

**Organizational Behaviour**  
**Prof. Susmita Mukhopadhyay**  
**Vinod Gupta School of Management**  
**Indian Institute of Technology, Kharagpur**

**Lecture - 18**  
**Evaluation, Feedback and Rewards (Contd.)**

Welcome to the continuing session of evaluation feedback and rewards, which is a continuation of the chapter ten. The earlier discussion we are having on, what is evaluation, what is the importance of feedback given, and what are the rewards? In feedback one of the important discussions, now a day's which is very prevalent which is about 360 degree feedback, which is taken from all possible stakeholders who are connected with the person doing the job, and not only from the supervisor per say, but also from the colleagues, from the customers, from the subordinates and others.

So, and it is a way of arriving at a like holistic approach towards how the person is doing a particular job, but in that a word of caution is like 360 degree feedbacks could be used as a weapon by others, if they want to give a negative feedback about a particular person performing a certain task. So, we have to be very honest, and caring while we are giving any feedback about a particular person, because the motive of that feedback.

The use for which that feedback is put through, is for the development purpose of the individual, and for the few like, so that he can perform with the, learning from the feedback, like how he is performing, and how, where he needs to improve; that person can actually the person about whom the feedback is given, can actually improve on his performance and like can. And his potentials for future development can be nurtured, which adds to the growth of the individual and to the further performance of the, better performance of the organization. So, it the one of the words like we should be very careful about, is giving a you should be very responsible, should be very responsible while we are giving feedback about someone, and we should be very genuine in the feedback that we are giving, and should not and ethical in the feedback that you are giving, and not take it as a, way to like shower our vengeance if you have against somebody.

And we should judge the performance of the individual, and not try to overshadow the feedback. It may be the personal relationships that we may be having with a particular

individual, which may be good or bad. And we should judge the performance and try to give a honest feedback, about the performance of the individual, which will help that person to improve in whatever he is doing. With that idea, we move to what are rewards in the organization, and what are the different types of rewards given in the organization, how to fit it in those rewards to the individuals needs, and how to make the rewards more meaningful to individuals. What are the theories based on which rewards are given in the organization, and what can be done to improve the way reward is given in the organization. The present discussion is centered around the types of rewards given in the organization.

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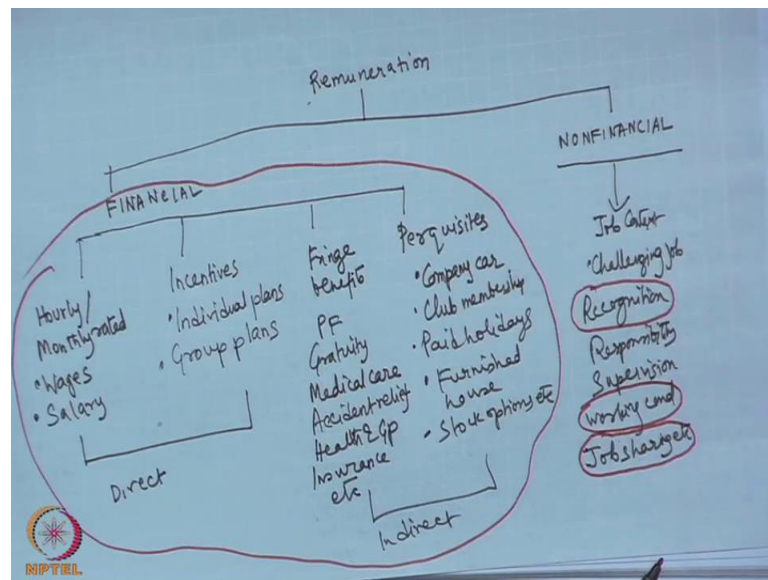
## Reward Programs of Organizations

- **model of Individual Reward**
- **Rewards can be Extrinsic and Intrinsic in nature.**
- Extrinsic rewards are initiated from outside the person. Some primary ones are:
  1. Salary and wages— money is a major extrinsic rewards. It's a powerful motivator if employees perceive a link between performance and pay.
  2. Fringe benefits— usually financial benefits (the major financial fringe benefit is a pension), and usually based on seniority or attendance.
  3. Interpersonal rewards— e.g., status and recognition.
  4. Promotions— performance and seniority are usually the criteria used in making promotion decisions.

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So, if you may see like, rewards given in the organization can be of extrinsic and intrinsic in nature. So, when we are talking of extrinsic rewards, these are rewards given from outside to the person, and these are very some primary ones, are of course, salary and then fringe benefits, and then interpersonal rewards, and promotions. So, what we can do is, we try to classify this according to the, whether these are like a direct or indirect, and like how do you get those rewards from the organization.

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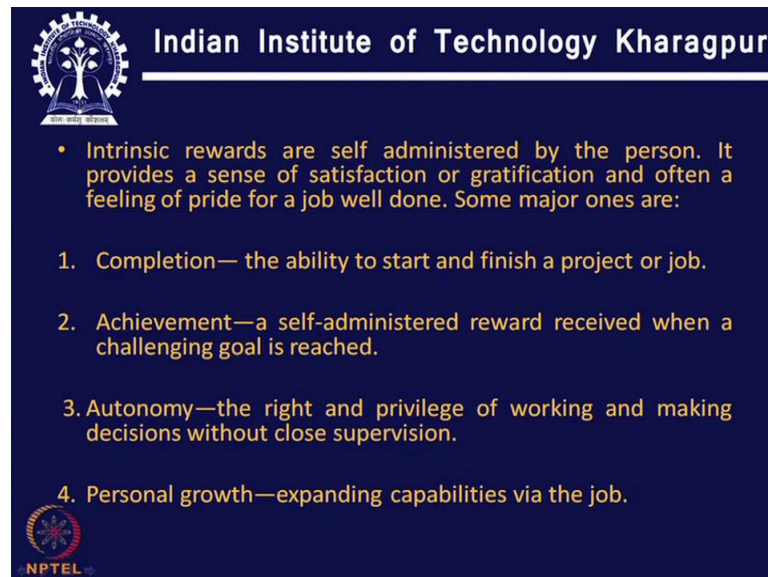


So, if you try to classify remuneration, if you are trying to classify remuneration, because that is what, we want as a reward from the organization. It can be classified into broad two types; which is, like financial, and non financial. Now, this financial remuneration can again be classified into four broad types, which are like; hourly, or monthly rated which we call wages and salary. It can be incentives, what we get like performing a job, and it is directly related with the performance. So, these are based on we have individual plans, for job done individually, and group plans for job done in group. And we can tell, these two are direct remuneration or rewards. Then we have what is called fringe benefits. So, in this the major thing is like PF, gratuity, medical care, then accident relief, then health and group insurance etcetera.

We also have perquisites, which are given according to the status that, you are in the organization, and it's mainly given to executives, it's like company car. Then you have club membership, paid holidays, then furnished house, stock options etcetera, and these we can call to be, like indirect like the indirect things that we receive from the organization. And in non financial, we have like, the job context, like challenging job, then your recognition responsibility, then supervision, working condition, job sharing etcetera. So, like if you can see from here, like what is the difference between, like when you are talking of a financial incentive, and a non financial incentive is, that in the non financial. This part in that, if you are now trying to classify what you find over there, this working condition, job sharing, then this recognition. These are along with these whole

things, given over here. These are parts of extrinsic rewards, like job sharing, and may be you talk of promotions and all these things. These are parts of extrinsic rewards given, as a part of the job that you are doing, and these come from outside, and it is outside the individual and outside the job that you are doing.

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- Intrinsic rewards are self administered by the person. It provides a sense of satisfaction or gratification and often a feeling of pride for a job well done. Some major ones are:
  1. Completion—the ability to start and finish a project or job.
  2. Achievement—a self-administered reward received when a challenging goal is reached.
  3. Autonomy—the right and privilege of working and making decisions without close supervision.
  4. Personal growth—expanding capabilities via the job.

Now when we talk of intrinsic rewards; intrinsic rewards are self administered by the person. It provides a like a sense of satisfaction to the individual or a gratification, and it is often a sense of pride for doing a job well. So, it see like it is a classification, all the four things like completion, it is a like, it is a ability to like, if you will, it is a happy feeling that you get from inside, like when you are able to start and finish your a project or job. So, you as, achievement is when you give a reward to yourself, may be a one day off, when you have achieved a certain target. So, that is what you set for yourself, it's not the organization is what is providing to you.

Then maybe you'll you go for autonomy, like when you are talking of your as a responsibility and when it's a challenging job. All these things are like you are able to face a challenging job; you are taking responsibility of certain aspects of the job. And you are able to decide on yourself about important decisions about the job. So, this amounts to the autonomy present in the job, and you are able to do it without very close supervision. And also like when you are talking of personal growth, you are expanding your capabilities via the job. So, in one sense job sharing is also a part of intrinsic

motivation that you are giving to you, that you are getting from the job, or the capabilities that are being expanded as a part of the job that you are doing.

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**Administering rewards— three approaches are:**

- **Reinforcement theory** - It is based on the learning theory of Operant conditioning which attempts to influence behavior by using rewards and punishments as consequences. Operants are behaviors that can be controlled via manipulating consequences.

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So, while we are talking of the theories, the approaches behind, like how you decide about, when a reward is actually rewarding. So, three theories are guiding it mainly, and there are three approaches to it, the main is that of reinforcement theory. So, it is based on apprehend condition in learning, where what happens. Like if you perform behavior, if you perform certain task and you get a reinforcement or reward for it. There is a tendency to repeat that particular task with the same intensity that you have done it earlier, and that behavior of yours get reinforced. So, what you can try to do over here, is to make a person repeat a positive behavior, by giving a positive reward, and not to repeat a behavior which is not wanted by the organization, by giving some punishment as a consequence. And in reinforcement, the apprehends are behaviors than can be like controlled, by manipulating the consequence of that action, following it.


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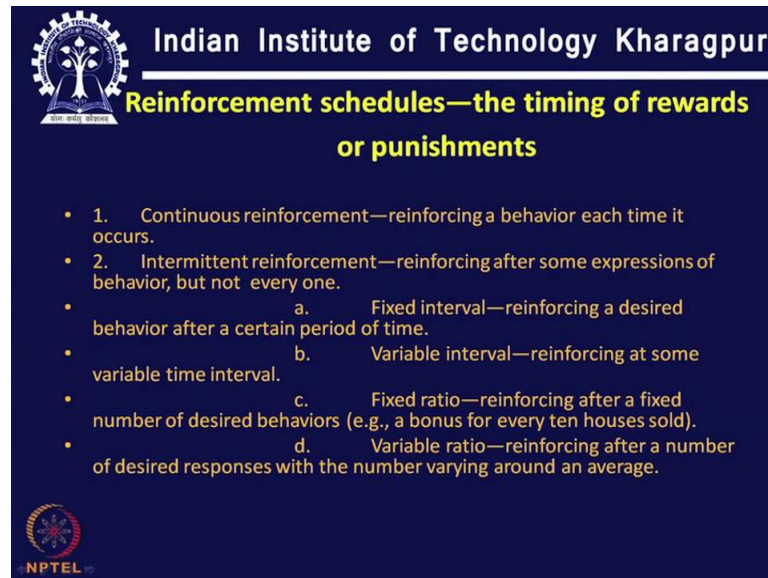
## Reinforcement

- 1. Positive reinforcer—a stimulus that when added to the situation strengthens the probability of a desired behavioral response.
- 2. Negative reinforcer—when removed immediately after a response increases the frequency of that response.
- 3. Punishment— presenting an uncomfortable or undesired consequence for a particular behavioral response (e.g., a demotion, suspension, criticism, termination). Punishment is increasingly used, but still controversial managerial strategy. It should be used with caution because it can have unintended consequences.
- 4. Extinction—Reduces unwanted behavior by withholding positive reinforcement from a learned response.



So, you can see like there are four types of reinforcements happening. Like a positive reinforcer is a stimulus, which when added to the situation strengthens the probability of a desired behavioral response. A negative reinforcer is which when removed after a response, increases the frequency of that response. Punishment is which giving a very undesirable or uncomfortable consequence for a particular behavior; like demotion termination etcetera. So, but it is a very controversial topic, like whether it should used without any caution, and because it may have long term consequences, unintended consequences. Extinction is reduces unwanted behavior by withholding positive reinforcement from a learned response. So, these are the four ways like how reinforcement works in an organization.

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**Reinforcement schedules—the timing of rewards or punishments**

- 1. Continuous reinforcement—reinforcing a behavior each time it occurs.
- 2. Intermittent reinforcement—reinforcing after some expressions of behavior, but not every one.
  - a. Fixed interval—reinforcing a desired behavior after a certain period of time.
  - b. Variable interval—reinforcing at some variable time interval.
  - c. Fixed ratio—reinforcing after a fixed number of desired behaviors (e.g., a bonus for every ten houses sold).
  - d. Variable ratio—reinforcing after a number of desired responses with the number varying around an average.

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What happens by scheduling the timings of rewards or punishment, we are able to motivate people. So, in continuous reinforcement what happens, it is reinforcing a behavior each time it occurs. In intermittent reinforcement what we do, reinforcing after some expression of behavior, but not after every situations or not every behavior. So, what happens that surprise factor is there, and you remain. So, if it actually accesses a reward, because you do not know, like when reinforcement is going to come, and as a result there is no lag in performance, you always try to perform at a desired level. So, that like you do not know when the reinforcement is going to come. And so if you are you are always ready to perform, and there is no lag in performance, which happens in when it's a continuous reinforcement scheduled, because you know like whether you perform or not to perform, after a certain point of time the reward is going to come. So, that is a difference between, when you are talking of continuous and intermittent reinforcements.

So, in intermittent reinforcements again, like we can have. It is like fixed interval, like reinforcing my desired behavior, it could be of again intermittent and behavioral, it would be like four different types; fixed interval reinforcing a desired behavior after a certain period of time. Then variable is reinforcing at some variable time interval. Fixed ratio is reinforcing after a fixed number of desired behavior, and variable ratio reinforcing after a number of desired responses, with the number varying around an average. So, all these factors have its, pros and cons; obviously, like when the ratio is too

much, or the interval is variable in nature. Though it maintains, like it keeps you on your toes like to perform. But again, because it you do not like when it is coming. It mainly be leading to some stress, and insecurity feelings also, because you cannot plan your things, because you do not know when you are going to get your rewards, and like if this reward is, like if you do not have any fixed part of your income and everything is variable in nature.

Then you cannot plan for yourself, your budgeting cannot be done, like where how to expend, where to expend, when you get your rewards and all these things. So, it should be a mixed match of these four approaches, to design a desirable reinforcement for a particular person. It has something has to be fixed in nature, something could be variable in nature to maintain the motivational aspect of the reward system, but something has to be given as a basic thing, which is based on a continuous nature. So, we have to think on like, what portion of continuous, and what portion of variable and intermittent in nature. So, that there is a sense of security, and maybe it is not like over secured feeling you are getting, but again you are able to perform and be motivated. So, you have to be like more prudent, while we are trying to do a mix and match of these four ways of reinforcing and giving rewards.

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- **2. Modeling and social imitation**—employees acquire desired behaviors by observational learning or imitating.
- **3. Expectancy theory**—requires that managers:
  - a. Identify desired rewards.
  - b. Make them available (if possible) for desired behaviors, or;
  - c. Increase the desirability of other rewards.



So, another important part of rewards, is like how people get rewards, is by. And what they value as rewards is employees they acquire desired behaviors, by observational

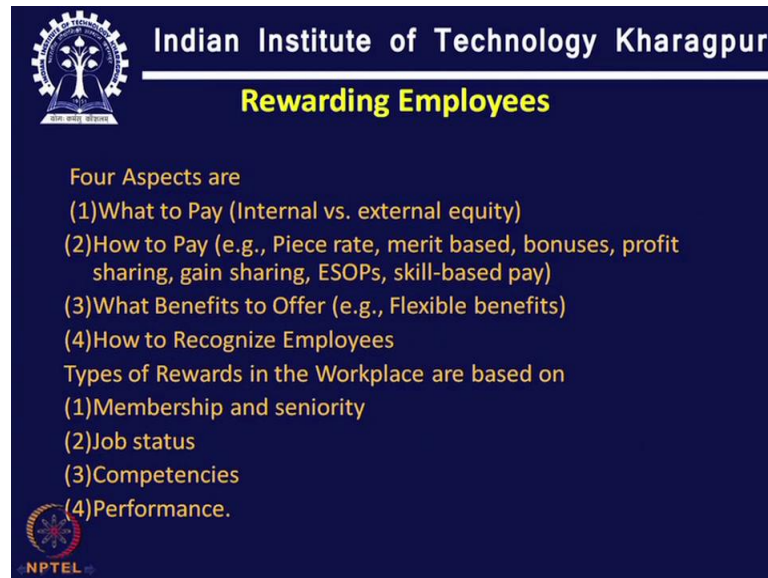


learning or imitation from others. So, what generally it is like the society gives you the feedback as what is rewarding to you, so then those things you start valuing as a reward. Next is of course, like which is called the expectancy theory, in which there, what you do is in expectancy, which is based on the V I theory of room and Porter and Lawler who extended it. It is like you take an effort for certain things, and you know like your effort will lead to a certain performance, and your performance will be leading to certain rewards from the organization, and that reward will give you a feedback about whether you are a good performer or not, whether your efforts have led to your performance and not.

So, with that expectancy, like if you are working very hard, if you are performing well, then you get a reward from the organization. So, you have to make people realize the connection between the performance and the reward. And very important point about this expectancy theory, is that like we have to identify the desired rewards for the people, because all rewards do not really, are not excepted in the same way by every people, or to said in terms, clear terms. Like every reward that you get is actually not rewarding for everyone, because they have their own perception, based on their own needs and aspirations, and backgrounds and may be societal feedback. Like what is actually rewarding for them, and may be that other roles that they play in the organization, help them to value one thing more than the other as a particular reward. And then what we have to do, is we have to make things these thing available for people, like what they value as reward.

And also what we can do is, like as we cannot always provide, like the particular thing a person desires as a reward, maybe it is not possible for all managers to provide it. Then we may try to increase the number of desirable. Like increase the desirability of a particular reward to the individual, so that if we are not able to give reward a, may be reward b is what that person can expect from the organization, and we have to increase the desirability of the reward b to a particular person. So, the manager's job, is to like identify the reward make it available, and to increase the horizon of what the person will love to get as a reward. So, we have to make a study and find out, what all is what that person expects and what we can provide. So, we have to make a combination of those things from the organization.

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**Rewarding Employees**

Four Aspects are

- (1) What to Pay (Internal vs. external equity)
- (2) How to Pay (e.g., Piece rate, merit based, bonuses, profit sharing, gain sharing, ESOPs, skill-based pay)
- (3) What Benefits to Offer (e.g., Flexible benefits)
- (4) How to Recognize Employees

Types of Rewards in the Workplace are based on

- (1) Membership and seniority
- (2) Job status
- (3) Competencies
- (4) Performance.

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Next, another of the theory is of course, like the agency theory, on which this principle is based, where we take like the. There are diverse interest of the stack holders, and the way that the employee is remunerated, like can be of can be used can be aligned with the interest of the stack holders. So, here employees or the agents and of the principle who is the employer, and their relationship is that of the agency relationship. And the cause that is there for maintaining that employees is called the agency cost, and we have to see like how to, like through what way we can best reward an employee, through different plans present in the organization, through variable, like reward management techniques, so that the employee functions best as the agency of the principle, who is the employer of the organization. So, what we have to decide over here, is like while rewarding employees is four aspects of it, like what to be, like whether there is internal verses external equity. Now, when you are talking of external verses internal equity, is when the employee is perceiving the fairness of payment based on the different jobs, present in the same organization.

When we are talking of external equity, it is like the person is looking outside the organization, and trying to find out, how far that person is fairly paid based on how other organizations are paying that particular job. And there is another aspect of this equity, which is individual equity where we try to compare with others in the same organization, who are doing the same type of job that I am doing, and we then try to find out, whether we have been fairly treated and equitably paid or not. Though, in this the perception of

equity as if already discussed earlier, depends on the equity sensitivity of the particular person, who is trying to view this equity. And it depends on whether if he is benevolent or equity sensitive, or he is the entitled in nature. The way he interprets this, like what to pay and how much to pay, will be somewhere dependent on his ways of interpreting, what is paid to the employee, but these are like. Generally people compare based on the internal equity, external equity, and the individual equity as per what is organization is going on.

And when this equity is considered then organization may have a plan to pay above the market rate, below the market rate, or at par the market rate, which may have different consequences for the organization, and different strategic decisions have to be taken by the organization, if it decides to pay above the market, below the market, or at par with the market rate. So, some organizations which are paying above the market rate, may be able to attract best talents, and based on emergency situations they do pay above market rate to get best talent pool from the market. Some organizations, like they purposefully pay below the market rate, and they outsource certain types of jobs as a part of their H R policies. So, it depends on the strategic decisions taken by the organization.

Like whether they will maintain the equity, like internal and external equity, and to what extent they are going to do it. Internal equities again, like we get to know from related concepts to it, is of course, the pay secrecy that you maintain, whether you maintain a transparency and we get to know. Like when you talking of individual equity and internal equity, what others get paid for doing the same type of job, or can we compare with the other hierarchies what they are getting and what I am getting, means whether there is a transparency or whether there is a secrecy, where we do not get to know, like what others are getting. And what you get to know is only the average figure, so we do not get to know the exact figure what others are getting. So, it depends entirely on the policy of the organization, how they are going to do decide a put all these things, and like what do they pay to their employees.

Next when we are talking of, how to pay, and there are different examples of it, which will be discussing like, fees rate, merit based bonuses, profit sharing, gain sharing, employees top ownership plans, skill based. These are some of the examples given, then what benefits to offer in terms of flexible benefits, then how to recognize employees. Then these are four aspects which are which are concern for people, while they are

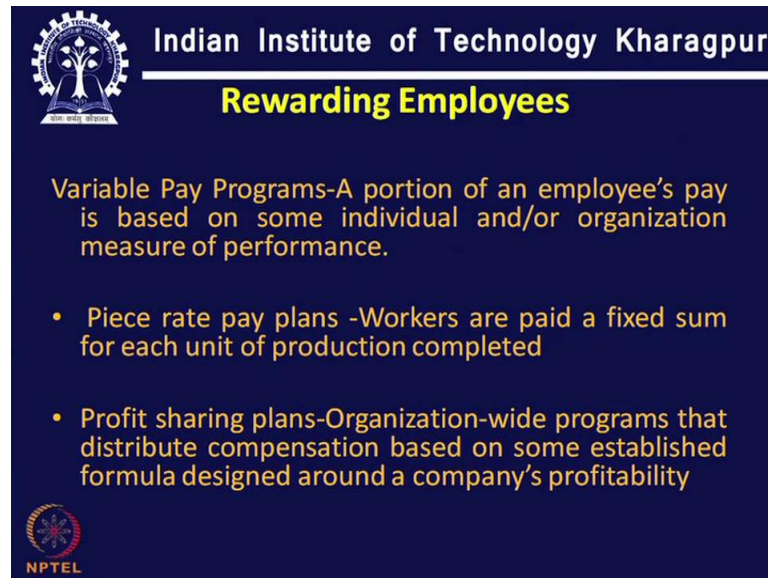
thinking of how to reward their employees. And types of rewards in the organization are based on certain aspects, like membership and seniority in the organization, the job status that one holds in the organization, or it is based on the competencies that you have, and the performance that you show in the job. So, these are four ways of designing your rewards, and each having its own positives and negatives. And what you can do you can have a mix and match of these techniques, to design something which is more motivating for the employees.

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So, we see like the types of rewards in the workplace are based on these four main factors, membership and seniority, job status, competencies, and performance. And if you see, like there is a when, why we have to be more concerned about these factors, because these may like if somewhere. If you are having a type of reward in your organization which is not matching with the needs of the people in the organization; that is how do they want the reward to be. Then it may lead to certain dissatisfactions in terms of, like satisfaction is the reward, and it may lead to certain negative organizational behaviours. Like absenteeism strike, lower productivity, lesser commitment, and all these factors is very crucial, for designing a proper reward system for the people within the organization.

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## Rewarding Employees

Variable Pay Programs-A portion of an employee's pay is based on some individual and/or organization measure of performance.

- Piece rate pay plans -Workers are paid a fixed sum for each unit of production completed
- Profit sharing plans-Organization-wide programs that distribute compensation based on some established formula designed around a company's profitability

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So, different ways of rewarding employees are; like one is the variable pay programs, where a portion of the employee's pay is based on some individual, and like or some organizational measure of performance. So, the variety of it could be, like piece rate plans, where workers are paid a fixed sum for each unit of production completed. So, after you produce certain amount, then you are going to get a certain amount, you are going to get a fixed sum. And the thing over, this thing. One of the negatives of this would be like while you are paying for the piece rate pay plans. So, it is to some extent motivating, and rewarding, because it is connected with a number of pieces that you like produce, but again we have to check on the quality like in the hurry, that no wastage is done, and we have to be concerned about, like the waste produced also. So, like in a hurry to produce more, within a short span of time, and get more waste on the number of pieces that we are producing, we have to take into consideration, the production in the waste also.

So, that is one of the issues, where we need to be really careful about. Next is when you are talking of profit sharing plans. So, this is an organization wide program; that distributes compensation based on some established formula, designed around a company's profitability. And the positive of this is that, this plan is that it is connecting employee's performance with the organizations performance. And if the organization performs better, and it earns a profit, then that gets distributed towards to all employees, who have contributed towards gaining that profit. So, it's good in one sense, it's making

a connection between employees performance, and organizations performance, but again it is somewhat uncertainty, factor of uncertainty is there, and variable the degree of variableness may be too high in the sense. Like if your compensation is depending on the company's profitability. Then what happens, if the profit goes up you get more as a reward, but if its profit comes down, then your reward is (( )) and that leads to certain sort of stress on the part of the employee, because he cannot really know, like what he is getting as an actual figure every time. And it can be fluctuating based on organizations profitability, which may be of some sort of stress for the employee.

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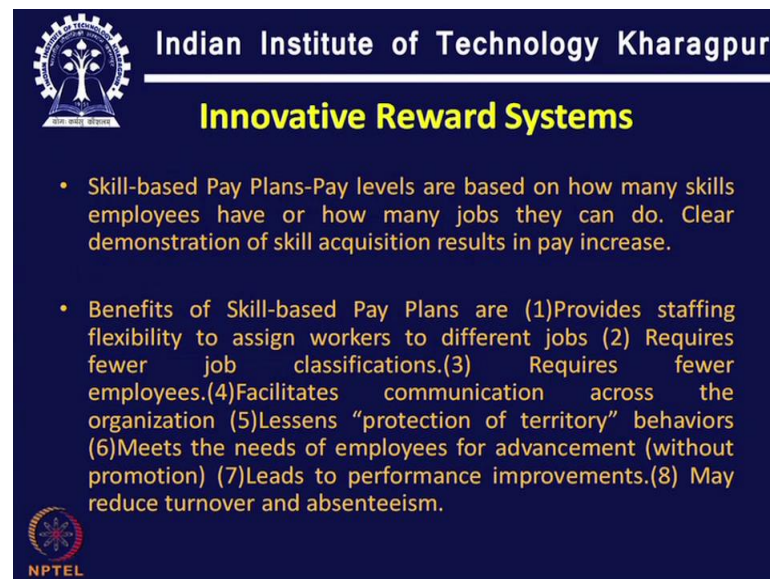
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- Flexible Benefits- Employees tailor their benefit program to meet their personal need by picking and choosing from a menu of benefit options. (a) Core-Plus Plans-A core of essential benefits and a menu-like selection of other benefit options (b) Modular Plans -Predesigned benefits packages for specific groups of employees (c) Flexible Spending Plans-Allow employees to use their tax-free benefit dollars to purchase benefits and pay service premiums

When we are talking of flexible benefits, so here flexible benefit means, employees tailor their benefit programs to meet their personal needs, by picking and choosing from a menu of benefit options. So, it is again of two types, two three types, like where is the core plus plans, where a core of, where you get a core of essential benefits and a menu like selection, of other benefit options. And b is, when we are talking of modular plans, it is predesigned benefit packages for a specific group of employees. And c when you are talking of flexible spending plans, means allow employees to use their tax free benefit, dollars to purchase benefits, and pay service premiums. So, what you see over here like, while we are talking of flexible benefits. Its advantages in one sense, like I can it's a tailor made for meeting employee needs, and employee can choose their own benefits, and which is more motivating for them, which is more rewarding for them, because I choose the benefit, which suits my purpose. But again then it is a very in depth task and a

very challenging task for the organization to have so many benefits in place, and to provide for so many benefits, which may differ from employee to employee. And it's a really a challenging task for an organization, to provides different benefits, and a combination of different benefits, which is going to suit a particular persons need. So, an organization must be working very hard on that aspect.

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### Innovative Reward Systems

- Skill-based Pay Plans-Pay levels are based on how many skills employees have or how many jobs they can do. Clear demonstration of skill acquisition results in pay increase.
- Benefits of Skill-based Pay Plans are (1)Provides staffing flexibility to assign workers to different jobs (2) Requires fewer job classifications.(3) Requires fewer employees.(4)Facilitates communication across the organization (5)Lessens “protection of territory” behaviors (6)Meets the needs of employees for advancement (without promotion) (7)Leads to performance improvements.(8) May reduce turnover and absenteeism.

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When we are talking of innovative rewards system, you are talking of something which is called, like the skill based pay plans, where the sorry where a pay levels are based on, how many skills employees have, or how many jobs they can do. Clear demonstration of the job, clear demonstration of the skill acquired in that particular job, may result in pay increase. So, some of the important advantages of this are like, it provides your staffing flexibility, because you are getting more multi skilled, you are getting providing staff flexibility to assign workers to different jobs. So, it requires fewer job classifications, requires fewer employees, then facilitates communication across organization. So, it lessens like the protection of charity, like this is my job, and I will not allow others to learn sort of attitude on the part of the employees. So, it again meets the need of their employees for advancement, and leads to performance improvements, and may reduce turn over, and absenteeism. These are the positives that we have about skill based pay plan.


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Drawbacks of Skill-based Pay Plans are:


- (1) Lack of additional learning opportunities that will increase employee pay
- (2) Continuing to pay employees for skills that have become obsolete
- (3) Paying for skills that are of no immediate use to the organization
- (4) Paying for a skill, not for the level of employee performance for the particular skill



But it has several drawbacks also which are important; like what may happen if it gets established the skill based pay plan. So, you may lack in additional learning opportunities that will increase pay later on. And then we may continue to pay employees for skills that have become absolute in nature. We may be paying for skills that are of no immediate use for the organization, and what you are actually doing, is we are paying for a skill, but we are not very sure, like whether even if the skill is acquired by the employee. It will lead to a particular level of performance, which will be rewarding for the organization, and improve organizations performance. So, what you are actually doing, is we are paying for the skill itself, but not for the demonstration of the skill, as far as performance is concerned. So, this could be the drawbacks of a skill based pay.




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- **Broad banding**—involves reducing numerous pay grades to a relatively few broadband grades.
- **Concierge Services**—a variety of benefits from tracking down tickets to an event to massages and other lavish services. Only a small number of companies have these services for employees.




Other, innovative things could be broad banding, which involves reducing numerous pay grades, to a relatively few broad band grades, which gives you an, like gives you about knowledge, about the different aspects of the job, and you can learn many skills out of it, and in that sense it becomes satisfying for you. Then you get like concierge services, a variety of benefits from tracking down tickets to an event, to massages, and other lavish services. So, these are only very few companies have the services for their employees, and it's very costly also for the organization, to maintain all these things.

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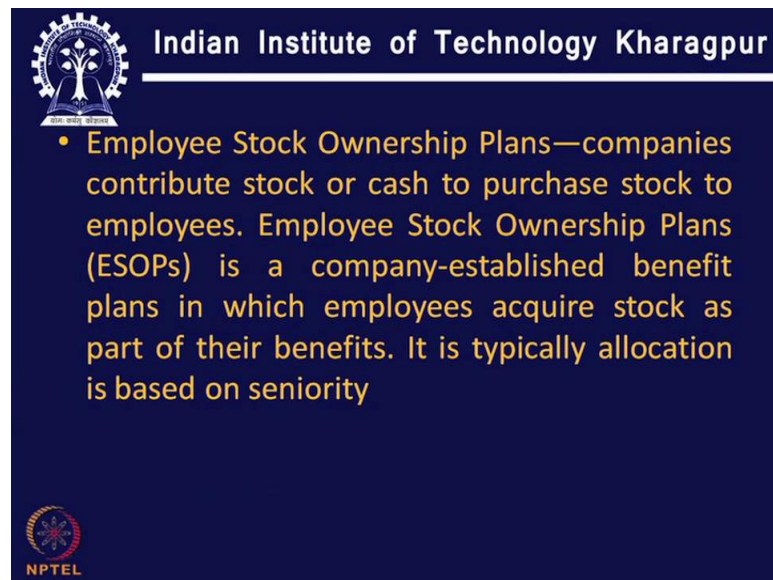
- **Team-Based Rewards**—paying all members of a team equally based on the outcome performance of the entire team's work.
- **Part-time Benefits**—with the shortage of talent more employers are relying on part-time employees and may are now providing benefits that only full time employees used to receive such as sick leave and paid vacations.
- **Gainsharing**—provides employees with a share of the financial benefits the organization accrues from improved operating efficiencies and effectiveness. It is an incentive plan in which improvements in group productivity determine the total amount of money that is allocated.



Now, when we are moving to jobs which are performed in a group, and we are trying to focus on team based rewards. So, what is done is, paying all members of a team equally based on the outcome performance of the entire teams work. Now see, this can lead to certain problems, like when we are talking, we will be paying equally all the team members for the outcome of the performance of the entire team. So, if all are performing at the same level, then it could be rewarding or, but if it is that some employees are some team members are performing and others are not, and then what happens, it may lead to a feeling of decent amongst the team members. Like someone who is working hard to get the team performances is getting the same as someone, who is taking the advantage of the team situation, which we call is social loafing, but still when it comes to be recognized and getting the reward, is getting the same thing, as that of the per person who is performing for the team.

So, paying them all equally could be sometime demotivating for the actual performer in the team. Part time benefits, so what happens in the part time benefits, due to the shortage of talent, more employers are now relying on part time employees, and they are now provided with many benefits, let which are lead only if full time employees used to get; like sick leave and paid vacations and all these things. So, when you are again when you are talking of gain sharing, it provides employees with a share of the financial benefits; that the organization accrues from improved operational efficiencies and effectiveness. So, it is based on the group productivity, and then it determines, like how the total amount of money is to be allocated. So, the difference between this gain sharing, and this, the difference between this gain sharing, and your profit sharing plans over here. If you can see it in profit sharing, it depends on the profitability, and then it gets distributed. While gain sharing it is the product, group productivity, and then you get benefits according to that productivity.

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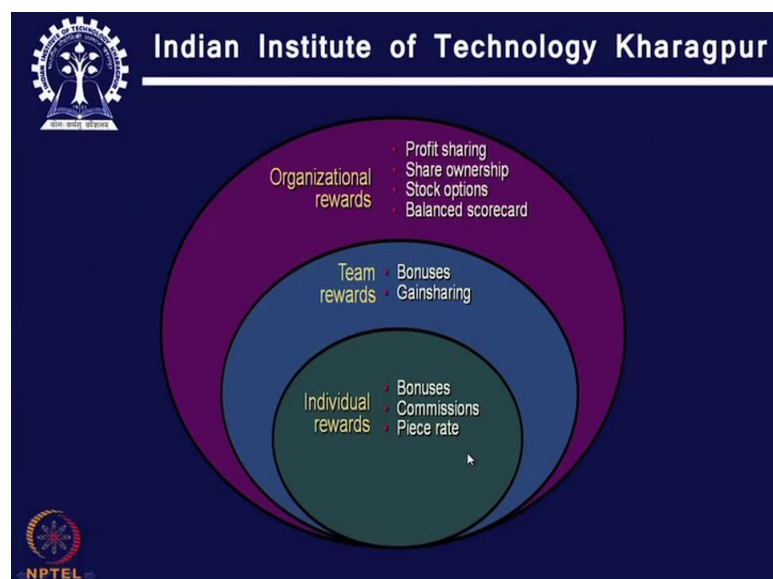
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- **Employee Stock Ownership Plans**—companies contribute stock or cash to purchase stock to employees. Employee Stock Ownership Plans (ESOPs) is a company-established benefit plans in which employees acquire stock as part of their benefits. It is typically allocation is based on seniority

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Another is employees stock ownership plans, in which the companies contribute stock or cash to purchase stock to the employees. So, employees stock ownership plans is a company established benefit plan, in which employees acquire stock as the part of the benefits. It is typical allocation, which is based on seniority. So, more senior you are in the organization, you get an opportunity to buy companies stock and to (( )) like lower price, and which you can then sell later on and get you reward out of that.

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- Organizational rewards
  - Profit sharing
  - Share ownership
  - Stock options
  - Balanced scorecard
- Team rewards
  - Bonuses
  - Gainsharing
- Individual rewards
  - Bonuses
  - Commissions
  - Piece rate

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So, what happens over here, again like if you see this picture, this we can classify this rewards into individual level rewards, team rewards, and organizational rewards. And what we see when important part, which is mentioned in team rewards and individual reward, is bonuses that we get. Now bonus is generally given for your based on your performance, and based on the profitability of the organization, but sometimes what it happens, like if the bonus is given very regularly at a certain point of time, may be before puja you get a bonus and all these factors.

So, what happens is, you take it to be a granted sort of thing, that you are entitled to get. People take it as bonus, no longer bonus acts, no longer as a bonus, but mentally it gets added to their pay structure, and it really does not remain as the rewarding aspect of it, the motivational aspect of it, is somewhat lost, and it becomes a part of their entitlement. And sometimes what happens, in terms of bonuses, specifically in terms of executive bonuses, like a huge amount of the organizations money goes, like while paying, bonuses for the executive level. So, we have to take into consideration, whether to pay bonuses, whom to pay bonuses for, and of what percentage and what amount.

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**Employee Recognition Programs-** It is an intrinsic reward which stimulates intrinsic motivation.

Here personal attention is given to an employee, approval and appreciation is given for a job well done. Growing in popularity and usage.

**Benefits of Recognition Programs** are (1) fulfill employees' desire for recognition (2) inexpensive to implement (3) encourages repetition of desired behaviors.

**Drawbacks of Programs** are that they are susceptible to manipulation by management


So, these are certain of your aspects of your rewards given in the organization. And some other ways of rewarding employees, which is more intrinsic in nature, which really does not cost you much, is like employee recognition program. So, in a employee recognition program, it is intrinsic reward which stimulates intrinsic motivation. So, here personal

attention is given to an employee. Then appreciation for approval, and appreciation is given for doing a job well then. So, it can be done in many ways, so you can have a company formal recognized, recognition program, where you are declare the best employee of the particular period. Then there is your name gets, your name and your photograph you see it on the company, like specific place where you find your photograph has been given, and you find like you are recognized for it.

You give get like encouraging mails from your boss, telling like you have done your job well, and your performance really matters for the organization. So, this can be done in a very formal way of doing it, or it could be one to one like. So, you get like some sealed envelope in your table, which speaks of how the boss values your performance. So, there are various ways of recognizing an employee's performance, and like the benefits of this recognition programs are to fulfill employee's desire for recognition. So, it is inexpensive in its way to implement, and it encourages repetition of a desired behavior so. But the drawback of this program, again the drawbacks are that it could be susceptible to manipulation by the management. So, what it can, because I want to utilize you for a particular job, and I cannot pay you much, I cannot reward you much.

For the time being, I just recognize you and so that, because it will act as a Pygmalion effect. I will like somewhere like that recognition makes you to perform well, and I get the better performance for the organization. And then I do not like take care of your quality of work life and all these factors. In that case it is somewhat unethical, because I am using the employee, and the recognition given as a means to a particular end of getting better organizational performance. And I am not recognizing the employee, because I feel like the employee is worth recognizing. So, we have to be very cautious about these. The intentions with which we use this recognitions program in the organization, so and like this could be again related the reward management.

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## Questions

- Describe Evaluation of Performance. Explain with suitable examples the methods of Performance Evaluation. Also describe Performance Evaluation feedback
- State the three approaches of administering rewards in the organization. What are the four aspects of rewarding employees?.
- Describe the relationship of Types of Rewards in the Workplace with (1)Membership and seniority of employees (2)Job status (3)Competencies (4)Performance.
- Describe a model of Individual rewards. State with examples the different ways of rewarding employees in the organization. State the Innovative reward system in the organization.

Rewards Affect Organizational concerns-Explain.



If it is not done properly in the organization, it may lead to different, like behaviors in the organization, as we already told, it may give rise to delay in performance strikes, grievances, and your dissatisfaction absenteeism, and all these factors. So, we have to be very careful about how we give rewards to employees, and how it is well managed in the organization. So, the questions following it, is like describe evaluation of performance. Explain with suitable examples, the methods of performance evaluation. Also describe performance evaluation feedback. State the three approaches of administering rewards in the organization. What are the four aspects of rewarding employees. Describe the relationship of type of rewards in the workplace, with membership and seniority of employees, job status, competencies, performance. Describe a model of individual rewards, state with examples the different ways of rewarding employees in the organization. State the innovative reward system in the organization. Rewards affect organizational concerns explain.

So, with this we come to the end of this particular lecture, where we have tried to explain what is the linkage of evaluations; performance evaluation. The feedback that you get for the performance that you are doing, and the important role that reward may have in motivating a particular employee. So, that when all these things are done properly, what you get is, a motivated employee who may be due to extrinsic or intrinsic reasons, who will love to be within the organization, and who will perform, because it leads to both his development, and ultimately the organizations development. Thank you.