models. All the analysis of the variables are described separately during Singular Scanning Models.⁹⁰

In this research it is chosen to use Singular Scanning Models to analyze all the variables severally, by types and by quantity. By this approach, variables of the study (gender, age, marital status, education level, seniority, title) and the answers for questions of scales are tried to describe separately. It is also used relational scanning model which determines the presence and level of change between two or more variables.⁹¹ In relational scanning model, variables are symbolized separately as it is done at singular scanning model. But this symbolization (giving values, measurement) is converted in a shape which helps us see the relational analysis. After converting process, comparison is preferred and used as relational analysis process. By this approach, socio demographic variables such as gender, age, marital status, education level, seniority and position in the company and the answers as scale statements are described separately in the frame of their relationship.

⁸⁹ Niyazi Karasar, **Bilimsel Araştırma Yönetimi**, 9. Basım, Ankara: Nobel Yayın Dağıtım, 1999, p.81.

⁹⁰ Alpaslan Ay, “Araştırma Modelleri”, Available at: <http://www2.aku.edu.tr/~gocak/Arastirmayontem/sosyal2007/Alpaslanmodeller.pdf>, Date of Access: 10.06.2008.

⁹¹ Karasar, p. 79.

Since this research has a descriptive model, no hypothesis have been formed for the analysis; but statements have been formed by taking into consideration the literature review on the subject and analysis have been conducted through these statements derived from the literature review. The results of analysis display existing circumstances.

5.5. Data Collecting Method

In this study questionnaire is used to collect data as an instrument. A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents.⁹² A form containing a set of questions, especially one addressed to a statistically significant number of subjects as a way of gathering information for a survey.

The questionnaire consists of three sections. First part includes six socio-demographic questions including; gender, age, marital status, education level, seniority and position in the organization (title).

At the second part, there are sixteen statements which determine the choices of employees about rewards. These statements were graded using a 5-point Likert scale. These points in the scale are “Strongly Agree” (5), “Agree” (4), “Uncertain” (3), “Disagree” (2), “Strongly Disagree” (1).⁹³ These are close-ended questions, since our questionnaire was aimed at specific rather than general questions.

It embarrasses the whole participation of attendees, to put (3) Uncertain in the middle of the scale. Because of this reason, (3) Uncertain is moved to the last column.

At the third section of the questionnaire, seventeen reward management tools are listed in a table. It is requested from employees to rank the reward management tools from the most desired tool to the less desired one. The most desired tool is ranked as seventeen and the least desired tool is ranked as one.

⁹² Author N.A. “Questionnaire”, <http://en.wikipedia.org/wiki/Questionnaire>, Date of Access: 02.07.2008.

⁹³ Ata A. Tezbaşara, “Likert Tipi Ölçek Geliştirme Kılavuzu”, 2nd ed. Ankara: **Türk Psikologlar Derneği Yayınları**. 1997. pp.21.

5.6. Questionnaire Development and Scalling

The questionnaire used in this study was adapted from the researchers of Nas⁹⁴ and also developed by using the information which is obtained during literature review.

Data were collected by nominal scale, whereas categorical ordinal scale was administered for the Likert-scale in second part. In order for the data to be derived from the numbering of the audience on the list of reward management tools, ordinal scale was also used in the third part.

A nominal scale is really a list of categories to which objects can be classified.⁹⁵ For example, "gender" demographic used in the first part of our questionnaire was defined as 1=male, 2=female. However, these numbers do not have any numerical value, but they are necessary since it enables our statistical analysis of these data on SPSS.

An ordinal scale is a measurement scale that assigns values to objects based on their ranking with respect to one another.⁹⁶ When a set of numbers reflects only the relative order of things, it constitutes an ordinal scale. An ordinal scale provides all the information that a nominal scale does, that is ordinal scales also induce an equality relation among the measured objects.⁹⁷

A Likert-type scale consists of a series of declarative statements. The subject is asked to indicate whether he agrees or disagrees with each statement. Commonly, five options are provided: "strongly agree," "agree," "uncertain," "disagree," and "strongly disagree." Other Likert-type scales include four or six steps rather than five, excluding the undecided position. In this study, "strongly agree, agree, uncertain, disagree and strongly disagree" type of ranking system confirms the theoretical knowledge concerning ordinal scales.

⁹⁴ Tuğba Nas, "Sağlık Örgütlerinde Ödüllendirme Sistemlerinin Performans Üzerindeki Etkisi ve Bir Uygulama", Gazi Üniversitesi, Sosyal Bilimler Enstitüsü Yüksek Lisans Tezi, Ankara, 2006.

⁹⁵ Author N.A. "Nominal Scale", Available at: <http://www.statistics.com/resources/glossary/n/nomscale.php>, Date of Access: 01.07.2008.

⁹⁶ Author N.A. "Nominal Scale", Available at: <http://www.statistics.com/resources/glossary/n/nomscale.php>, Date of Access: 01.07.2008.

⁹⁷ Hamit. M. Fişek, **Fundamental Concepts of Measurement, Elementary Methods of Research in the Social/Behavioral Sciences**, Vol.1. Istanbul: Boğaziçi University Press. 2003, p.224.

The audience was asked to rank the reward management tools from most effective to least effective, which displays the use of ordinal scales in the third part, also.

5.7. The Main Audience and The Sample

The main audience is consists of the employees working at the Company X, as offices, responsible, assistant specialist, specialist, managers and the employees from upper management levels. The questionnaires were collected after seven days after they were distributed.

The sampling of the research is the ten percent of all employees (70 employees) who represents the organization's all employees, from the population of the hotel chain (700) and it is formed by applying random sampling. It is also discussed at the "Restrictions of the Research" part.

5.8. Data Analyzing Methods

The Statistical Package for the Social Sciences (SPSS) version 15.0 was used to analyze the data. The survey forms of the audience have been keyed in as variables in SPSS. After the task of definition has been finished, appropriate coding has been completed and the data are transferred to the SPSS application.

Socio demographic variables were analyzed using crosstab and chi-square test statistics by rating the level of effect the demographical features of the sample had on their responses and their distribution.

Chi-square significance level is determined as 0.05 level, as it is a common usage in the questionnaires. In other words, it is analyzed if there is a significant relationship or difference between variables at 0.05 significance level.

To analyze the items of questionnaire, factor analysis is used. Factor analysis is a statistical technique used to estimate factors or latent variables, or reduce the

dimensionality of a large number of variables to a fewer number of factors.⁹⁸ Adequacy of the sampling is analyzed through the results of Kaiser-Meyer-Olkin analysis, through the use of Factor Analysis method.

5.9. Pilot Test

Before the main study, a pilot test was undertaken to assess the reliability and to ensure that the wordings of the questionnaire were clear. Pilot test is administered to a group consists of 15 employees from a hotel from the five star hotel chain. At the pilot test, some open-ended questions such as “If you were an employer, what kind of rewards would you prefer to increase the employee performance?”, “What kind of rewards do you want from your employer to have maximum performance at work?” are asked to determine the reward management tools; and the third section of the questionnaire is formed by the help of the answers from this open-ended question.

5.10. Reliability and Validity

Joppe defines reliability as; [...] the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. Kirk and Miller identify three types of reliability referred to in quantitative research, which relate to: (1) the degree to which a measurement, given repeatedly, remains the same (2) the stability of a measurement over time; and (3) the similarity of measurements within a given time period.

Cronbach Alpha coefficient, the most commonly used method in internal consistency analysis, was utilized in the Likert-type questionnaire. Alpha is required to be min. 0.70, in order to reach a conclusion that a scale is internally consistent, thus reliable. Overall alpha of this study will be indicated under “Findings” title.

The traditional criteria for validity find their roots in a positivist tradition, and to an extent, positivism has been defined by a systematic theory of validity. Within the positivist terminology, validity resided amongst, and was the result and culmination of

⁹⁸John T. Pohlmann , “Factor Analysis Glossary”, Available at: <http://www.siu.edu/~epse1/pohlmann/factglos/>, Date of Access:01.07.2008.

other empirical conceptions: universal laws, evidence, objectivity, truth, actuality, deduction, reason, fact and mathematical data to name just a few. Joppe provides the following explanation of what validity is in quantitative research: Validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are. Researchers generally determine validity by asking a series of questions, and will often look for the answers in the research of others.⁹⁹ Construct validity refers to the degree to which inferences can legitimately be made from the operationalizations in your study to the theoretical constructs on which those operationalizations were based. Like external validity, construct validity is related to generalizing. But, where external validity involves generalizing from your study context to other people, places or times, construct validity involves generalizing from your program or measures to the *concept* of your program or measures. You might think of construct validity as a "labeling" issue.¹⁰⁰ At this study, construct validity will be analyzed at Part V.XI.IX. during factor analysis.

In our study, it was analyzed whether the significance is at <0.05 level or not through the utilization of Barlett's Test derived from factor analysis.

5.11. Findings of the Research and Interpretation of the Findings

At the first step, socio demographic qualifications of the audience are analyzed and then, it is analyzed and interpreted the effects of reward management tools on employee performance.

Finding of this study is given both in tables as showing frequencies as well as percentage of the variables (descriptive statistics), and in pie charts showing percentages of the variables.

The variables of socio-demographics are presented by numbers starting from 1. For example it is numbered as 1 and 2 for gender while age variable is numbered from 1 to 5. And these numbers help statistical analysis on SPSS.

⁹⁹ Nahid Golafshani, "Understanding Reliability and Validity in Qualitative Research", **The Qualitative Report**, Vol.8, No.4, pp.597-607.

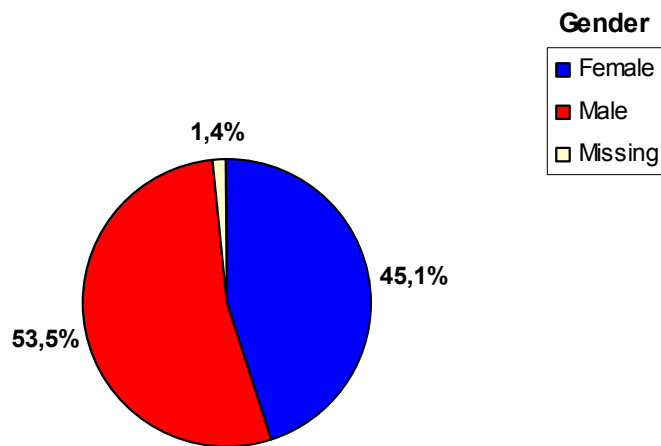
¹⁰⁰ Author N.A. "Construct Validity", Available at: <http://www.socialresearchmethods.net/kb/constval.php>, Date of Access: 02.07.2008.

5.11.1. Gender Distribution of the Employees

Table-3: Gender Distribution of the Employees

Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	32	45,1	45,7	45,7
	Female	38	53,5	54,3	100,0
	Total	70	98,6	100,0	
Missing	System	1	1,4		
Total		71	100,0		

Graphic-1: Gender Distribution of the Employees



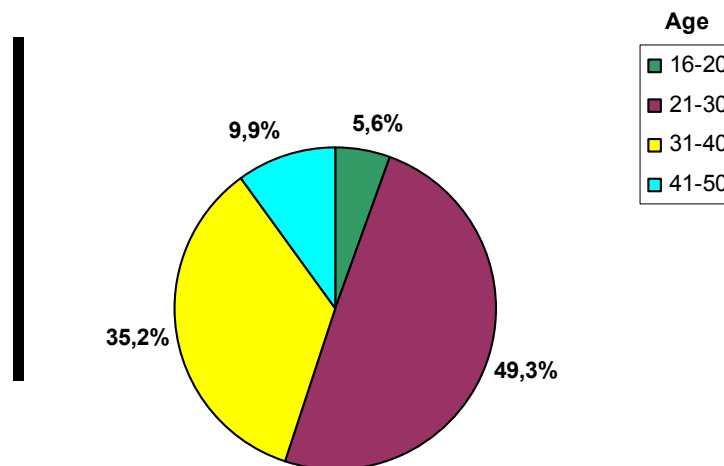
When gender distribution of the employees is analyzed, (Table 3-,Graphic-1), it is observed that 45.1% of employees are female and 53.5 % employees are male. So majority of the employees are male. 1 employee which constitutes the 1.4 % of the audience, did not respond this question.

5.11.2. Age Distribution of the Employees

Table-4: Age Distribution of the Employees

Age	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 16-20	4	5,6	5,6	5,6
21-30	35	49,3	49,3	54,9
31-40	25	35,2	35,2	90,1
41-50	7	9,9	9,9	100,0
Total	71	100,0	100,0	

Graphic-2: Age Distribution of the Employees



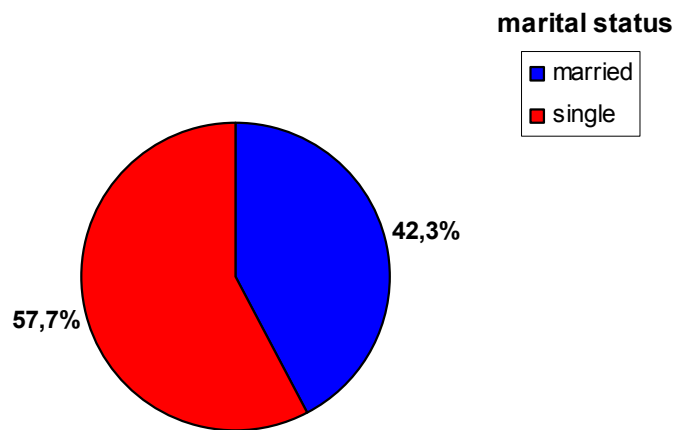
When age distribution of the employees is analyzed, (Table-4, Graphic-2), 49.3% of the employees are from the group “ages between 21-30”. This is the majority of the audience. The following groups are as follows; “the ages between 31-40” with 35.2% of the audience, “the ages between 41-50” with 9.9% participation of audience and the group of “the ages between 16-20” with 5.6% participation.

5.11.3. Distribution of the Employees According to Marital Status

Table-5: Distribution of the Employees According to Marital Status

marital status		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	married	30	42,3	42,3	42,3
	single	41	57,7	57,7	100,0
	Total	71	100,0	100,0	

Graphic-3: Distribution of the Employees According to Marital Status



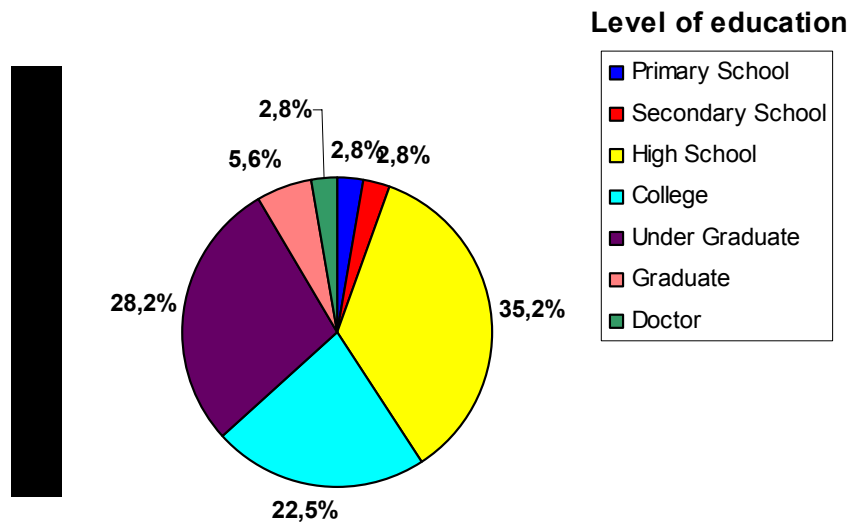
When marital status distribution is analyzed, (Table-5 and Graphic-3), 57.7% of the employees are single and 42.3% of employees are married. So the majority of the audience is single.

5.11.4. Distribution of the Employees According to Level of Education

Table-6: Distribution of the Employees According to Level of Education

Level of education		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Primary School	2	2,8	2,8	2,8
	Secondary School	2	2,8	2,8	5,6
	High School	25	35,2	35,2	40,8
	College	16	22,5	22,5	63,4
	Under Graduate	20	28,2	28,2	91,5
	Graduate	4	5,6	5,6	97,2
	Doctor	2	2,8	2,8	100,0
	Total	71	100,0	100,0	

Graphic-4: Distribution of the Employees According to Level of Education



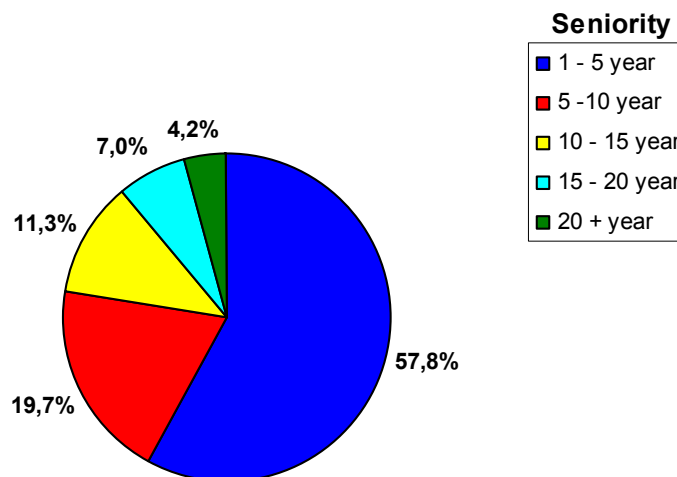
When distribution of education level is analyzed (Table-6, Graphic-4), it is seen that, majority of the audience is graduated from high school and it is shown as 35.2%. The following groups are; under graduates as 28.2%, college graduates as 22.5%, and primary, secondary graduates and doctors as 2.8%. Primary school, secondary school graduates and doctors have the least frequency.

5.11.5. Distribution of Employees According to Seniority in Company

Table-7: Distribution of Employees According to Seniority in Company

Seniority	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1 - 5 year	41	57,7	57,7	57,7
5 -10 year	14	19,7	19,7	77,5
10 - 15 year	8	11,3	11,3	88,7
15 - 20 year	5	7,0	7,0	95,8
20 + year	3	4,2	4,2	100,0
Total	71	100,0	100,0	

Graphic-5: Distribution of Employees According to Seniority in Company



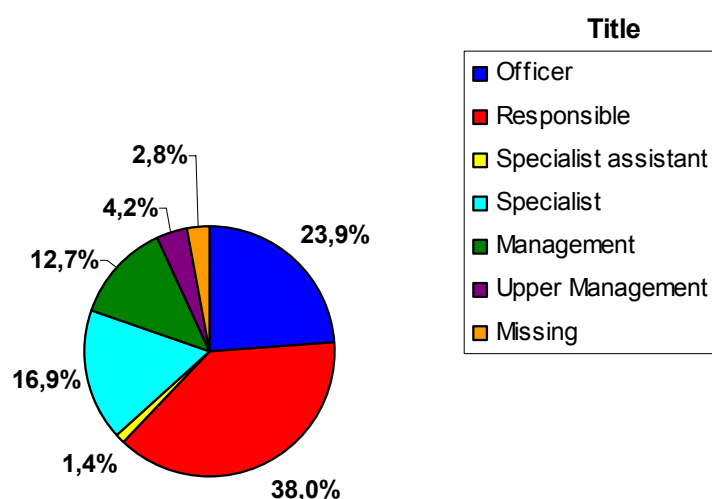
When distribution of employees according to seniority is analyzed, (Table-7, Graphic-5), the majority is the group who has 1-5 years seniority as 57.7% seniority. The following groups are, 5-10 years seniority as 19.7%; 10-15 years seniority 11.3%, 15-20 years seniority as 7.2%. The group who has 20 years and above seniority has least frequency with 4.2%.

5.11.6. Distribution of the Employees According to Title

Table-8: Distribution of the Employees According to Title

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Officer	17	23,9	24,6	24,6
	Responsible	27	38,0	39,1	63,8
	Specialist assistant	1	1,4	1,4	65,2
	Specialist	12	16,9	17,4	82,6
	Management	9	12,7	13,0	95,7
	Upper Management	3	4,2	4,3	100,0
	Total	69	97,2	100,0	
Missing	System	2	2,8		
Total		71	100,0		

Graphic-6: Distribution of the Employees According to Title



When distribution of employees according to their titles is analyzed, (Table-8, Graphic-6), it is observed that the majority of the group consists of responsible with 38%. The following groups are officers with 23.9%, specialist with 16.9%, manager with 12,7%, upper management with 4,2%, assistant specialists with 1.4%. Two employees who form the 2.8% of audience did not answer this question.

5.11.7. Analysis of Questions of Likert Scale

Table-9: Frequency and Percentages of the Responses in Part 2 of the Questionnaire

Second Part Item Number	Strongly agree		agree		disagree		Strongly disagree		uncertain		Missing data	
	f	%	f	%	f	%	f	%	f	%	f	%
1. Financial rewards (salary, bonus and perquisite) increase the motivation.	53	74,6	16	22,5	1	1,4	0	0,0	0	0,0	1	1,4
2. Price increase of salaries raises the performance of the employees up.	47	66,2	23	32,4	1	1,4	0	0,0	0	0,0	0	0,0
3. The benefits such as rent, clothing and fuel for heating increase the loyalty to the organization and success at work.	37	52,1	30	42,3	1	1,4	0	0,0	3	4,2	0	0,0
4. Bonuses which are given at the special days such as new years and feasts, to successful employees, increase their performance.	47	66,2	21	29,6	3	4,2	0	0,0	0	0,0	0	0,0
5. Performance of the successful employee may be increased by promoting them.	50	70,4	21	29,6	0	0,0	0	0,0	0	0,0	0	0,0
6. Giving more responsibility and increasing the authorization for successful employees is effective to increase their productivity.	37	52,1	21	29,6	9	12,7	2	2,8	2	2,8	0	0,0
7. Increase of success may be seen if managers observe the talents of the employees and direct them to improve their talents.	43	60,6	24	33,8	2	2,8	0	0,0	2	2,8	0	0,0
8. Appreciation and being praised by their managers for successful employees, increase their success at work.	42	59,2	23	32,4	6	8,5	0	0,0	0	0,0	0	0,0
9. In order to have high performance, it is effective to make employees involve with decisions at workplaces.	28	39,4	35	49,3	5	7,0	0	0,0	3	4,2	0	0,0
10. In case of needs, it is effective to give short period of vacation times instead of financial rewards to increase the performance.	19	26,8	36	50,7	11	15,5	1	1,4	4	5,6	0	0,0
11. Social activities such as company picnics, travel, cinema and theatre organizations make close the relationships between employees and this provides more success for the employees.	26	36,6	34	47,9	10	14,1	0	0,0	1	1,4	0	0,0
12. When employees are rewarded, they seek for the tools and processes which may be beneficial for the organization and so the performance and interest on the work increases.	33	46,5	29	40,8	6	8,5	0	0,0	3	4,2	0	0,0
13. Satisfaction degree about the social benefits have positive impacts on employee performance.	30	42,3	35	49,3	4	5,6	0	0,0	2	2,8	0	0,0
14. Increasing the salary has a positive effect on the productivity of the employee.	43	60,6	28	39,4	0	0,0	0	0,0	0	0,0	0	0,0
15. Individual oriented training programs increase the loyalty to the organization.	26	36,6	35	49,3	7	9,9	1	1,4	2	2,8	0	0,0
16. Flexible working hour application is effective on the increase of employee performance after a busy project period.	25	35,2	34	47,9	7	9,9	0	0,0	5	7,0	0	0,0
ORTALAMA	37	51,58	28	39,17	5	6,43	0	0,35	2	2,38	0	0,09

The table below is formed by using the degree of participation of the audience, on each of the statements. Frequency of preference and the percentage of each degree take place at the table.

When Table 9 is analyzed, it is observed that 1st, 10th and 15th questions were not answered each by one employee (1.6%). 6th question were not answered by 2 (2.8%) of the employees. The data has a strong representative qualification because there are few unanswered questions and the attendance of the audience is high on the questionnaire. While calculating the total, as the total of frequencies and percentages do not appear as respectively 71 and 100% on the rows belonging to these questions, these individuals having left the questions unanswered should also be taken into consideration.

When Table 9 is analyzed it is easily observed that attendance percentage of the questions (for strongly agree and agree) about reward management tools are high. Especially, for the statement 1 **“Financial rewards (salary, bonus and perquisite) increase the motivation.”** it is answered as “strongly agree” by the audience with the highest percentage as 74.6%.

The statement 5 **“Performance of the successful employee may be increased by promoting them.”** is the second highest rank with 70.4%.

The answers “strongly agree”, for the statements 2 **“Price increase of salaries raises the performance of the employees up.”**; and 4 **“Bonuses which are given at the special days such as new years and feasts, increase the performance of the employees.”** has the 3rd rank in the all distribution with 66.2%.

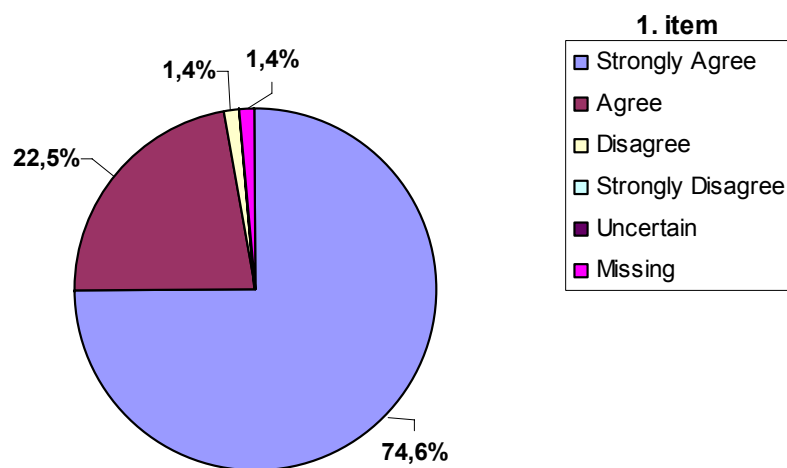
In the percentage of answers as “strongly agree”, the statement 8 **“Appreciation and being praised for successful employees, increase their success at work”** has the 4th preference rank with 59.2%.

Also statement 3 **“The benefits such as rent, clothing and fuel for heating increases the loyalty to the organization and success at work”** and statement 6 **“Giving more responsibility and increasing the authorization for successful employees increase the productivity of employees”** are preferred by more than half of the audience with 52.1% with “strongly agree” level.

Pie graphics are formed to identify the levels of participation of the employees on the clearly as an addition to Table 9.

Statement 1: Financial rewards (salary, bonus and perquisite) increase the motivation.

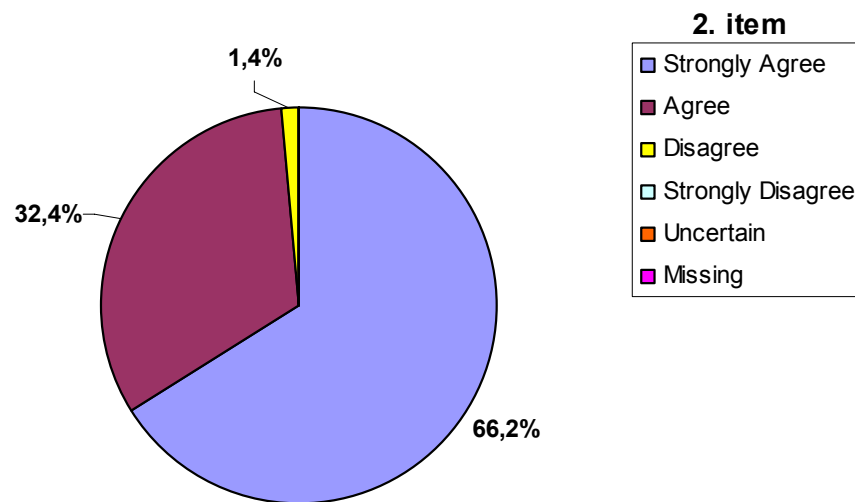
Graphic-7: Percentage distribution of the employees' point of views on statement 1.



By a high range, 97.2% of the audience agree that, financial rewards increase the motivation. 1.4% of the audience disagree that financial rewards increase the motivation. 1.4% of the audience did not answer this question.

Statement 2: Price increase of salaries raises up the performance of the employees.

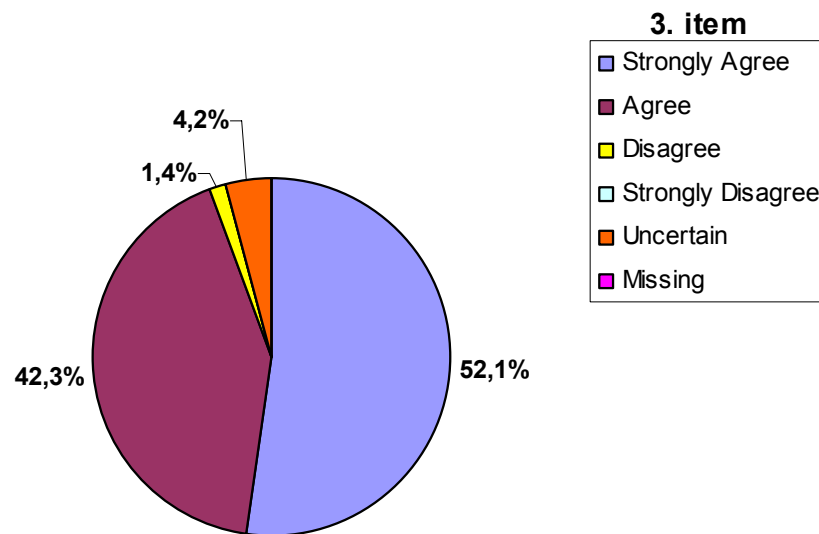
Graphic-8: Percentage distribution of the employees' point of views on statement 2.



By a high range, 98.6% of the audience agree that, price increase of salaries raises up the performance of the employees. 1.4% of the audience disagree with this statement.

Statement 3: The benefits such as rent, clothing and fuel for heating increase the loyalty to the organization and success at work.

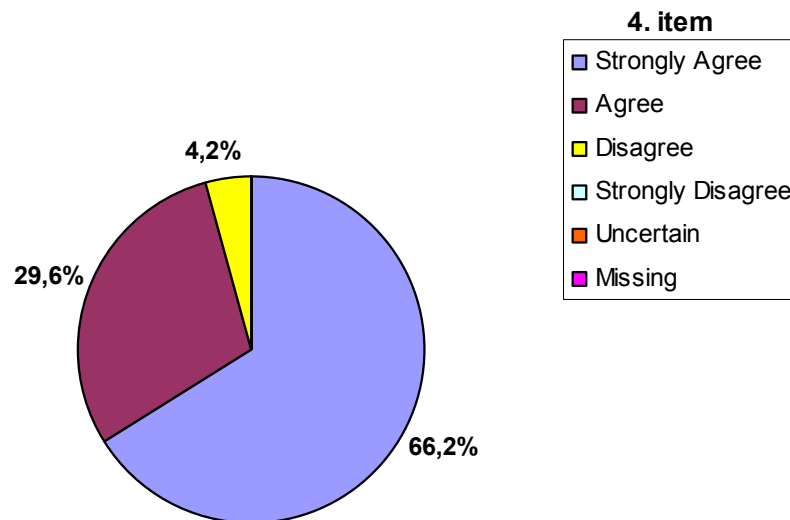
Graphic-9: Percentage distribution of the employees' point of views on statement 3.



By a high range, 94.4% of the audience agree that, the benefits such as rent, clothing and fuel for heating increase the loyalty to the organization and success at work with this statement. 1.4% of the audience disagree and 4.2% of the audience is uncertain about this statement.

Statement 4: Bonuses which are given at the special days such as new years and feasts, to successful employees, increase their performance.

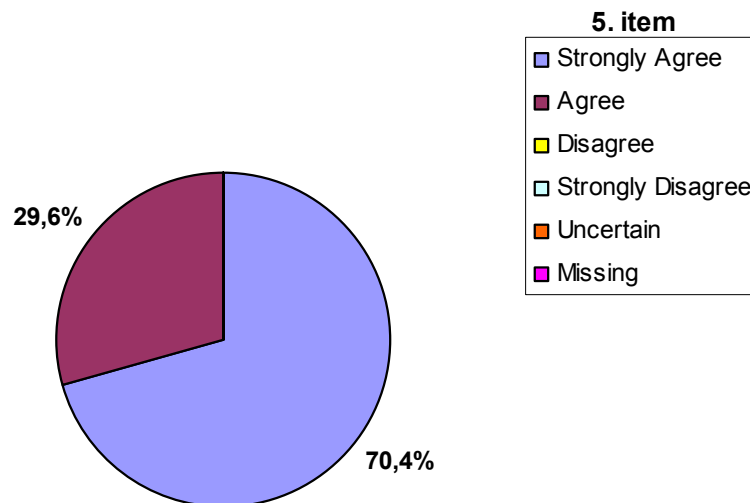
Graphic-10: Percentage distribution of the employees' point of views on statement 4.



By a high range, 95.8% of the audience agree that, bonuses which are given at the special days such as new years and feasts, to successful employees, increase their performance with this statement. 4.2% of the audience disagree with this statement.

Statement 5: Performance of the successful employee may be increased by promoting them.

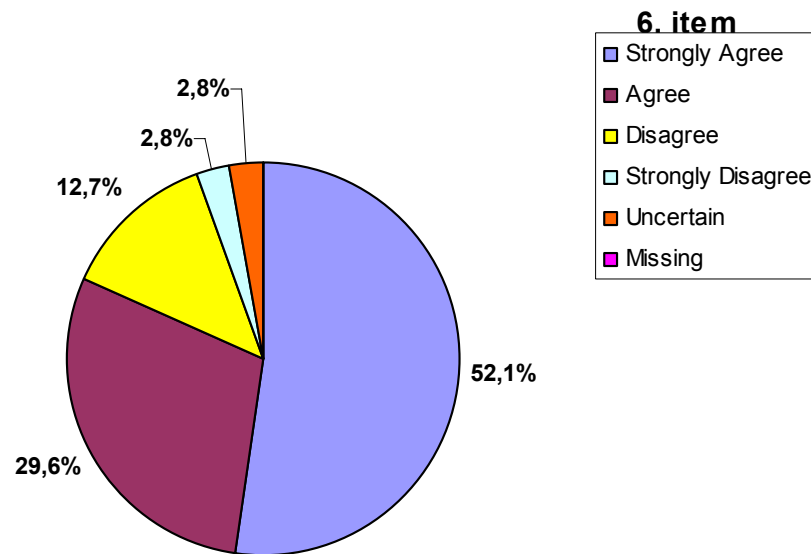
Graphic-11: Percentage distribution of the employees' point of views on statement 5.



100 % of the audience agree that, performance of the successful employee may be increased by promoting them.

Statement 6: Giving more responsibility and increasing the authorization for successful employees is effective to increase their productivity.

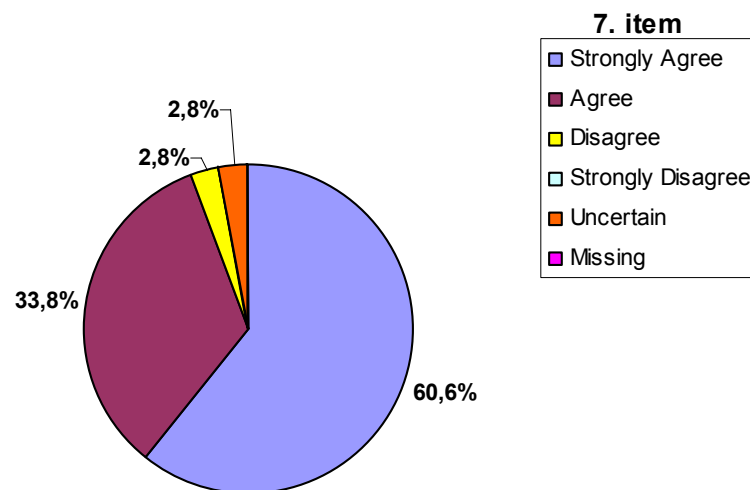
Graphic-12: Percentage distribution of the employees' point of views on statement 6.



81.7% of the audience agree that, giving more responsibility and increasing the authorization for successful employees is effective to increase their productivity. 12.7% of audience disagree with this statement. 2.8% of audience was uncertain about this statement, 2.8% of audience did not answer this statement and 2.8% of the audience strong disagree with this statement.

Statement 7: Increase of success may be seen if managers observe the talents of the employees and direct them to improve their talents.

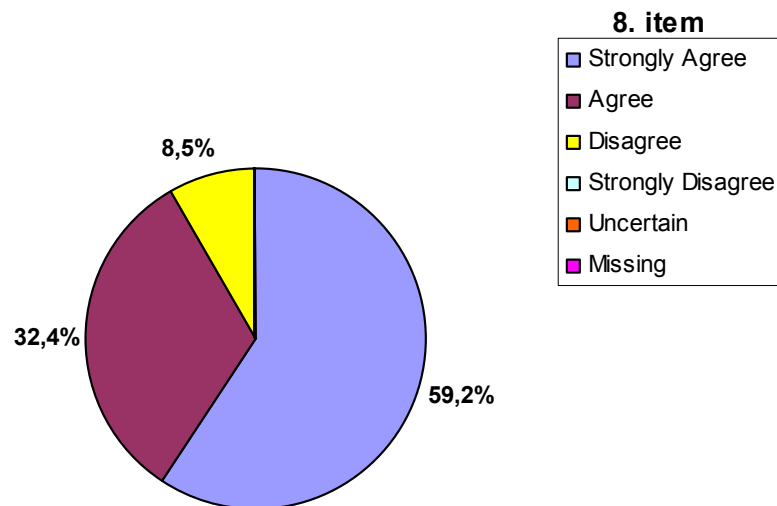
Graphic-13: Percentage distribution of the employees' point of views on statement 7.



By a high range, 94.4% of the audience agree that, increase of success may be seen if managers observe the talents of the employees and direct them to improve their talents with this statement. 2.8% of audience disagree and 2.8% of audience is uncertain about this statement.

Statement 8: Appreciation and being praised by their managers for successful employees, increase their success at work.

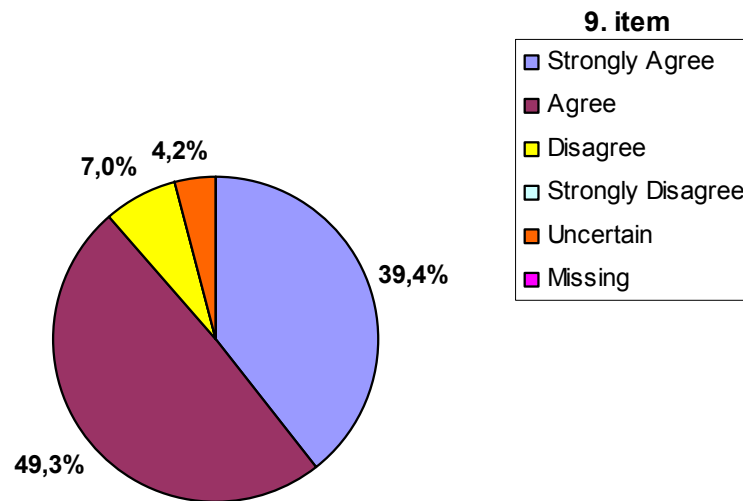
Graphic-14: Percentage distribution of the employees' point of views on statement 8.



91.6% of the audience agree that, appreciation and being praised by their managers for successful employees, increase their success at work with this statement. 8.5% of the employees disagree with this statement.

Statement 9: In order to have high performance, it is effective to make employees involve with decisions at workplaces.

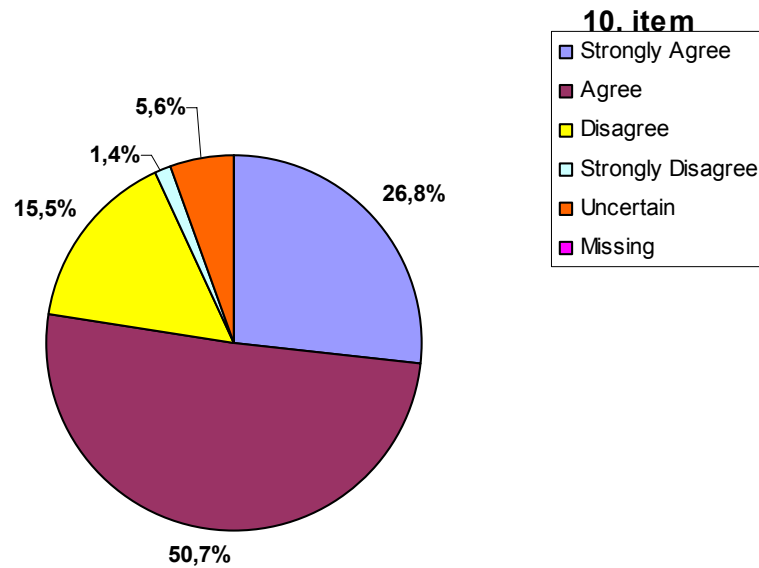
Graphic-15: Percentage distribution of the employees' point of views on statement 9.



88.7% of the audience agree that, in order to have high performance, it is effective to make employees involve with decisions at workplaces with this statement. 7% of the audience disagree and 4.2% of audience is uncertain about this statement.

Statement 10: In case of needs, it is effective to give short period of vacation times instead of financial rewards to increase the performance.

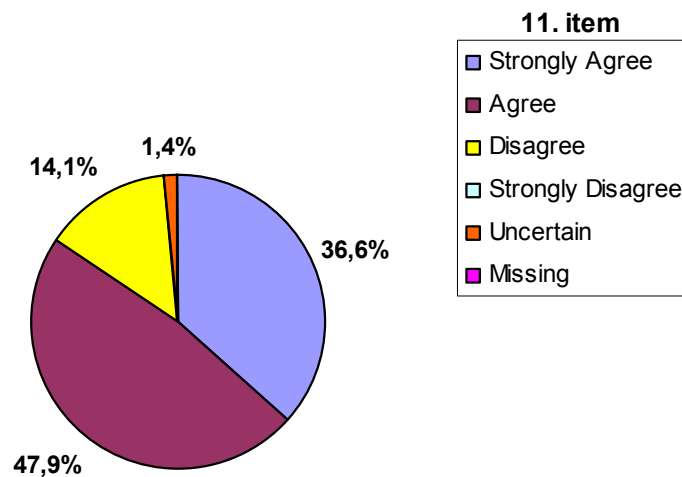
Graphic-16: Percentage distribution of the employees' point of views on statement 10.



77.5% of the audience agree that, in case of needs, it is effective to give short period of vacation times instead of financial rewards to increase the performance. 15.5% of audience disagree with this statement. 5.6% of audience is uncertain and 1.4% of the audience strongly disagree with this statement.

Statement 11: Social activities such as company picnics, travel, cinema and theatre organizations make close the relationships between employees and this provides more success for the employees.

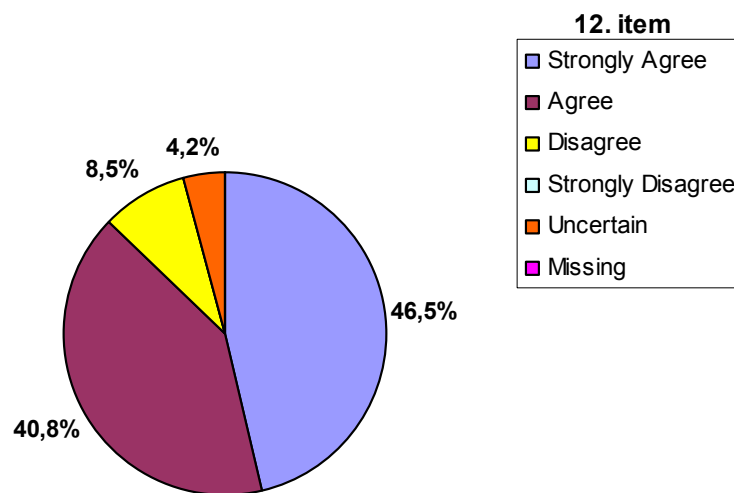
Graphic-17: Percentage distribution of the employees' point of views on statement 11.



84.5% of the audience agree that, social activities such as company picnics, travel, cinema and theatre organizations make close the relationships between employees and this provides more success for the employees. 14.1% of the audience disagree and 1.4% of audience is uncertain about this statement.

Statement 12: When employees are rewarded, they seek for the tools and processes which may be beneficial for the organization and so the performance and interest on the work increases.

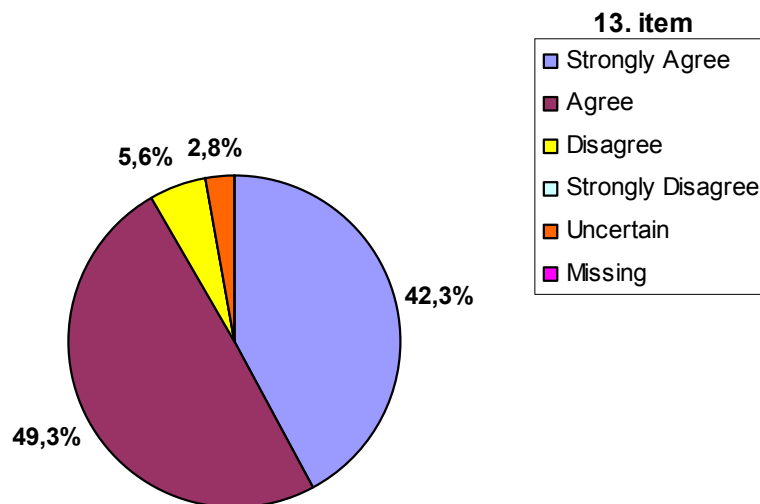
Graphic-18: Percentage distribution of the employees' point of views on statement 12.



87.3% of the audience agree that, when employees are rewarded, they seek for the tools and processes which may be beneficial for the organization and so the performance and interest on the work increases with this statement. 8.5% of employees disagree with this statement and 4.2% of the audience is uncertain about this statement.

Statement 13: Satisfaction degree about the social benefits have positive impacts on employee performance.

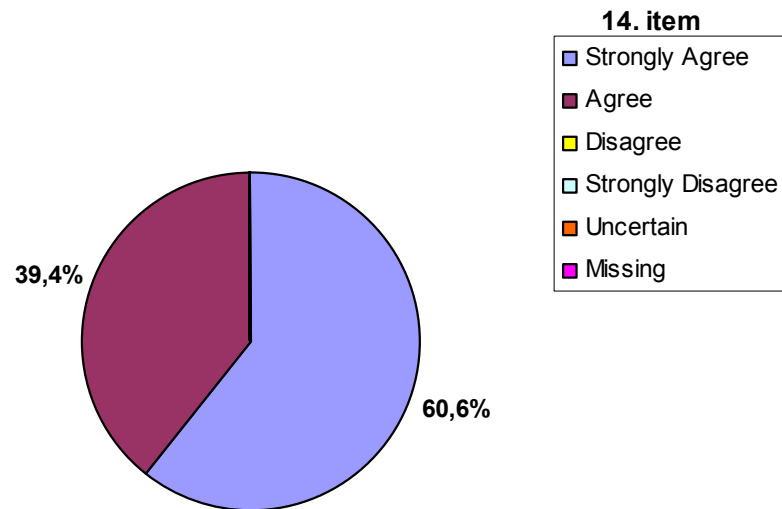
Graphic-19: Percentage distribution of the employees' point of views on statement 13.



By a high range, 91.6% of the audience agree that, satisfaction degree about the social benefits have positive impacts on employee performance with this statement. 5.6% of the audience disagree with this statement and 2.8% of audience is uncertain about this statement.

Statement 14: Increasing the salary has a positive effect on the productivity of the employee.

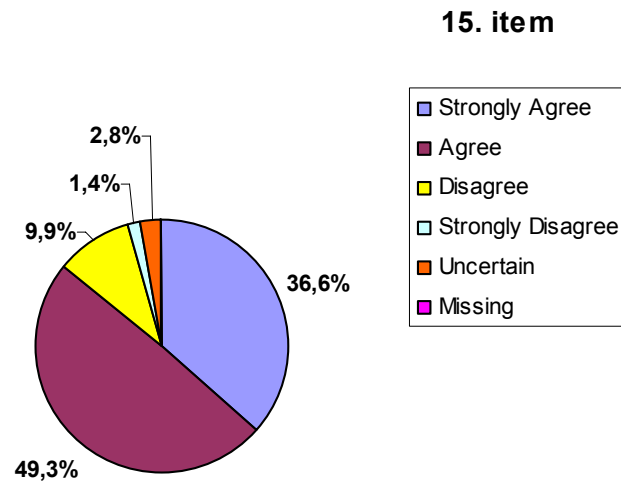
Graphic-20: Percentage distribution of the employees' point of views on statement 14.



100% of the audience agree that, increasing the salary has a positive effect on the productivity of the employee.

Statement 15: Individual oriented training programs increase the loyalty to the organization.

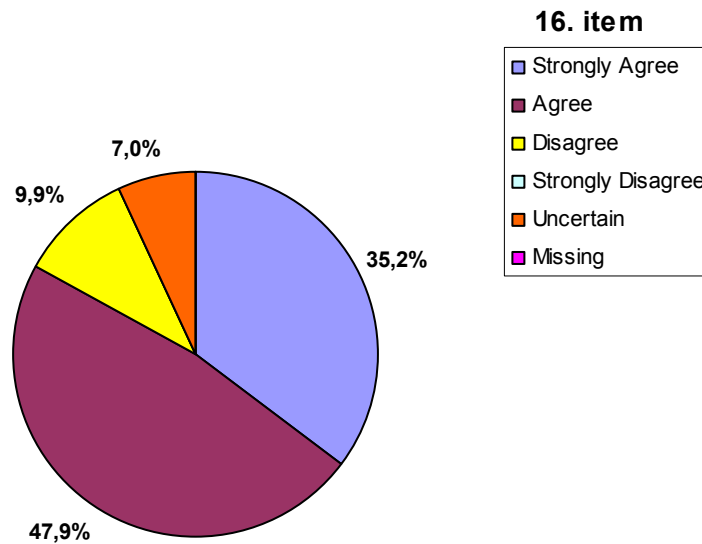
Graphic-21: Percentage distribution of the employees' point of views on statement 15.



85.9% of the audience agree that, individual oriented training programs increase the loyalty to the organization. 9.9% of the audience disagree with this statement, 2.8% of audience is uncertain and 1.4% of audience strongly disagree with this statement.

Statement 16: Flexible working hour application is effective on the increase of employee performance after a busy project period.

Graphic-22: Percentage distribution of the employees' point of views on statement 16.



83.1% of the audience agree that, flexible working hour application is effective on the increase of employee performance after a busy project period with this statement. 9.9% of audience disagree and 7% of audience is uncertain about this statement.

5.11.8. The Analysis for Answers of Likert Scale According to Socio Demographic Qualification, Crosstab and Chi-Square Analysis

To analyze whether there is a statistical 95% reliability in the answers from the groups derived from socio demographic variables which take place at the first part of the questionnaire, such as “gender”, “age”, “marital status”, “education level”, “seniority”, and “position”, Crosstab and Chi-square analysis are made for each of the item of Likert Scale in Part 2. These analysis are shown at tables as; Table-10, Table-11, Table-12, Table-13, Table-14 and Table-15.

When Chi-square and Crosstab analysis is looked over, answers according to gender as shown at Table-10, do not have significant difference in 95% reliability. It is observed that reward management statements parallel effects on both male and females.

Table-10: Crosstab and Chi-square analysis of the answers of employees according to “Gender” (Percentage Frequency Table)

Stat. No	Degrees*	Female (%)	Male (%)	Value of Chi-square	P (Asym. Sig.)	Comment
1	1	0	0	2,57	0,28	No difference
	2	0	3			
	3	0	0			
	4	16	29			
	5	84	68			
2	1	0	0	2,72	0,26	No difference
	2	0	3			
	3	0	0			
	4	25	39			
	5	75	58			
3	1	0	0	1,27	0,74	No difference
	2	0	3			
	3	3	5			
	4	47	39			
	5	50	53			
4	1	0	0	0,65	0,72	No difference
	2	6	3			
	3	0	0			
	4	31	29			
	5	63	68			
5	1	0	0	0,54	0,46	No difference
	2	0	0			
	3	0	0			
	4	34	26			
	5	66	74			
6	1	3	3	0,65	0,96	No difference
	2	9	16			
	3	3	3			
	4	31	29			
	5	53	50			
7	1	0	0	2,53	0,47	No difference
	2	3	3			
	3	6	0			
	4	34	34			
	5	56	63			
8	1	0	0	1,40	0,50	No difference
	2	13	5			
	3	0	0			
	4	34	32			
	5	53	63			
9	1	0	0	2,11	0,55	No difference
	2	6	8			
	3	3	5			
	4	59	42			
	5	31	45			
10	1	0	3	3,33	0,5	No difference
	2	22	11			
	3	3	8			
	4	47	55			
	5	28	24			
11	1	0	0	2,32	0,51	No difference
	2	19	11			
	3	3	0			
	4	44	53			
	5	34	37			
12	1	0	0	1,03	0,80	No difference
	2	6	11			
	3	3	5			
	4	47	37			
	5	44	47			
13	1	0	0	5,79	0,12	No difference
	2	0	11			
	3	3	3			
	4	44	55			
	5	53	32			
14	1	0	0	0,78	0,38	No difference
	2	0	0			
	3	0	0			
	4	34	45			
	5	66	55			
15	1	0	3	3,05	0,55	No difference
	2	6	13			
	3	3	3			
	4	59	42			
	5	31	39			
16	1	0	0	0,30	0,96	No difference
	2	9	11			
	3	6	8			
	4	47	50			
	5	38	32			

* (5) Strongly agree, (4) Agree, (3) Uncertain, (2) Disagree, (1) Strongly disagree

It is observed at Table-10 that, there is no significance difference observed in %95 reliability, after analysis of crosstab and chi-square according to age. In the reward management statements, “gender” variables have parallel effects on the performance of employees.

Table-11 : Crosstab and Chi-square analysis of the answers of employees according to “Age” (Percentage Frequency Table)

Stat. No	Degrees*	16-20 (%)	21-30 (%)	31-40 (%)	41-50 (%)	Value of Chi-square	P (Asym.Sig.)	Comment
1	1	0	0	0	0	11,01	0,08	No difference
	2	0	0	0	14			
	3	0	0	0	0			
	4	0	26	20	29			
	5	100	74	80	57			
2	1	0	0	0	0	2,48	0,87	No difference
	2	0	0	4	0			
	3	0	0	0	0			
	4	25	34	28	43			
	5	75	66	68	57			
3	1	0	0	0	0	4,24	0,89	No difference
	2	0	0	4	0			
	3	0	3	8	0			
	4	25	46	40	43			
	5	75	51	48	57			
4	1	0	0	0	0	3,88	0,69	No difference
	2	0	9	0	0			
	3	0	0	0	0			
	4	25	29	28	43			
	5	75	63	72	57			
5	1	0	0	0	0	3,02	0,39	No difference
	2	0	0	0	0			
	3	0	0	0	0			
	4	0	34	24	43			
	5	100	66	76	57			
6	1	25	3	0	0	11,66	0,47	No difference
	2	0	9	16	29			
	3	0	3	4	0			
	4	25	34	24	29			
	5	50	51	56	43			
7	1	0	0	0	0	4,34	0,89	No difference
	2	0	3	4	0			
	3	0	6	0	0			
	4	25	31	32	57			
	5	75	60	64	43			
8	1	0	0	0	0	7,02	0,32	No difference
	2	0	3	16	14			
	3	0	0	0	0			
	4	0	37	28	43			
	5	100	60	56	43			
9	1	0	0	0	0	15,57	0,07	No difference
	2	0	6	4	29			
	3	0	9	0	0			
	4	0	49	56	57			
	5	100	37	40	14			
10	1	0	3	0	0	10,47	0,57	No difference
	2	0	11	24	14			
	3	0	6	4	14			
	4	25	49	56	57			
	5	75	31	16	14			
11	1	0	0	0	0	8,99	0,44	No difference
	2	25	11	16	14			
	3	0	0	4	0			
	4	0	60	36	57			
	5	75	29	44	29			
12	1	0	0	0	0	8,75	0,46	No difference
	2	0	11	4	14			
	3	0	0	12	14			
	4	25	40	38	57			
	5	75	49	46	14			
13	1	0	0	0	0	10,36	0,32	No difference
	2	0	3	8	14			
	3	0	0	4	14			
	4	25	57	40	57			
	5	75	40	48	14			
14	1	0	0	0	0	1,35	0,72	No difference
	2	0	0	0	0			
	3	0	0	0	0			
	4	25	37	40	57			
	5	75	63	60	43			
15	1	0	3	0	0	7,97	0,79	No difference
	2	25	6	12	14			
	3	0	3	4	0			
	4	0	57	44	57			
	5	75	31	40	29			
16	1	0	0	0	0	13,80	0,13	No difference
	2	0	11	12	0			
	3	0	6	4	29			
	4	0	51	52	43			
	5	100	31	32	29			

* (5) Strongly agree, (4) Agree, (3) Uncertain, (2) Disagree, (1) Strongly disagree

It is observed at Table-11 that, there is no significance difference observed in %95 reliability, after analysis of crosstab and chi-square according to “age”. In the reward management statements, age variables have parallel effects on the performance of employees.

Table-12 : Crosstab and Chi-square Analysis According to “Marital Status” (Percentage Frequency Table)

State. No	Degrees*	married (%)	single (%)	Value of Chi-square	P (Asym.Sig.)	Comment
1	1	0	0	1,53	0,47	No difference
	2	3	0			
	3	0	0			
	4	20	25			
	5	77	75			
2	1	0	0	1,96	0,38	No difference
	2	0	2			
	3	0	0			
	4	40	27			
	5	60	71			
3	1	0	0	1,52	0,68	No difference
	2	3	0			
	3	3	5			
	4	43	41			
	5	50	54			
4	1	0	0	4,79	0,09	No difference
	2	10	0			
	3	0	0			
	4	23	34			
	5	67	66			
5	1	0	0	0,21	0,65	No difference
	2	0	0			
	3	0	0			
	4	27	32			
	5	73	68			
6	1	0	5	3,87	0,42	No difference
	2	17	10			
	3	0	5			
	4	33	27			
	5	50	54			
7	1	0	0	3,12	0,37	No difference
	2	0	5			
	3	0	5			
	4	37	32			
	5	63	59			
8	1	0	0	0,54	0,76	No difference
	2	7	10			
	3	0	0			
	4	37	29			
	5	57	61			
9	1	0	0	4,36	0,23	No difference
	2	3	10			
	3	3	5			
	4	63	39			
	5	30	46			
10	1	0	2	7,00	0,14	No difference
	2	27	7			
	3	7	5			
	4	50	51			
	5	17	34			
11	1	0	0	1,67	0,64	No difference
	2	10	17			
	3	0	2			
	4	53	44			
	5	37	37			
12	1	0	0	2,88	0,41	No difference
	2	3	12			
	3	3	5			
	4	50	34			
	5	43	49			
13	1	0	0	4,23	0,24	No difference
	2	10	2			
	3	3	2			
	4	57	44			
	5	30	51			
14	1	0	0	1,14	0,29	No difference
	2	0	0			
	3	0	0			
	4	47	34			
	5	53	66			
15	1	0	2	4,00	0,41	No difference
	2	10	10			
	3	7	0			
	4	43	54			
	5	40	34			
16	1	0	0	5,65	0,13	No difference
	2	10	10			
	3	10	5			
	4	60	39			
	5	20	46			

* (5) Strongly agree, (4) Agree, (3) Uncertain, (2) Disagree, (1) Strongly disagree

It is observed at Table-12 that, there is no significance difference observed in %95 reliability, after analysis of crosstab and chi-square according to “marital status”. In the reward management statements, marital status variables have parallel effects on the performance of employees.

Table-13 : Crosstab and Chi-square Analysis According to “Education Levels”
(Percentage Frequency Table)

State. No	Degrees*	Primary School	Elementary Education	High School	College	Undergraduate	Graduate	Doctor	Value of Chi-square	P (Asym.Sig.)	Comment
1	1	0	0	0	0	0	0	0	4,09	0,98	No difference
	2	0	0	4	0	0	0	0			
	3	0	0	0	0	0	0	0			
	4	50	0	20	27	25	25	0			
	5	50	100	76	73	75	75	100			
2	1	0	0	0	0	0	0	0	4,53	0,97	No difference
	2	0	0	4	0	0	0	0			
	3	0	0	0	0	0	0	0			
	4	50	0	36	31	35	25	0			
	5	50	100	60	69	65	75	100			
3	1	0	0	0	0	0	0	0	8,30	0,97	No difference
	2	0	0	0	0	5	0	0			
	3	0	0	4	6	5	0	0			
	4	50	0	44	44	40	25	100			
	5	50	100	52	50	50	75	0			
4	1	0	0	0	0	0	0	0	15,87	0,20	No difference
	2	0	0	4	6	0	0	50			
	3	0	0	0	0	0	0	0			
	4	50	0	20	38	40	25	0			
	5	50	100	76	56	60	75	50			
5	1	0	0	0	0	0	0	0	3,26	0,78	No difference
	2	0	0	0	0	0	0	0			
	3	0	0	0	0	0	0	0			
	4	50	0	24	38	35	25	0			
	5	50	100	76	63	65	75	100			
6	1	0	0	4	0	0	25	0	18,46	0,78	No difference
	2	0	0	8	6	25	25	0			
	3	0	0	0	6	5	0	0			
	4	50	0	28	31	30	25	50			
	5	50	100	60	56	40	25	50			
7	1	0	0	0	0	0	0	0	18,90	0,40	No difference
	2	0	0	4	0	0	25	0			
	3	0	0	0	13	0	0	0			
	4	50	0	32	31	45	25	0			
	5	50	100	64	56	55	50	100			
8	1	0	0	0	0	0	0	0	15,51	0,22	No difference
	2	0	0	4	6	15	0	50			
	3	0	0	0	0	0	0	0			
	4	50	0	32	56	25	0	0			
	5	50	100	64	38	60	100	50			
9	1	0	0	0	0	0	0	0	14,31	0,71	No difference
	2	0	0	8	0	15	0	0			
	3	0	0	4	13	0	0	0			
	4	50	50	40	38	65	50	100			
	5	50	50	48	50	20	50	0			
10	1	0	0	0	0	5	0	0	19,00	0,75	No difference
	2	50	50	12	13	15	25	0			
	3	0	50	4	6	5	0	0			
	4	50	0	48	50	55	50	100			
	5	0	0	36	31	20	25	0			
11	1	0	0	0	0	0	0	0	22,58	0,21	No difference
	2	0	0	12	19	5	25	100			
	3	0	0	0	0	5	0	0			
	4	100	50	36	50	60	50	0			
	5	0	50	52	31	30	25	0			
12	1	0	0	0	0	0	0	0	12,06	0,84	No difference
	2	0	0	8	13	5	0	50			
	3	0	0	8	0	5	0	0			
	4	50	0	40	38	50	25	50			
	5	50	100	44	50	40	75	0			
13	1	0	0	0	0	0	0	0	13,06	0,79	No difference
	2	0	0	8	0	10	0	0			
	3	0	0	4	0	5	0	0			
	4	100	0	40	56	55	75	0			
	5	0	100	48	44	30	25	100			
14	1	0	0	0	0	0	0	0	6,27	0,39	No difference
	2	0	0	0	0	0	0	0			
	3	0	0	0	0	0	0	0			
	4	100	0	36	38	45	50	0			
	5	0	100	64	63	55	50	100			
15	1	0	0	0	0	5	0	0	20,83	0,65	No difference
	2	0	0	8	13	15	0	0			
	3	0	0	0	0	5	25	0			
	4	100	0	48	56	40	50	100			
	5	0	100	44	31	35	25	0			
16	1	0	0	0	0	0	0	0	15,43	0,63	No difference
	2	0	0	8	13	15	0	0			
	3	50	0	8	0	5	25	0			
	4	50	50	40	50	55	25	100			
	5	0	50	44	38	25	50	0			

* (5) Strongly agree, (4) Agree, (3) Uncertain, (2) Disagree, (1) Strongly disagree

It is observed at Table-13 that, there is no significance difference observed in %95 reliability, after analysis of crosstab and chi-square according to “education levels”. In the reward management statements, education level variables have parallel effects on the performance of employees.

Table-14 : Crosstab and Chi-square Analysis According to “Seniority” (Percentage Frequency Table)

State. No	Degrees*	1-5 yıl	5-10 yıl	10-15 yıl	15-20 yıl	20 yıl üzeri	Value of Chi-square	P (Asym.Sig.)	Comment
1	1	0	0	0	0	0	10,39	0,24	No difference
	2	0	0	13	0	0			
	3	0	0	0	0	0			
	4	28	21	0	20	33			
	5	73	79	88	80	67			
2	1	0	0	0	0	0	8,86	0,35	No difference
	2	0	7	0	0	0			
	3	0	0	0	0	0			
	4	39	21	13	20	67			
	5	61	71	88	80	33			
3	1	0	0	0	0	0	5,86	0,92	No difference
	2	2	0	0	0	0			
	3	5	7	0	0	0			
	4	49	29	38	20	67			
	5	44	64	63	80	33			
4	1	0	0	0	0	0	5,88	0,66	No difference
	2	7	0	0	0	0			
	3	0	0	0	0	0			
	4	37	14	25	20	33			
	5	56	86	75	80	67			
5	1	0	0	0	0	0	1,78	0,78	No difference
	2	0	0	0	0	0			
	3	0	0	0	0	0			
	4	34	29	13	20	33			
	5	66	71	88	80	67			
6	1	5	0	0	0	0	10,99	0,81	No difference
	2	17	0	13	0	33			
	3	5	0	0	0	0			
	4	32	29	13	40	33			
	5	41	71	75	60	33			
7	1	0	0	0	0	0	9,03	0,70	No difference
	2	2	7	0	0	0			
	3	5	0	0	0	0			
	4	41	21	13	20	67			
	5	51	71	88	80	33			
8	1	0	0	0	0	0	2,94	0,94	No difference
	2	10	7	13	0	0			
	3	0	0	0	0	0			
	4	37	29	13	40	33			
	5	54	64	75	60	67			
9	1	0	0	0	0	0	10,49	0,57	No difference
	2	7	0	25	0	0			
	3	7	0	0	0	0			
	4	54	43	38	40	67			
	5	32	57	38	60	33			
10	1	2	0	0	0	0	14,76	0,54	No difference
	2	15	14	25	20	0			
	3	2	14	0	0	0			
	4	56	43	25	80	50			
	5	24	29	50	0	50			
11	1	0	0	0	0	0	11,34	0,50	No difference
	2	17	14	13	0	0			
	3	2	0	0	0	0			
	4	51	43	13	60	100			
	5	29	43	75	40	0			
12	1	0	0	0	0	0	15,94	0,19	No difference
	2	12	0	13	0	0			
	3	2	7	0	0	33			
	4	46	21	38	40	67			
	5	39	71	50	60	0			
13	1	0	0	0	0	0	18,41	0,10	No difference
	2	7	0	13	0	0			
	3	2	0	0	0	33			
	4	51	36	38	80	67			
	5	39	64	50	20	0			
14	1	0	0	0	0	0	4,35	0,36	No difference
	2	0	0	0	0	0			
	3	0	0	0	0	0			
	4	46	21	25	40	67			
	5	54	79	75	60	33			
15	1	2	0	0	0	0	12,83	0,69	No difference
	2	15	0	13	0	0			
	3	2	7	0	0	0			
	4	54	29	38	80	67			
	5	27	64	50	20	33			
16	1	0	0	0	0	0	8,77	0,72	No difference
	2	15	7	0	0	0			
	3	5	7	0	20	33			
	4	46	50	50	60	33			
	5	34	36	50	20	33			

* (5) Strongly agree, (4) Agree, (3) Uncertain, (2) Disagree, (1) Strongly disagree

It is observed at Table-14 that, there is no significance difference observed in %95 reliability, after analysis of crosstab and chi-square according to “seniority”. In the reward management statements, seniority variables have parallel effects on the performance of employees.

Table-15 : Crosstab and Chi-square Analysis According to “Title” (Percentage Frequency Table)

State. No	Degrees*	Officer	Responsible	Ass. Specialist	Specialist	Manager	Upper Management	Value of Chi-square	P (Asym.Sig.)	Comment
1	1	0	0	0	0	0	0	17,23	0,07	No difference
	2	6	0	0	0	0	0			
	3	0	0	0	0	0	0			
	4	50	12	0	9	11	67			
	5	44	88	100	91	89	33			
2	1	0	0	0	0	0	0	12,60	0,25	No difference
	2	0	4	0	0	0	0			
	3	0	0	0	0	0	0			
	4	59	19	0	17	33	67			
	5	41	78	100	83	67	33			
3	1	0	0	0	0	0	0	33,04	0,01	Difference
	2	0	0	0	0	0	33			
	3	6	4	0	0	11	0			
	4	65	30	0	58	33	0			
	5	29	67	100	42	56	67			
4	1	0	0	0	0	0	0	18,21	0,05	No difference
	2	12	0	0	8	0	0			
	3	0	0	0	0	0	0			
	4	53	11	100	25	44	33			
	5	35	89	0	67	56	67			
5	1	0	0	0	0	0	0	4,88	0,43	No difference
	2	0	0	0	0	0	0			
	3	0	0	0	0	0	0			
	4	47	19	0	33	22	33			
	5	53	81	100	67	78	67			
6	1	0	0	100	8	0	0	43,80	0,00	Difference
	2	18	11	0	8	0	33			
	3	6	4	0	0	0	0			
	4	35	26	0	42	22	33			
	5	41	59	0	42	78	33			
7	1	0	0	0	0	0	0	8,14	0,92	No difference
	2	0	4	0	8	0	0			
	3	0	7	0	0	0	0			
	4	35	26	100	33	44	33			
	5	65	63	0	58	56	67			
8	1	0	0	0	0	0	0	17,23	0,07	No difference
	2	6	0	0	0	33	33			
	3	0	0	0	0	0	0			
	4	41	37	0	33	22	0			
	5	53	63	100	67	44	67			
9	1	0	0	0	0	0	0	7,79	0,93	No difference
	2	12	4	0	0	11	0			
	3	6	4	0	0	11	0			
	4	41	56	0	67	33	67			
	5	41	37	100	33	44	33			
10	1	6	0	0	0	0	0	10,98	0,95	No difference
	2	24	11	0	17	22	0			
	3	12	4	0	8	0	0			
	4	47	48	100	42	56	67			
	5	12	37	0	33	22	33			
11	1	0	0	0	0	0	0	19,17	0,21	No difference
	2	6	11	100	17	33	0			
	3	6	0	0	0	0	0			
	4	53	44	0	67	11	67			
	5	35	44	0	17	56	33			
12	1	0	0	0	0	0	0	14,03	0,52	No difference
	2	12	7	0	0	22	0			
	3	12	4	0	0	0	0			
	4	18	48	0	67	33	33			
	5	59	41	100	33	44	67			
13	1	0	0	0	0	0	0	10,32	0,80	No difference
	2	6	7	0	0	0	33			
	3	6	4	0	0	0	0			
	4	53	41	0	67	44	33			
	5	35	48	100	33	56	33			
14	1	0	0	0	0	0	0	6,89	0,23	No difference
	2	0	0	0	0	0	0			
	3	0	0	0	0	0	0			
	4	53	41	100	33	11	67			
	5	47	59	0	67	89	33			
15	1	6	0	0	0	0	0	39,72	0,01	Difference
	2	0	7	100	8	22	33			
	3	0	0	0	0	11	33			
	4	53	41	0	83	33	0			
	5	41	52	0	8	33	33			
16	1	0	0	0	0	0	0	12,34	0,65	No difference
	2	12	11	0	8	0	33			
	3	12	4	0	8	0	33			
	4	53	52	0	50	44	0			
	5	24	33	100	33	56	33			

* (5) Strongly agree, (4) Agree, (3) Uncertain, (2) Disagree, (1) Strongly disagree

It is observed at Table-15 that, instead of statements 3, 6 and 15, there is no significance difference observed in %95 reliability, after analysis of crosstab and chi-square according to "seniority".

When the percentage of answers according to "title" variable is analyzed for statement 3 **"The benefits such as rent, clothing and fuel for heating increase the loyalty to the organization and success at work."** a significant difference ($p: 0.01 < 0.05$) is observed. In the percentage distribution of answers, it is analyzed that, there is a significant difference according to "title" variable for this statement. When we look at the distribution; all the "assistant specialists" "strongly agreed" with this statement (100%); 58% of "specialists" "agreed" and 42% of them strongly agreed; 6% of "officers" were "uncertain", 65% was "agreed" and 29% was "strongly agreed"; 4% of "responsibles" was "uncertain", 30% "agreed", 67% "strongly agreed"; 11% of "managers" was "uncertain", 33% "agreed", 56% "strongly agreed". Different from the other title groups, "upper management" level tended not to not agree with 33% and strongly agree with 67%.

For statement 6 **"Giving more responsibility and increasing the authorization for successful employees is effective to increase their productivity."** a significant difference ($p: 0.00 < 0.05$) is observed. In the percentage distribution of answers, it is analyzed that there is a significant difference according to "title" variable for this statement. When we analyze the distribution, it is seen that, only all the "assistant specialists" strongly did not agree the statements; but the other title groups were answered the statements in all different levels. Distribution of title groups are parallel according to "disagree", "agree" and "strongly agree" degrees; but there were big differences between the percentage distribution of the groups. For example at the percentage distribution of this statement, managers may strongly agree with "78%", upper management may strongly agree with "33%", officers may strongly agree "41%", responsibles may strongly agree with "59%" and specialist may strongly agree with "42%".

For statement 15 **"Individual oriented training programs increase the loyalty to the organization."** again significant difference ($p: 0.01 < 0.05$) is observed according to title variable. For example, officers preferred to choose "strongly disagree" level but

any of the other title groups preferred that. Specialists disagree about this statement with 8%, agree with 83% and strongly agree with 8%. But managers preferred to strongly agree 33%, upper management strongly agree 33%, officers strongly agree 41%, responsible strongly agree 52%. All the assistant specialists tend to prefer disagree level (100%).

Between the all analysis of social demographic variables, the only variable is the “title” which has significance difference in its 3 items.

5.11.9. Frequency and Percentage Analysis of Reward Management Tools Placed in 3rd Part of Questionnaire

Table-16: Distribution of 1st ranked reward management tools with 17 points

Reward Management Tools		Frequency	Percentage
a	Salary increase	38	53,5
b	Bonus system	3	4,2
c	Perquisite	4	5,6
d	Promotion and Title	9	12,7
e	Autority and Responsibility	4	5,6
f	Education	7	9,9
g	Appreciation and Praise	3	4,2
h	Certificate and Plaque	0	0
i	Participation to Decisions	0	0
j	Vacation Time	1	1,4
k	Comfort of Working Place	0	0
l	Social Activities	0	0
m	Feedback	0	0
n	Flexiable Working Hours	0	0
o	Design of Work	0	0
p	Recognition	1	1,4
r	Social Rights	2	2,8
TOPLAM		72	101,41

When we observed the most desired reward management tools (given 17 points by employees), “salary increase” takes place with 53.5%. “**Vacation**” and “**recognition**” are stated as the least desired tools with 1.4%, which has effect on employee performance.

It is observed that the tools as; **“certificate and plaque”**, **“comfort of working place”**, **“social activities”**, **“feedback”**, **“flexiable working hours”** and **“design of work”** did not preferred by any of the employees.

Table-17: Distribution of 2nd ranked reward management tools with 16 points

Reward Management Tools		Frequency	Percentage
a	Salary increase	13	18,3
b	Bonus system	16	22,5
c	Perquisite	17	23,9
d	Promotion and Title	9	12,7
e	Authority and Responsibility	7	9,9
f	Education	1	1,4
g	Appreciation and Praise	1	1,4
h	Certificate and Plaque	0	0
i	Participation to Decisions	2	2,8
j	Vacation Time	1	1,4
k	Comfort of Working Place	0	0
l	Social Activities	0	0
m	Feedback	1	1,4
n	Flexiable Working Hours	0	0
o	Design of Work	0	0
p	Recognition	0	0
r	Social Rights	2	2,8
TOPLAM		70	98,59

When the distribution of 2nd ranked reward management tools preferred by employees is analyzed at Table 17, **“perquisite”** is the most desired tools with 23.9%. Than **“bonus system”** comes with 22.5% as 2nd ranked tool. **“Education”**, **“appreciation and praise”**, **“vacation”** and **“feedback”** are observed as the least desired tools with 1.4%. It is seen clearly that the tools, **“certificate and plaque”**, **“comfort of working place”**, **“social activities”**, **“feedback”**, **“flexiable working hours”**, **“recognition”** and **“design of work”** did not preferred by any employees.

Table-18: Distribution of 3rd ranked reward management tools with 15 points

Reward Management Tools		Frequency	Percentage
a	Salary increase	6	8,5
b	Bonus system	17	23,9
c	Perquisite	17	23,9
d	Promotion and Title	8	11,3
e	Autority and Responsibility	3	4,2
f	Education	2	2,8
g	Appreciation and Praise	5	7,0
h	Certificate and Plaque	0	0
i	Participation to Decisions	5	7,0
j	Vacation Time	1	1,4
k	Comfort of Working Place	2	2,8
l	Social Activities	1	1,4
m	Feedback	1	1,4
n	Flexiable Working Hours	0	0
o	Design of Work	0	0
p	Recognition	0	0
r	Social Rights	3	4,2
TOPLAM		71	100

When the distribution of 3rd ranked reward management tools preferred by employees is analyzed at Table 18, “**perquisite**” and “**bonus system**” are the most desired tools with 23.9%. Than “**promotion and title**” comes with 11.3% as 2nd ranked tool. “Feedback”, “social activity” and “vacation time” are observed as the least desired tools with 1.4%. It is seen clearly that, the tools “**certificate and plaque**”, “**flexiable working hours**”, “**recognition**” and “**design of work**” did not preffered by any employees.

Table19: Frequency and Percentage Tables of All Reward Management Tools Alternatively

a

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5	1	1,4	1,4	1,4
	10	1	1,4	1,4	2,8
	11	3	4,2	4,2	7,0
	12	4	5,6	5,6	12,7
	13	3	4,2	4,2	16,9
	14	2	2,8	2,8	19,7
	15	6	8,5	8,5	28,2
	16	13	18,3	18,3	46,5
	17	38	53,5	53,5	100,0
	Total	71	100,0	100,0	

b

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	1,4	1,4	1,4
	4	1	1,4	1,4	2,8
	5	1	1,4	1,4	4,2
	8	2	2,8	2,8	7,0
	9	3	4,2	4,2	11,3
	10	7	9,9	9,9	21,1
	11	3	4,2	4,2	25,4
	12	1	1,4	1,4	26,8
	13	9	12,7	12,7	39,4
	14	7	9,9	9,9	49,3
	15	17	23,9	23,9	73,2
	16	16	22,5	22,5	95,8
	17	3	4,2	4,2	100,0
	Total	71	100,0	100,0	

c

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	6	1	1,4	1,4	1,4
	7	2	2,8	2,8	4,2
	9	3	4,2	4,2	8,5
	10	5	7,0	7,0	15,5
	11	2	2,8	2,8	18,3
	12	5	7,0	7,0	25,4
	13	5	7,0	7,0	32,4
	14	10	14,1	14,1	46,5
	15	17	23,9	23,9	70,4
	16	17	23,9	23,9	94,4
	17	4	5,6	5,6	100,0
	Total	71	100,0	100,0	

d

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	4	1	1,4	1,4	1,4
	6	1	1,4	1,4	2,8
	8	5	7,0	7,0	9,9
	9	2	2,8	2,8	12,7
	10	2	2,8	2,8	15,5
	11	1	1,4	1,4	16,9
	12	5	7,0	7,0	23,9
	13	9	12,7	12,7	36,6
	14	19	26,8	26,8	63,4
	15	8	11,3	11,3	74,6
	16	9	12,7	12,7	87,3
	17	9	12,7	12,7	100,0
	Total	71	100,0	100,0	

e

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	3	4,2	4,2	4,2
	3	1	1,4	1,4	5,6
	5	2	2,8	2,8	8,5
	6	1	1,4	1,4	9,9
	7	3	4,2	4,2	14,1
	9	3	4,2	4,2	18,3
	10	5	7,0	7,0	25,4
	11	10	14,1	14,1	39,4
	12	10	14,1	14,1	53,5
	13	15	21,1	21,1	74,6
	14	4	5,6	5,6	80,3
	15	3	4,2	4,2	84,5
	16	7	9,9	9,9	94,4
	17	4	5,6	5,6	100,0
	Total	71	100,0	100,0	

f

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	2	2,8	2,8	2,8
	6	4	5,6	5,6	8,5
	7	3	4,2	4,2	12,7
	8	5	7,0	7,0	19,7
	9	5	7,0	7,0	26,8
	10	8	11,3	11,3	38,0
	11	9	12,7	12,7	50,7
	12	13	18,3	18,3	69,0
	13	7	9,9	9,9	78,9
	14	5	7,0	7,0	85,9
	15	2	2,8	2,8	88,7
	16	1	1,4	1,4	90,1
	17	7	9,9	9,9	100,0
	Total	71	100,0	100,0	

g

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	2,8	2,8	2,8
	2	1	1,4	1,4	4,2
	3	1	1,4	1,4	5,6
	4	3	4,2	4,2	9,9
	5	4	5,6	5,6	15,5
	6	3	4,2	4,2	19,7
	7	3	4,2	4,2	23,9
	8	5	7,0	7,0	31,0
	9	8	11,3	11,3	42,3
	10	4	5,6	5,6	47,9
	11	14	19,7	19,7	67,6
	12	10	14,1	14,1	81,7
	13	2	2,8	2,8	84,5
	14	2	2,8	2,8	87,3
	15	5	7,0	7,0	94,4
	16	1	1,4	1,4	95,8
	17	3	4,2	4,2	100,0
	Total	71	100,0	100,0	

h

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	10	14,1	14,1	14,1
	2	3	4,2	4,2	18,3
	3	6	8,5	8,5	26,8
	4	2	2,8	2,8	29,6
	5	3	4,2	4,2	33,8
	6	5	7,0	7,0	40,8
	7	7	9,9	9,9	50,7
	8	5	7,0	7,0	57,7
	9	5	7,0	7,0	64,8
	10	12	16,9	16,9	81,7
	11	7	9,9	9,9	91,5
	12	4	5,6	5,6	97,2
	13	1	1,4	1,4	98,6
	14	1	1,4	1,4	100,0
	Total	71	100,0	100,0	

i

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	3	4,2	4,2	4,2
2	6	8,5	8,5	12,7
3	2	2,8	2,8	15,5
4	2	2,8	2,8	18,3
5	4	5,6	5,6	23,9
6	4	5,6	5,6	29,6
7	5	7,0	7,0	36,6
8	10	14,1	14,1	50,7
9	9	12,7	12,7	63,4
10	7	9,9	9,9	73,2
11	3	4,2	4,2	77,5
12	3	4,2	4,2	81,7
13	1	1,4	1,4	83,1
14	5	7,0	7,0	90,1
15	5	7,0	7,0	97,2
16	2	2,8	2,8	100,0
Total	71	100,0	100,0	

j

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	2	2,8	2,8	2,8
2	4	5,6	5,6	8,5
3	4	5,6	5,6	14,1
4	4	5,6	5,6	19,7
5	8	11,3	11,3	31,0
6	7	9,9	9,9	40,8
7	6	8,5	8,5	49,3
8	10	14,1	14,1	63,4
9	7	9,9	9,9	73,2
10	4	5,6	5,6	78,9
11	1	1,4	1,4	80,3
12	4	5,6	5,6	85,9
13	3	4,2	4,2	90,1
14	4	5,6	5,6	95,8
15	1	1,4	1,4	97,2
16	1	1,4	1,4	98,6
17	1	1,4	1,4	100,0
Total	71	100,0	100,0	

k

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	5	7,0	7,0	7,0
	2	5	7,0	7,0	14,1
	3	2	2,8	2,8	16,9
	4	4	5,6	5,6	22,5
	5	3	4,2	4,2	26,8
	6	5	7,0	7,0	33,8
	7	15	21,1	21,1	54,9
	8	3	4,2	4,2	59,2
	9	12	16,9	16,9	76,1
	10	5	7,0	7,0	83,1
	11	2	2,8	2,8	85,9
	12	2	2,8	2,8	88,7
	13	6	8,5	8,5	97,2
	15	2	2,8	2,8	100,0
	Total	71	100,0	100,0	

l

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	5	7,0	7,0	7,0
	2	5	7,0	7,0	14,1
	3	4	5,6	5,6	19,7
	4	4	5,6	5,6	25,4
	5	15	21,1	21,1	46,5
	6	8	11,3	11,3	57,7
	7	5	7,0	7,0	64,8
	8	9	12,7	12,7	77,5
	9	6	8,5	8,5	85,9
	10	3	4,2	4,2	90,1
	11	2	2,8	2,8	93,0
	12	1	1,4	1,4	94,4
	14	3	4,2	4,2	98,6
	15	1	1,4	1,4	100,0
	Total	71	100,0	100,0	

m

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	6	8,5	8,5	8,5
	2	9	12,7	12,7	21,1
	3	11	15,5	15,5	36,6
	4	11	15,5	15,5	52,1
	5	15	21,1	21,1	73,2
	6	7	9,9	9,9	83,1
	7	5	7,0	7,0	90,1
	8	1	1,4	1,4	91,5
	9	1	1,4	1,4	93,0
	10	1	1,4	1,4	94,4
	11	1	1,4	1,4	95,8
	14	1	1,4	1,4	97,2
	15	1	1,4	1,4	98,6
	16	1	1,4	1,4	100,0
	Total	71	100,0	100,0	

n

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	9	12,7	12,7	12,7
	2	1	1,4	1,4	14,1
	3	11	15,5	15,5	29,6
	4	16	22,5	22,5	52,1
	5	7	9,9	9,9	62,0
	6	5	7,0	7,0	69,0
	7	2	2,8	2,8	71,8
	8	5	7,0	7,0	78,9
	9	3	4,2	4,2	83,1
	10	2	2,8	2,8	85,9
	11	5	7,0	7,0	93,0
	13	2	2,8	2,8	95,8
	14	3	4,2	4,2	100,0
	Total	71	100,0	100,0	

o

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	9	12,7	12,7	12,7
2	12	16,9	16,9	29,6
3	18	25,4	25,4	54,9
4	8	11,3	11,3	66,2
5	4	5,6	5,6	71,8
6	5	7,0	7,0	78,9
7	1	1,4	1,4	80,3
8	6	8,5	8,5	88,7
9	2	2,8	2,8	91,5
10	2	2,8	2,8	94,4
11	1	1,4	1,4	95,8
12	3	4,2	4,2	100,0
Total	71	100,0	100,0	

p

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	8	11,3	11,3	11,3
2	18	25,4	25,4	36,6
3	4	5,6	5,6	42,3
4	9	12,7	12,7	54,9
5	3	4,2	4,2	59,2
6	6	8,5	8,5	67,6
7	10	14,1	14,1	81,7
8	2	2,8	2,8	84,5
9	2	2,8	2,8	87,3
10	2	2,8	2,8	90,1
11	1	1,4	1,4	91,5
12	2	2,8	2,8	94,4
13	2	2,8	2,8	97,2
14	1	1,4	1,4	98,6
17	1	1,4	1,4	100,0
Total	71	100,0	100,0	

r

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	7	9,9	9,9	9,9
	2	6	8,5	8,5	18,3
	3	4	5,6	5,6	23,9
	4	5	7,0	7,0	31,0
	5	2	2,8	2,8	33,8
	6	9	12,7	12,7	46,5
	7	4	5,6	5,6	52,1
	8	5	7,0	7,0	59,2
	9	1	1,4	1,4	60,6
	10	4	5,6	5,6	66,2
	11	5	7,0	7,0	73,2
	12	3	4,2	4,2	77,5
	13	6	8,5	8,5	85,9
	14	3	4,2	4,2	90,1
	15	3	4,2	4,2	94,4
	16	2	2,8	2,8	97,2
	17	2	2,8	2,8	100,0
	Total	71	100,0	100,0	

5.11.10. Reliability of Questionnaire

The reliability of this questionnaire is tested by Cronbach's Alpha.

Cronbach's α (Alpha) is a statistic. It has an important use as a measure of the reliability of a psychometric instrument.¹⁰¹ Cronbach's Alpha measures how well a set of items (or variables) measures a single unidimensional latent construct. When data have a multidimensional structure, Cronbach's Alpha will usually be low. Technically speaking, Cronbach's Alpha is not a statistical test - it is a coefficient of reliability (or consistency).¹⁰²

The analysis and tables related with reliability is presented below.

¹⁰¹ **Cronbach's Alpha**, Available at: http://en.wikipedia.org/wiki/Cronbach's_alpha, Date of access: 02.07.2008.

¹⁰² **What does Cronbach's Alpha Mean?**, Available at: <http://www.ats.ucla.edu/stat/spss/faq/alpha.html>, Date of access: 02.07.2008.

Table-20: Case Processing Summary

		N	%
Cases	Valid	70	98,6
	Excluded(a)	1	1,4
	Total	71	100,0

A listwise deletion based on all variables in the procedure.

Table-21: Reliability Statistics

Cronbach's Alpha	N of Items
,864	16

Alpha may exist between 0 and 1 as it is mentioned before. In order to decide that if a research is reliable, the Alpha value of it should be higher than 70 (70%).

As it is shown at Table-21, coefficient of Cronbach Alpha is this study is higher than 0.70 ($0.70 < 0.864$). So it is proved that the data collection tool of this study is reliable.

The construct validity of the data collection tool of study is checked by using factor analysis. The analysis and the tables found out after factor analysis is presented below.

5.11.11. Sampling Group, Validity and Results of Factor Analysis

Table-22: Descriptive Statistics of Likert Scale at Part 2.

	Mean	Std. Deviation	Analysis N
1	4,73	,536	70
2	4,63	,569	70
3	4,44	,651	70
4	4,57	,714	70
5	4,70	,462	70
6	4,14	1,146	70
7	4,53	,696	70
8	4,41	,876	70
9	4,21	,832	70
10	3,86	1,040	70
11	4,06	,976	70
12	4,26	,896	70
13	4,27	,779	70
14	4,61	,490	70
15	4,10	,965	70
16	4,07	,906	70

Mean and standard deviation values of each of 16 items at part 2 is presented at Table-22.

Table-23: K.M.O. and Bartlett's Test for Likert Scale which states in Part 2.

K.M.O. and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,756
Bartlett's Test of Sphericity	Approx. Chi-Square	445,356
	df	120
	Sig.	,000

K.M.O. Analysis shows the adequacy of the sampling group. According to this analysis, adequacy of sampling group is; marvelous if values are between 0,90-1,00; is meritorious if values are between 0,80-0,89; is middling if values are between 0,70-0,79; is mediocre if values are between 0,60-0,69; is miserable if values are between 0,50-0,59; is unacceptable if values are < 0,50.

When we look at Table-23, the K.M.O. value of the study is 0.756 and has good adequacy.

Significance level of the analysis should be take into consideration at Bartlett's Test. Significance level should be lower than 0.05. When we look at the same table again, we can see significance level of the study as 0.000 and has high significance level. So this proves that, the items of the questionnaire have been allocated to significant factors. So the appearing factors (dimensions) provides a significant integrity. At the same time, it is determined that questionnaire has construct validity.

Table-24: Communalities

	Initial	Extraction
1	1,000	,654
2	1,000	,789
3	1,000	,533
4	1,000	,799
5	1,000	,674
6	1,000	,710
7	1,000	,749
8	1,000	,658
9	1,000	,621
10	1,000	,589
11	1,000	,529
12	1,000	,678
13	1,000	,788
14	1,000	,738
15	1,000	,680
16	1,000	,588

Extraction Method: Principal Component Analysis.

Table-24 above is used to determine which of the variables have effect on which of the variables. The 4th statement from the questionnaire is explained by other statements with 79.9%. Nextly, the statement 2 with 78.9%, the statement 13 with 78.8%, the statement 7 with 74.9% and the statement 14 with 73.8% are explained by

the other statements with high percentage. The statement 11 is the least explained statement by others with 52.9% in all.

Table-25 represents "Total Variance Explained". This helps us to see the number of factors being formed and representation power of those factors.

When table of Total Variance (deviation from the mean) Explained is analyzed, it is seen that there are 5 factors stated, which has higher than "1" eigenvalue. The statements of questionnaires are grouped under 5 factors. Variance of those 5 factors are 67.352.

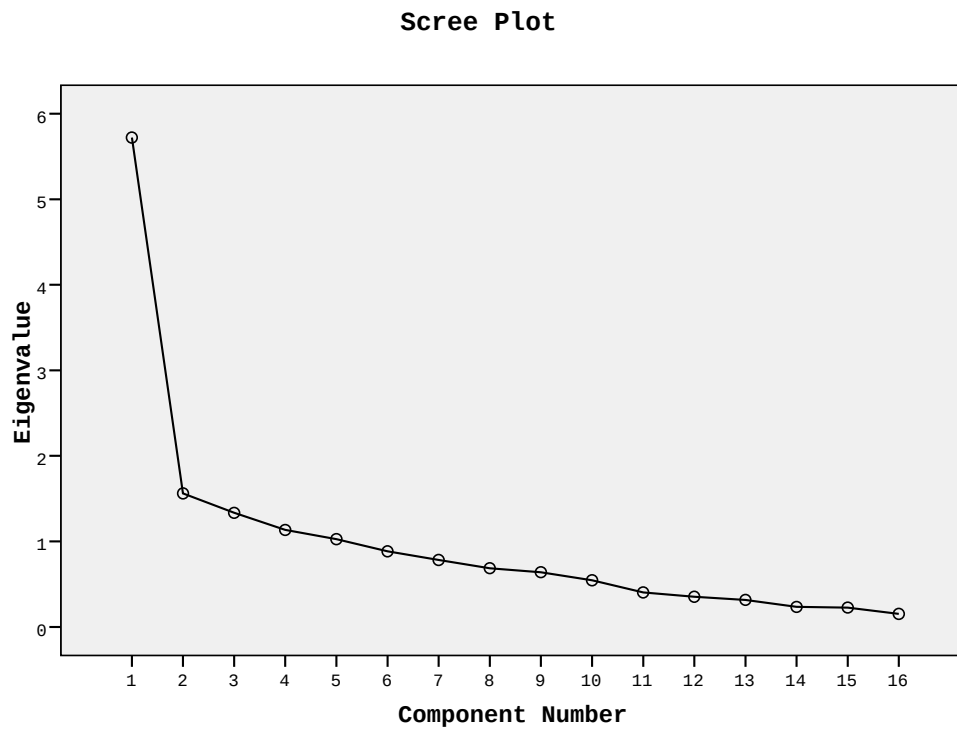
By this analysis, those 5 factor groups explains the majority about the total variance of the items and the variance of the scale.

Table-25: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5,721	35,754	35,754	5,721	35,754	35,754	2,585	16,155	16,155
2	1,561	9,757	45,511	1,561	9,757	45,511	2,526	15,785	31,940
3	1,334	8,339	53,850	1,334	8,339	53,850	2,203	13,770	45,709
4	1,134	7,089	60,939	1,134	7,089	60,939	2,048	12,801	58,510
5	1,026	6,413	67,352	1,026	6,413	67,352	1,415	8,842	67,352
6	,884	5,524	72,877						
7	,783	4,892	77,769						
8	,686	4,287	82,055						
9	,640	3,998	86,053						
10	,546	3,410	89,464						
11	,404	2,524	91,988						
12	,353	2,207	94,195						
13	,316	1,974	96,169						
14	,234	1,465	97,634						
15	,227	1,416	99,050						
16	,152	,950	100,000						

Extraction Method: Principal Component Analysis.

Graphic-23: Scree Plot



When we look at Scree Plot at Graphic-23, it is seen that break point is at the 5 items under the value above 1.

Table-26: Rotated Component Matrix(a)

	Component				
	1	2	3	4	5
2	,859				
3	,637				
16	,620	,388			
7	,565		,491	,355	
5	,548			,387	,409
1		,748			
13		,669	,522		
12		,596		,432	
9		,572		,471	
10		,564			,519
6			,721		
14		,382	,669		
15			,658	,339	
8				,773	
11				,665	
4					,838

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a Rotation converged in 18 iterations.

It should be looked at **Rotated Component Matrix(a)** at Table-26, to see the relationship between items and factors. The items are presented in the factor groups which they have higher value in all factor groups.

When it is analyzed the **Rotated Component Matrix(a)**, it is observed that statements 2, 3, 16, 7 and 5 are grouped as “factor group 1”. They measure the same qualifications as being at the same group.

2nd factor group is formed by statements 1, 13, 12, 9 and 10 and measure the same qualifications; factor group 3 is formed by statements 13, 6, 14 and 15; factor group 4 is formed by 8 and 11 and lastly factor group 5 is formed by statements 10 and 4. Each of the factors measure the same qualifications in themselves. Those factors are given at a table below.

Factor Group 1	Factor Group 2
2. Price increase of salaries raises the performance of the employees up.	1. Financial rewards (salary, bonus and perquisite) increase the motivation.
3. The benefits such as rent, clothing and fuel for heating increase the loyalty to the organization and success at work.	9. In order to have high performance, it is effective to make employees involve with decisions at workplaces.
5. Performance of the successful employee may be increased by promoting them.	10. In case of needs, it is effective to give short period of vacation times instead of financial rewards to increase the performance.
7. Increase of success may be seen if managers observe the talents of the employees and direct them to improve their talents.	12. When employees are rewarded, they seek for the tools and processes which may be beneficial for the organization and so the performance and interest on the work increases.
16. Flexible working hours application is effective on the increase of employee performance after a busy project period.	13. Satisfaction degree about the social benefits have positive impacts on employee performance.

Factor Group 3	Factor Group 4
6. Giving more responsibility and increasing the authorization for successful employees is effective to increase their productivity.	8. Appreciation and being praised by their managers for successful employees, increase their success at work.
13. Satisfaction degree about the social benefits have positive impacts on employee performance.	11. Social activities such as company picnics, travel, cinema and theatre organizations make close the relationships between employees and this provides more success for the employees.
14. Increasing the salary has a positive effect on the productivity of the employee.	
15. Individual oriented training programs increase the loyalty to the organization.	

Factor Group 5
4. Bonuses which are given at the special days such as new years and feasts, to successful employees, increase their performance.
10. In case of needs, it is effective to give short period of vacation times instead of financial rewards to increase the performance.

All of these factor groups include statements about, financial & non-financial and extrinsic & intrinsic rewards. So this strengthens the analysis that, financial rewards are the preferentials for employees; but non-financial rewards should also be together for the satisfaction of individual needs.

6. CONCLUSION

In today's business environment, complex factors such as; including the demands of global economy, the need to downsize to increase efficiency, call carefully conceived organizational change. Many change efforts focus on performance and reward systems, those processes that determine what is expected of employees (performance standards and performance appraisal) and what people can expect in return (salary increase, recognition or such rewards.)

At this point, reward systems are effective tools for driving organizational and individual performance. Effective reward is not just about raising salaries, but about finding the right reward programs for the strategic direction of the business culture. As organizations strive to attract and retain top talent employees reward management systems have important role during recruitment process and then for the retention. Organisations are increasingly focusing on corporately aligned performance and trying to ensure that employees are accountable and rewarded for their contribution. Reward is a key tool in this aspect of managing performance and engaging the people who are key to organizational success.

By this strategic importance of reward system application, an application is conducted at a five stars hotel chain, to find out the outcomes of reward management applications and its effects on the employee performance.

Summary of analysis of this study can be summarized as below:

Because of the importance of reliability and validity of questionnaire about “the effect of reward systems on employee performance” reliability and validity analysis were conducted. Cronbach Alpha coefficient which is commonly used for content validity analysis in Likert-scale questionnaires is used. Alpha coefficient, which valued between 0 and 1, is valued as 0.864 for this study. In order to specify that a questionnaire, alpha should be higher than 70% . For this study $0.70 < 0.864$, so the analysis shows that questionnaire is reliable (see Table-21).

To analyze the validity of the questionnaire Barlett’s Test is used. Because of the reason that, significance value is determined at $\text{Sig} < 0.05$ level, the items of the questionnaire is divided into meaningful factor groups according to the analysis. The new occurring factors (dimensions) have a significant integrity. Also, it is observed that questionnaire has construct validity which is shown at Table-23.

The total number of the employees working at Company X is 700 employees. By using random sampling method, group of 71 employees is selected from the all employees. The adequacy of the sampling group is analyzed by using Kaiser-Meyer-Olkin Test. K.M.O. = 0.756, so the adequacy of the sampling group is at the proper level. (see Table-23)

At the second part of the questionnaire, there are 16 statements formed about “Reward Management System” and rated by using Likert-type Scale. When the answers of audience is analyzed according to 16 statements; employees “agreed” and “strongly agreed” with Statement 5 “Performance of the successful employee may be increased by promoting them.” and Statement 14 “Increasing the salary has a positive effect on the productivity of the employee. “ with 100. This shows “promotion” and “salary” has a positive effect on employee performance. (see Graphic-11 and Graphic-20)

“Strongly agree” level of choice is mostly preferred for the Statement 1 “Financial rewards (salary, bonus and perquisite) increase the motivation.” with 74.6%. So this again shows that, the financial rewards have a priority in the preference of all the statements for the employees (see Table-9, Graphic-7).

“Strongly disagree” level is not chosen by any of the employees. This shows that, neither of the reward statements are disagreed with by neither of the employees by a high percentage. (Table-9)

When the analyzed of “Agree” level which symbolized as 2 at the Likert-type scale, it is seen that the Statement 10 “In case of needs, it is effective to give short period of vacation times instead of financial rewards to increase the performance.” is the most preferred statement with 50.7%. So it is seen that, employees may prefer non-financial rewards in case of their needs. (see Table-9, Graphic-16)

After the all analysis process, it is observed that, 90.75% of the employees thinks that reward management tools have effect on employee performance; 6.78% of employees do not agree and 2.38% of the employees are uncertain about the effect of the reward management tools on employee performance. (see Table-9)

16 statements of the questionnaire which take place in the second part of the questionnaire as Likert-type scale are analyzed according to the socio demographic data with Crosstab and Chi-square analysis. Socio demographics of the employees are tested if they have show difference about those statements. Significance difference is not observed with 95% reliability at 0.05 significance level according to egnder, age, marital status, education level and position variables. The prefences and opinions of employees about reward systems are paralel according to these variables. When “position in the company” variable is analyzed, it is observed that, there are significant differences between the statements 3, 6 and 15. For statement 3, “The benefits such as rent, clothing and fuel for heating increase the loyalty to the organization and success at work.” officers, responsables and managers share the same opinions; but the preferences of assistant specialists and upper level management are stated at peak levels. For statement 6, “ more responsibility and increasing the authorization for successful employees is effective to increase their productivity.” Any of officers and responsables strongly disagreed and agreed at the same level of other levels at the same percentage; but assistant specialist tend to strongly disagree. Managers strongly aggreed with %78, but upper management strongly agreed by 33% with the same statement. When we analyze statement 15,

“Individual oriented training programs increase the loyalty to the organization.” it is again observed that responses of employees are not parallel between each other.

When the most desired reward management tools are listed in order, financial rewards takes place firstly. It is an expected preference for employees when we look at working life around and see the financial difficulties which people have in today’s difficult living conditions.

At the third part of the questionnaire, when we look at the reward management tools “salary increase” is observed as most desired tool with 53.5%. Then, “perquidity”, “bonus system”, “promotion and title”, “authority and responsibility”, “participation to decisions” and “social rights” are ranked in order. (see Table-16, Table-17, Table-18)

After all analysis process, it is observed that, employees think that reward management systems have effect on their performance at work on their jobs. It is also observed that, employees firstly tend to choose financial rewards. When we look at the detailed view, the preference of employees about reward tools may change according to their titles. For the different groups according to the positions in the organizations, the initiatives may change.

By the help of those findings, it may be suggested that, organizations may design and develop their reward systems convenient with their structure, organizational goals and business strategies. At this point as a strategic partner, HR Department plays important role. Because qualifications and needs of employees may change from organization to organization. For example, if the majority population of an organization is consist of engineering staff, individual develop and training needs may be the initials for employees. So for an organization as in this example, non-financial rewards is more important than the other rewards. Another example is a Small and Medium size Enterprise (SME) operating in supplier industry. Such kind of those companies have a majority of blue-collar employees working with minimum wage, so financial rewards such as perquisites, social assistance packages and bonus takes first place for their needs. Because of those differences, before building a reward system, the structure of the organization, culture and future needs

should be identified clearly. A reward systems which is built after the determination of existing conditions, would be so effective to reach individual and organizational goals.

This study was conducted for only one five stars hotel chain in Turkey. To be able to generalize the findings for this specific sub-sector in service sector, a study that would include more hotel chains in a variety of regional settings could be conducted. Future studies could be made in other service sector companies such as consulting and training, catering, public relations firms; and could be made in other cities of Turkey or abroad.

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APPENDIX

“ÖDÜL YÖNETİMİ’NİN ÇALIŞAN PERFORMANSI ÜZERİNDEKİ ETKİSİ”NE İLİŞKİN ANKET ÇALIŞMASI

Bu çalışma T.C. Marmara Üniversitesi Sosyal Bilimler Enstitüsü “Human Resources Management and Development” Bilim Dalı yüksek lisans öğrencisi tarafından yürütülen bir çalışmadır.

Ankete dayalı araştırmada “Ödül Yönetimi’nin Çalışan Performansı Üzerindeki Etkisi”nin tespiti amaçlanmaktadır. Anket 3 bölümden oluşmaktadır. 1.bölümde size ait demografik özellikler, 2. bölümde inceleme konusuna ait 16 ifade, 3. bölümde ise ödüllendirme araçlarına ait tablo yer almaktadır.

Anketin 2.bölümünde yer alan ifadelerin doğru ya da yanlış cevabı yoktur. Sizden istenen, bu ifadeleri dikkatlice okuduktan sonra ne ölçüde katıldığınızı (Kesinlikle Katılıyorum, Katılıyorum, Katılmıyorum, Hiç Katılmıyorum, Kararsızım) ilgili sütuna “X” işareti koyarak belirtmenizdir. İfadelere içtenlikle yanıt verilmesi düşüncelerinizin tam olarak yansımaya açısından çok önemlidir.

Yanıtlarınız, bilimsel ahlaka uygun olarak gizlilik ve güven ilkelerine bağlı kalınarak sadece araştırmacı tarafından değerlendirilecektir.

Verilerin doğru toplanması ve yapılacak istatistiksel analizlerin anlamlı çıkması için anketteki tüm soruların cevaplanması ve aynı maddeye birden çok cevap verilmemesini önemle rica ederiz. Katılımınız için teşekkür ederiz.

Nihan Koşmalı Yazıcı

Yrd. Doç. Dr. Salim Atay

1. BÖLÜM

1. Cinsiyetiniz:

() Kadın () Erkek

2. Yaşınız:

() 16-20 () 21-30 () 31-40 () 41-50 () 51-60

3. Medeni durumunuz:

() Evli () Bekar

4. Öğrenim Durumunuz:

() İlkokul () İlköğretim () Lise () Yüksekokul () Lisans
() Yüksek Lisans () Doktora

5. Şirketteki çalışma süreniz:

() 1-5 yıl () 5-10 yıl () 10-15 yıl () 15-20 yıl () 20 yıl ve üzeri

6. Şirketteki ünvanınız:

() Memur () Sorumlu () Uzman Yardımcısı () Uzman
() Yönetici () Üst düzey yönetici

2. BÖLÜM

İfadeleri dikkatlice okuduktan sonra ne ölçüde katıldığınızı (Kesinlikle Katılıyorum, Katılıyorum, Katılmıyorum, Hiç Katılmıyorum, Kararsızım) ilgili sütuna "X" işareti koyarak belirtiniz.

No	İfadeler	Kesinlikle Katılıyorum	Katılıyorum	Katılmıyorum	Hiç Katılmıyorum	Kararsızım
1	Çalışanlar için parasal nitelikli (ücret, prim, ikramiye) ödüller motivasyonu artırır.					
2	Aylık gelir miktarına yapılacak olan zam, çalışanların performanslarını artırır.					
3	Çalışanlara verilecek olan kira, yakacak ve giyim yardımları, çalışanın kuruma bağlılığını sağlar ve görevindeki başarısını artırır.					
4	Başarılı olan çalışanlara bayram ve yılbaşı gibi özel günlerde verilen ikramiye, çalışanların performansını yükseltir.					
5	Başarılı olan çalışanlara terfi etme imkanı verilerek performansı artırılır.					
6	Başarılı çalışanlara daha fazla sorumluluk verilmesi ve yetkilerinin artırılması çalışanın verimliliğinin artmasında etkilidir.					
7	Çalışanlara yeteneklerini geliştirme imkanı sağlanırsa başarılarında artış görülür.					
8	Başarılı olan çalışanlar için, yöneticileri tarafından takdir edilmek ve övülmek yaptıkları işteki başarılarını artırır.					
9	Çalışanların performanslarının yüksek olması için işyerlerinde alınacak kararlarda söz sahibi olmaları etkilidir.					
10	Gerektiği durumlarda çalışanlara parasal ödül yerine kısa süreli ücretli izin verilmesi performansın artırılmasında etkilidir.					
11	Organize edilen şirket yemekleri, gezi, piknik, sinema, tiyatro gibi faaliyetler çalışanlar arası ilişkilerin yakınlaşmasını sağlayarak çalışanların daha başarılı olmasını sağlar.					
12	Çalışanlar ödüllendirildiği zaman, kurumu için yararlı olabilecek araç ve süreçleri bulmak için çabalar; işe ilgisi ve performansı artar.					
13	Bir işyerindeki sosyal olanakların tatmin düzeyinin çalışan performansı üzerinde olumlu etkisi bulunmaktadır.					
14	Ücret düzeyinin artırılması çalışanın verimliliği üzerinde olumlu yönde etkilidir.					
15	Bireysel gelişime yönelik verilen eğitimler çalışanların şirketlere bağlılıklarını artırır.					
16	Yoğun bir proje döneminin ardından uygulanacak esnek çalışma saatleri sistemi çalışanların performansının yükselmesinde etkilidir.					

3. BÖLÜM

Aşağıda verilen ödül yönetimi araçlarını, performansınıza etkisi açısından en etkiliden en az etkiliye doğru, 17'den 1'e kadar numaralandırarak sıralamanız istenmektedir.

Ödüllendirme Araçları		Sıra No
a	Ücret artışı	
b	Prim sistemi	
c	İkramiye	
d	Terfi ve ünvan	
e	Yetki ve sorumluluk	
f	Eğitim	
g	Takdir ve övülme	
h	Sertifika/plaket	
i	Kararlara katılım	
j	İzin	
k	Çalışma ortamının konforu	
l	Sosyal aktiviteler	
m	Geribildirim	
n	Esnek çalışma saati	
o	İş tasarımı	
p	Tanınma	
r	Sosyal haklar	