Ranking of employees' reward and recognition approaces: A Malaysian Perspective

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RANKING OF EMPLOYEES' REWARD AND RECOGNITION APPROACHES: A MALAYSIAN PERSPECTIVE

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Recognition of employees' achievements is one of the most important factors to motivate employees. Employees who perform exceptionally well expect that their contributions will be recognized and that they will be appreciated by the top management. Over the decades, reward and recognition systems have been adopted by numerous organizations – private or public. There are myriad ways by which employees can be appreciated. Also, one special type of reward may not motivate everyone equally. One person's reward may be perceived by another person as punishment. The present research intends to find out the specific reward and recognition approaches preferred by the employees working in various Malaysian organizations. A list comprising of seventeen major approaches to reward and recognition has been prepared and its items are prioritized by taking inputs from 505 employees working in more than 96 various public and private organizations in Malaysia. The findings of the research are expected to provide guidelines in developing an appropriate reward and recognition system for organizations in general and Malaysian organizations in particular.

INTRODUCTION

It is generally viewed that Reward and Recognition (RR) system enhances positive environment at the work places. RR system elicits better performance and keeps workers focused on their job duties (Darling et al., 1997). Lack of reward and recognition is cited as one of the main reasons behind employee turnover. Urichuk (1999, page 27) writes:

> If you want to avoid losing your best employees, and encourage others to do better, recognizing them publicly may save yourself time and money and having to find and retrain a new staff. ...It may be hard to believe, but recognition is the most powerful motivator of all.

Freed (1999) maintains that reward and recognition programs are important in order to retain well qualified employees and actively engage them in satisfying customers, managing scarce resources, and improving performance.

New York based Business Research Lab found positive correlation between reward/recognition programs and whether people intend to stay at their work places (Cited in Bursch and Strander, 1999). Clive Mettrick, an executive of the company says:

> Rewarding and recognizing positive results is an important factor in retaining employees. People enjoy working and tend to thrive in organizations that create positive work environments – environments where they can make a difference.

Another survey sponsored by Robert Half International, Inc finds 'limited recognition and praise' as the top reason why people leave their jobs. According to Evans and Lindsay (2003), reward and recognition provide a visible means of promoting quality efforts and telling employees that the organization values their efforts. Bowen (2000) writes, in a world of downsizing, doing more with less,

reward/recognition are vitally important to boost morale and creating goodwill between employees and managers.

However, it has been noted that a poorly designed RR system may work as a de-motivator to the employees instead of motivating them. This necessitates designing a sound RR system that addresses employees' needs. This is not an easy task: George and Weimerskirch (1994) mention that human resource and non-human resource executives alike scratch their heads about how to send the right massages with their compensation and recognition programs. Darling et al. (1997, page 4) write:

> It is important to remember that developing and implementing a meaningful cost-effective reward system is one of the crucial challenges facing organizations today. Reward programs are pivotal in developing a unified, strategic approach to organizational motivation. When handled poorly, reward programs frustrate employees and drain organizational resources. When employees feel they are not being rewarded as they deserve, motivation may suffer, leading to resentment and low morale.

Spitzer (1996) corroborates exactly the same. He writes (page 45):

> In too many companies, the reward system has become a bottomless pit into which millions, even billions, of dollars are thrown away annually, while employees complain that the rewards they receive aren't particularly rewarding, and frequently find the reward system itself is one of the most de-motivating aspects of their company. Creating a meaningful, cost-effective reward system is one of the most important challenges facing any organization today.

Darling et al. (1997) again mention that employers waste thousands of dollars on incentive programs that employees do not want. An effective, structured incentive program is planned in advance and operates according to established guidelines. Goetsch and Davis (2003) mention that different people respond to different incentives. They advise that before investing in reward and recognition system, organizations should survey their employees. Organizations should list as many different potential rewards as possible and let employees rate them and from the list employees should be able to select the specific reward that appeals most to them.

VARIOUS TYPES OF REWARDS

There are numerous types of rewards and recognition (RR) an organization can offer to its employees. The RR can be formal or informal, intrinsic or extrinsic, monetary or non-monetary, individual or group, large or small, and so on. A comprehensive source of various types of RR is Nelson (1994). In one of his articles published in Quality Digest, Nelson recommends the following:

- Write a letter to the employee's family telling them about the excellent job the employee is doing.
- Arrange for a senior level manager to have lunch with the employee.
- Have the CEO of the organization call the employee personally (or stop by in person) to say, "Thanks for a job well done."
- Find out what the employee's hobby is and publicly award him or her gift relating to that hobby.
- Designate the best parking space in the lot.
- Create a "Wall of Fame" to honor outstanding performance.

Some specific examples are cited here. Ritz-Carlton's individual awards include verbal and written praise and the most desirable job assignments. The hotel's team reward includes bonus pools and sharing in the gratuity system. Many companies have formal RR program such as IBM's Market Driven Quality Award, Xerox's President's Award and Team Excellence Award, FedEx's Golden Falcon Award. Recipients of the Golden Falcon Award receive a gold pin, a congratulatory call from the CEO, recognition in the company newsletter, and 10 shares of company stock. Many companies use plaques and certificates to reward their employees. These serve as reminders of a specific achievement or event. Diner's Club and American Express offer rewards with redemption choices including merchandise, travel and gift certificates. London and Higgot (1997) mention that in their company Delta West Pty Ltd., Perth, Australia, awards are given to various categories of employees. The awards include:

- A monetary component, consisting of either a getaway weekend package at a prestigious hotel or a money order.
- A framed certificate from the company and an accompanying certificate of endorsement from the Western Australian office of the Australian Quality Council.
- An individual and group photograph (photos are used for publication in the company newsletter and are placed on a notice board in the company canteen; each category winner also receives an individual copy of the photo).

Sullivan (2000) reports that the manager of a popular restaurant surprises his workers by sending them different rewards every day for seven straight days. One day, workers receive a letter of congratulations from the manager; the next day they receive chocolate; then movie tickets; restaurant gift certificates; CDs; denim shirts and finally wrist watches. Sullivan also reports that another firm The Automatic Answer Co. asked its salesman John Gurden what he wanted as a reward, he said, "I'd like to have a day in my honor." The sales manager replied, "You got it". On the designated day, everyone answered the phone by saying, "Today is John Gurden Day". Needless to say John enjoyed his reward immensely. Hale (1998) mentions the following as strategic rewards: training and educational opportunities, job redesign, flexible work schedules, stock option, merchandise, and travel.

Janice et al. (1999) categorizes various rewards based upon cost. Their categories are: No-cost rewards – handwritten notes of appreciation; time off; reserved parking space. Low-cost rewards – tickets for a restaurant or a movie; flowers; coffee mug, desk clock; birthday card signed by supervisor and high-level administrators. High cost rewards – plane ticket to go overseas; laptop computer; banquet; paid vacation. Umiker (1998) stresses on personal thank you's. He recommends the following:

- Hold thank you meetings at which everyone thanks someone
- Post citations, thanks-you letters or notes
- Get your chief executive officer to make a thank-you call
- Send the recipient a thank-you letter signed by everyone in your unit

Extrinsic rewards are tangible ones provided by the organization. On the other hand, intrinsic rewards are derived from the work itself. Managers can use several forms of intrinsic rewards. For example:

- Empowering employees or enriching their jobs – Bowen (2000, page 57) writes, "By training, supporting, and empowering employees to make improvements continuously, managers are providing two of the most significant forms of recognition - trust and the freedom to influence the future".
- Assigning job responsibilities and work assignments that are developmental – Adjusting to match the skills, interests, and abilities of the individuals involved.
- Assigning challenging projects that excite the employee and offer lots of opportunities for learning and personal growth.
- Allowing to participate in a week-long seminar involving timely information on a particular subject of great personal interest.

- Providing an opportunity to represent the organization at an outside event.
- Delegating things that individual perceive as benefiting their careers or giving them pleasure.

Lawler et al. (cited in Bartol and Srivastava, 2002) found that 71 percent of Fortune 1000 companies had stock ownership programs of some kind or the other. The authors mention that employee stock option plans are one of the most popular forms of recognition, which gives employees the choice to purchase a specific amount of stock at a particular price over a period of time. Branham (2001) argues that a typical organization should have the following types of awards:

- Outstanding Employee Award based on completing urgent projects, collaborating cross-functionally, generating money-saving ideas, and fostering teamwork;
- Productivity and Quality Awards that provide meaningful incentives or rewards;
- Employee Suggestion Awards that encourage employees to submit more ideas;
- Customer Service Awards that encourage the highest standards of services;
- Sales Goal Awards that reward high performance;
- Team Awards that reward all the members; and
- Attendance Awards that encourage employees to be prompt and not miss workdays and Safety Awards that recognize employees for following safety procedures and minimizing accidents.

WHICH REWARD/RECOGNITION?

Though there are numerous types of rewards, all do not equally fit across organizations. Many people contend that the reward and recognition system should fit with the organizational mission, vision, values and competitive atmosphere. According to Cacioppe (1999), if an organization has a very formal, quantitative, competitive and materialistic culture (e.g. a large steel mill or chemical manufacturing company), then the reward system may need to be calculated based on production and conducted in a competitive and formal way and is likely to provide more monetary rewards. On the other hand, a small health unit which focuses on personal relationship and works towards cooperative goals may have a more team-based, informal and spontaneous reward system that provides letters of recognition or personal thank-yous.

Covey's (1994) term "*begin with the end in mind*" is relevant in designing RR system. Before developing the reward system, it is important for the manager to consider the key results that the organization aspires to achieve. The reward strategy is expected to be aligned with the key results. Spitzer (1996, page 48) concurs with Covey:

The most important question to ask in evaluating the reward system in your organization is, do the rewards you are giving elicit the performance you want? Start with the results you want to achieve and then pin-point the types of behaviors needs to achieve them. For example: if you believe teamwork is going to get you the results you want, make sure you reward teamwork, and not internal competition between departments. If you want quality, make sure that productivity isn't over emphasized. And, if you want long-term solutions, don't reward quick fixes.

McAdams (2000) suggests to align the rewards with the business objectives which, according to him, are: profit, revenue growth, cycle time, financial return, customers satisfaction, quality, new product development, and reducing operating expenses.

EMPLOYEE INVOLVEMENT

The basic purpose of employee reward and recognition system is to motivate them so that they work harder in course of realizing organizational objectives. In a highly publicized survey conducted in US, when workers and managers were asked to rank a list of ten motivators from 1 to 10 in order of their importance, workers rated "appreciation for a job well-done" as their No.1 motivator, where as managers rated it No. 8 (Spitzer, 1996). Same thing applies for RR system. Managers may think a particular item as reward, but the workers might think otherwise. Darling et al. (1997, page 3) mention: "Employers waste thousands of dollars on incentive programs that workers don't plan or want". The secret of making a reward effective is tailoring it to the individual's need. A reward to one person may be a form of punishment to another. This necessitates involvement of employees in designing the system. George and Weimerskirch (1994, page 122) write:

> You may introduce a new reward for all the right reasons, but if you have not talked to and involved employees in the process, it is likely to fail and worse: it may leave employees feeling manipulated and controlled when you are trying to motivate and involve them.

Branham (2001, page 18) writes:

> If you are not sure what recognition to give, just ask! If you don't tailor the reward to the employee, the reward will not have the motivating effect you desire. Give them several ideas to choose from and a chance to write in their own ideas and submit their preferences.

According to Spitzer (1996), rewards are as different as the people who receive them and it does not make sense to give the rewards that recipients don't find rewarding. For example, some people may prefer cash, while a new job design may be more rewarding to another. It is a well known fact that some people are fond of sports where as others inclined to movies. Some people may like to be employee of the month, others may like a medal or a plaque. Citing one employee, Bowen (2000, page 202) writes:

> I was embarrassed to be recognized as 'employee of the month'. I didn't understand what I had done to deserve it, and it certainly didn't endear to my coworkers.

The question - how do managers know what will be rewarding to employees? The answer - just ask them. Personalization of rewards sends the message that the organization cares about employees and their individual interests. Branham (2001) recommends managers not to recognize the way they want to be recognized, rather it should be the way the workers themselves want to be recognized.

METHODOLOGY

As stated before, people do not have equal preference on a particular type of reward/recognition. Given options, some people may prefer cash reward, while others may go for non-cash rewards. On this issue, we prepared a list of seventeen major ways of reward and recognition that can be given to employees. Why seventeen? We perceived that the list of the seventeen is sufficient enough to represent the major rewards/recognition given in Malaysia. To know the preference level on these ways, a survey was conducted in which 505 employees working at over 96 various Malaysian organizations participated. The survey questionnaire was designed in consultation with two professors in Human Resource Management from the authors' department. Subsequently, the questionnaire was pilot tested on 15 employees. The questionnaire had three parts. In part A, the respondents were asked to furnish their demographic details, e.g., gender, race, age, education level, marital status, type of employment (public or private), type of work (executive or non-executive), etc. In part B, the respondents were asked to answer (yes or no) the following two questions:

- Does your company have reward and recognition system (Q1)?
- Do you feel that you are under-rewarded in your company (Q2)?

In part B, the respondents were also asked to give their opinion on the following three statements using 1-5 Likert scale (1 = strongly disagree, ... 5 = strongly agree):

- Reward and recognition reinforces positive working environment (S1).
- Before awarding, organization should ask the employee regarding what type of reward/recognition he/she prefers (S2).
- Whenever possible, award should be given to a team, not to an individual (S3).

In part C, the respondents were asked to rank the 17 ways in accordance of their preference. The exact statement in the questionnaire was, "Please rank the following 17 ways of rewarding/recognizing employees according to your own preference: most preferred, rank = 1, second most preferred, rank = 2, etc, the least preferred among the 17 ways will receive the rank 17".

In the pilot survey we observed that some respondents used same rank for more than one ways. To avoid the problem in the actual survey, we added the following line with the previous statement: "Please do not use same rank for more than one way. One sample is (assigned at random): 5, 15, 8, 12, 4, 1, 17, 16, 6, 9, 2, 7, 10, 13, 11, 14, 3." Despite this additional guideline, in the actual survey, 12 completed questionnaires were not useable. The number of useable questionnaires is, as stated before, 505. Table I provides the demographic information of the respondents.

VARIABLE*	FREQUENCY	PERCENT
Gender		
• Male	279	55.46
• Female	224	44.54
Race		
• Malay	367	72.96
• Chinese	54	10.74
• Indian	28	05.57
• Others	54	10.73
Age group		
• 20 years or below	1	0.002
• 21-25 years	68	13.49
• 26-30 years	134	26.59
• 31-35 years	144	28.57
• 36-40 years	68	13.49
• 41-50 years	78	15.48
• 51 years and above	11	2.18
Highest level of education		
• Certificate	142	28.69
• Professional	39	07.88
• Bachelors	228	46.06
• Masters	56	11.31
• Ph.D.	30	06.06
Marital status		
• Single	162	32.14
• Married	342	67.86
No. of children (for married respondents only)		
• 1-2		
• 3-5	156	30.89
• 6 or more	122	24.16
	7	1.14
Type of the company		
• Manufacturing	65	13.21
• Service	427	86.79
Employee size of the company		
• less than 100	134	26.80
• 100-200	44	08.80
• 200-500	81	16.20
• more than 500	241	48.20
No. of years the company exists		
• less than 5 years	80	16.10
• 5-10 years	119	23.94
• 10-20 years	141	28.37
• more than 20 years	157	31.59
Type of employment		
• Public	182	36.69
• Private	203	61.08
• Self-employed	11	2.23
Working as		
• Executive	362	73.87
• Non-executive	128	26.13
No. of years the company served		
• less than 3 years	206	41.36
• 3-5 years	65	13.05
• 5-10 years	132	26.51
• more than 10 years	95	19.08

* Missing entries are not considered in the table.

TABLE I. RESPONDENTS' DEMOGRAPHIC INFORMATION

In part A, respondents were also asked to write the name and address of the organization where they were working. But to keep the responses absolute anonymous, writing the name of the company was kept optional. Among 505 respondents, only 273 respondents wrote the names of their companies.

We obtained 96 names of companies, but actually, the number of companies for all the respondents in this survey is certainly more than 96. The types of companies/organizations obtained are: academic, airlines, automotive, banking, construction, financial, government agencies, insurance, various types of manufacturing, petroleum, retailing, telecom-munication, transportation, utility, etc. All the respondents were contacted personally and obtained their responses. The list of the companies is shown in Appendix A.

RESULTS AND DISCUSSION

The responses on the two questions in part B of the questionnaire are shown in Table II. We observe that 81.77% of respondents say that their organizations have formal reward and recognition systems.

Using sample proportion hypothesis test, we conclude ($p<0.01$) that more than 75 percent of Malaysian organizations have formal reward and recognition system.

QUESTION	FREQUENCY	PERCENT
Q1		
• Yes	408	81.77
• No	91	18.23
Q2		
• Yes	253	51.32
• Yes	240	48.68

TABLE II. RESPONDENTS' EVALUATION ON TWO QUESTIONS

On the second question, 51.32% of respondents say that they are under-rewarded in their organizations. A proportion test of hypothesis shows that ($p<0.01$) more 45% of Malaysian employees are under-rewarded in their organizations (test also conducted using p_0 = 0.50, but p value = 0.281). In view of the high percentage of perceived under-rewarded employees, we conclude that the management of Malaysian companies needs to re-look at their employees incentive programs, especially promotion matter. Ministry of Human Resources of Malaysian Government should also play a role in this regard.

It is not the only Malaysian employees who feel that they are under-rewarded. Spitzer (1996, page 45) reports that:

> Despite unprecedented efforts to motivate employees, employee motivation is at an all-time low. And, despite the enormous investment in rewards, recent studies show that the majority of hourly employees and managers in the United States report feeling "under-rewarded."

The results based upon the responses on the three statements in Part B are shown in Table III. We observe that for all the statements, mean is more than 3. Furthermore, the lower limit of the confidence interval for all the three statements is more than 3. Hence, we can conclude the following.

Respondents strongly agree that reward and recognition system reinforces positive working environment in organizations – a result which was widely anticipated.

Respondents mildly agree that before awarding, the management of the organizations should ask the employees about their preferences on the rewards. The matter has been corroborated, as mentioned earlier, by many researchers (e.g., Bowen, 2000; Umiker, 1998).

Respondents mildly agree that whenever possible awards should be given to a team, not to an individual. The statement was included in the questionnaire in order to know employees' opinion on the company team reward. Teamwork has been instrumental for success in numerous companies in the world (Guzzo and Dickson, 1996). Lawler et al. (1995) report that 51 percent of Fortune 1,000 companies are having more than 68 percent of employees in teams. According to Katzenbach (1997), organizations are using teams due to several reasons. First, organizations are downsizing and they are using teams to make better use of skills. Second, organizations are shifting from traditional hierarchical leadership structures to a more (participative) equality among group members. Third, using teams organizations can better respond to customer needs. Many organizations have adopted team reward to promote teamwork in their organizations (Cacioppe, 1999; McAdams, 2000; Kerrin and Oliver, 2002).

Bowen (2000) reported that some 500,000 firms were using group incentives in 1991, compared to approximately 2,000 firms in 1945. Cacioppe (1999) outlines the details of the procedure for team rewards. McAdams (2000, page 17) points out:

Well-designed team-based rewards have a unifying effect and offer an opportunity to create alignment and accountability, along with spurring performance improvement and collaborative behaviors.

Team rewards have disadvantages too. This is especially true when team members do not share the responsibility fairly equally. The best reward and recognition system provides team rewards without eliminating individual rewards. Janice et al. (1999, page 43) write:

If you stress the importance of teamwork - working together to solve problems and striving to achieve common goals – you may want to reward your staff as a team. Team RR programs focus on group dynamics, rather than individual efforts. The best programs balance the two – enhancing and encouraging teamwork while continuing to reward individual's achievements and motivation.

Statement	Minimum	Maximum	Mean	Standard deviation	95% Confidence interval
S1	1	5	4.39	0.81	(4.32, 4.46)
S2	1	5	3.57	1.09	(3.47, 3.66)
S3	1	5	3.29	1.22	(3.19, 3.40)

TABLE III. MEAN AND STANDARD DEVIATION OF THREE STATEMENTS

The main component of the questionnaire was to know employees' preferences on various reward and recognition ways. Table IV shows the overall ranking. Ranking was determined based upon the mean value of the rewards. The smallest and the largest mean values are observed to be 3.5723 and 12.2812, so their respective ranks are 1 and 17. From the table below, we can observe that the five most preferred reward and recognition are the following: (1) Cash; (2) Traveling allowance to visit overseas country; (3) Further training and educational opportunities; (4) Paid vacation (Time-off); and (5) Company share.

Reward	Mean	Std. dev.	Confidence interval (95%)	Rank
Employee of the Month/Year	9.1703	5.1117	(8.72, 9.61)	7
Cash	3.5723	3.9233	(3.23, 3.91)	1
Certificate/Plaque	9.6594	4.5733	(9.26, 10.06)	10
Merchandise	9.6792	4.2281	(9.31, 10.05)	11
Medal	11.5822	4.1659	(11.22, 11.95)	15
Reserve parking space	12.2812	4.4517	(11.89, 12.67)	17
Write-up in the newsletter	11.0455	4.3452	(10.66, 11.42)	14
Praise in the meetings	11.7723	4.2870	(11.40, 12.15)	16
Traveling allowance to visit overseas country	5.8931	3.7650	(5.56, 6.22)	2
Paid vacation (Time-off)	6.3604	3.9742	(6.01, 6.71)	4
Company XYZ award	10.4099	3.8792	(10.07, 10.74)	13
Further raining and educational opportunities	6.2970	3.9080	(5.95, 6.64)	3
Job redesign	9.6337	4.4773	(9.24, 10.02)	9
Company share	6.5723	4.7817	(6.15, 6.99)	5
More power in the job	8.5564	4.8174	(8.13, 8.97)	6
Maple gold coin	10.3347	4.2427	(9.96, 10.70)	12
Premium certificate	9.3683	4.1742	(9.00, 9.73)	8

TABLE IV. RANKING OF THE REWARD AND RECOGNITION WAYS: MALAYSIAN PERSPECTIVE

Table V shows the percentage of employees' preference level on the above five ways of reward and recognition. We observe that nearly half (46.73%) of the respondents articulated cash as their No. 1 preferred reward; 68.71% of respondents have said cash as their either No. 1 or 2 or 3 preferred reward. It is interesting to note that no other reward is even closer to cash reward. Only 12.07% of respondents have said that their No. 1 preferred reward is company share. Overall, cash reward has been predominantly preferred reward among Malaysian employees working at different organizations. The result is contrary to many people's belief that cash is not a very strong motivator. In an article published in People

Performance, 2001, October issue, the author cited one employee who was working in a manufacturing firm. The employees of the company who accrued 100 points were rewarded with a jacket bearing the company logo. One of 'The 100 Club' members modeled her jacket proudly at her local bank, announcing, "My employers gave me this for doing a good job. It's the first time in the 18 years I've been there that they've recognized the things I do every day." The same employee had earned more than $230,000 in those 18 years with the company. To her, the 100 Club jacket was recognition for her work; the money wasn't.

The same thing has been supported by many. Darling et al. (1997, page 1) write:

> At one time, money was considered the best employee motivation technique. But today, the use of money as motivation has several strikes against it. The impact of a monetary reward is often short-lived. Non-cash rewards of high intrinsic recognition value – such as merchandise credits or time off – often work better. When given a cash incentive, an employee may spend the money on groceries or the electric bill. If merchandise is offered, however, employees will constantly be reminded of the incentive each time they took at the gift.

Way \ Preference	1	2	3	4	5
1st	236 (46.73)	27 (5.34)	45 (8.91)	22 (4.35)	61 (12.07)
2nd	75 (14.85)	60 (11.88)	50 (9.90)	61 (12.07)	66 (13.060)
3rd	36 (7.13)	75 (14.85)	42 (8.31)	66 (13.06)	50 (9.90)
4th	33 (6.53)	65 (12.87)	65 (12.87)	50 (9.90)	46 (9.10)
5th	22 (4.35)	59 (11.68)	47 (9.30)	49 (9.70)	41 (8.11)

Legend: 1 = Cash, 2 = Traveling allowance to visit overseas country, 3 = Further training and educational opportunities, 4 = Paid vacation (Time-off), 5 = Company share.

TABLE V. PREFERENCE LEVEL ON THE FIVE MOST PREFERRED WAYS OF REWARD AND RECOGNITION

Human resource consultant Sullivan (2000, page 36) writes:

> I have never been a big fan of awarding small cash reward as a prize, because it has no 'trophy' value. If you hand a team member a $29 bill as a gesture of gratitude, the emotional buzz lasts anywhere from 12-15 seconds. The cash goes into the wallet and disappears.

Despite the above statements, money is still considered as an effective motivator. In a nationwide survey conducted in 1992, Wiley (1997) has found that high wages is the strongest motivator among US employees. However, in a similar survey conducted in 1946, 1980, and 1986, high wages was not the No. 1 motivator. Wiley (1997, page 271) justifies his findings by saying:

> Over these years the industries and economics changed, and so did the workers values. By 1946 and 1986, after almost 40 years of relative prosperity, workers had experienced a significant rise in their living standards. By the 1990s after the acquisitions and mergers of the previous three decades in response to intensified competition, it is not surprising that the importance placed on various motivational factors had changed.

Further, he maintains that the external environment has placed many workers in a position of insecurity and uncertainty. In such time, basic needs may be regarded as most important motivators. Furthermore, Wiley finds good wages as the No.1 motivator regardless of gender, occupation, age, income or employment status. Citing Maslow's hierarchy theory, he writes (page 277):

> With respect to the *Hierarchy of Needs Theory*, pay is an important reward because it may satisfy several of the needs in the hierarchy. It provides employees with the means to purchase items which satisfy their physiological needs, and it enables them to meet their esteem needs, since it is one measure of relative worth.

Maslow's theory is based upon hierarchy of needs. Those who belong to the lower level of the hierarchy (lower income level) are supposed to prefer more cash-based rewards. But, as mentioned before, Wiley's survey found that good wages was preferred regardless of occupation, income or employment status. Does it also happen in Malaysian context? Details are provided below.

ANALYSIS BASED ON DEMOGRAPHIC FACTORS

Demographic factors of the respondents, e.g., gender, age, or income level may affect their preferences on the rewards. Here we take a look on this matter.

We have computed ranks of the previously mentioned 17 reward and recognition ways separately based upon the following factors: gender (male, female), race (Malay, Chinese, Indian), age (21-25, 26-30, 31-35, 36-40, 41-50 years), education (certificate, professional, bachelors, masters, Ph.D. degree holders), marital status (married, single), employment status (termed as 'working as') (executive, non-executive). For each combination of levels within each factor, Spearman's rank correlation coefficient (RCC) has been computed and corresponding non-parametric hypothesis test has been performed using SPSS version 11.0. Some of the results are shown in Table VI (for more detailed results please contact the authors).

All the RCCs are significant at $p = 0.01$ except the two: professional degree holders and Ph.D. degree holders (RCC = 0.397, $p = 0.115$) and bachelor degree holders and Ph.D. degree holders (RCC = 0.542, $p = 0.025$). The results widely show that the ranks are correlated, i.e., there is no significant (except the above two categories) difference in the preference on the rewards. This means that the ranking of the rewards is statistically same, i.e., it does not depend upon the demographic factors: gender, race, age, education level, marital and employment status.

No.	Reward	Gender		Race			Age					Education					Marital status		Working as	
		G_1	G_2	R_1	R_2	R_3	A_1	A_2	A_3	A_4	A_5	E_1	E_2	E_3	E_4	E_5	M_1	M_2	W_1	W_2
1	Employee	7	8	7	11	7	7	8	8	11	6	6	11	10	7	6	7	7	7	6
2	Cash	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	1	1	1	1
3	Certificate	9	11	10	15	9	8	11	10	6	10	8	12	11	11	3	11	9	11	7
4	Merchandise	11	9	9	8	10	10	10	9	7	11	10	7	8	12	13	8	11	9	11
5	Medal	15	15	16	17	15	16	15	15	15	14	15	17	16	16	8	15	16	16	14
6	Park	17	17	17	13	17	17	17	16	17	17	17	14	17	17	17	17	17	17	17
7	Write-up	14	14	14	12	16	14	14	14	14	15	14	16	14	14	12	14	14	14	15
8	Praise	16	16	15	16	12	15	16	17	16	16	16	13	15	15	15	16	15	15	16
9	Travel	4	2	2	2	4	2	2	2	4	5	2	3	2	4	5	2	2	2	2
10	Vacation	5	3	4	3	3	4	3	5	2	4	3	2	4	3	4	4	4	3	4
11	XYZ	13	13	12	14	13	12	13	13	12	9	12	15	13	10	7	13	13	13	12
12	Training	2	4	5	5	2	3	5	4	5	2	5	5	5	2	1	5	3	5	3
13	Redesign	10	10	11	7	8	11	9	7	10	13	11	10	9	8	9	10	10	10	10
14	Share	3	5	3	4	6	6	4	3	3	3	4	4	3	5	10	3	5	4	5
15	Power	6	6	6	6	5	5	6	6	9	8	9	6	6	6	11	6	6	6	8
16	Maple	12	12	13	9	14	13	12	12	13	12	13	8	12	13	16	12	12	12	13
17	Premium	8	7	8	10	11	9	7	11	8	7	7	9	7	9	14	9	8	8	9

Legend: G_1 = Male, G_2 = Female; R_1 = Malay, R_2 = Chinese, R_3 = Indian; A_1 = 21-25, A_2 = 26-30, A_3 = 31-35, A_4 = 36-40, A_5 = 40-50 years; E_1 = Certificate, E_2 = Professional, E_3 = Bachelors, E_4 = Masters, E_5 = Ph.D.; M_1 = Single, M_2 = Married; W_1 = Executive, W_2=Non-executive.

TABLE VI. RANKING OF THE REWARD AND RECOGNITION WAYS BASED UPON DEMOGRAPHIC FACTORS

Despite the absence of significant difference in preferences across various demographic factors, this does not mean that the people for one particular factor, e.g. gender, i.e., males & females concur on the same rank for all the 17 rewards. In fact, this is not the case. For example, the rank of travel option by males is 4 where as by the females, the rank is 2 and these ranks are significantly different (t = 2.214, p = 0.027) at 5% level. This means that females prefer traveling option significantly more than males. On the other hand, males prefer company share option more than females (t = -2.023, p = 0.044). Similarly, there are differences on the ranks for individual rewards with respect to other demographic factors.

Independent samples t-tests have been performed for gender, marital status and employment status. For gender, the results are mentioned above. For marital status, married people prefer company Share option more than the single people (t = 2.410, p = 0.017). For employment status, non-executives prefer Certificate and Medal more than executives (t = 2.7111, p = 0.007; t = 2.613, p = 0.010, respectively); on the other hand, executives prefer Vacation and Share options more than the non-executives (t = -2.131, p = 0.034; t = -2.634, p = 0.009, respectively). For demographic factors which have more than two levels (e.g., race, age, and education), one-way ANOVA has been performed. The results are briefly described in the following.

Based upon race, respondents differ on Employee of the month, Certificate, Medal, Vacation, XYZ award, Share, and Premium. Based upon age, they differ only on Share. Based upon education, they differ on Employee of the month, Cash, Certificate, Medal, Travel, XYZ award, Training, and Share. Duncan's multiple comparison tests have been performed to know which pair of the levels differ significantly. Duncan homogeneous subsets are shown in Table VII. However, the pairwise differences are shown in Appendix B. In the appendix, we have shown the ranks, not the means of the categories. It may be noted that in some cases, the ranks are same, e.g., E_2E_4 (for cash), but the corresponding means are different at 5% significance level. Means are shown when the ranks are same and the difference in ranks is 1.

Demographic factor	Reward	Subsets for alpha = 0.05		
		1	2	3
Race	Employee	R_3, R_1*	R_2	
	Certificate	R_3, R_1	R_2	
	Medal	R_1, R_3	R_2	
	Vacation	R_2, R_3	R_3, R_1	
	XYZ award	R_1, R_3	R_2	
	Share	R_2, R_1	R_1, R_3	R_3
	Premium	R_1, R_3	R_3, R_2	
Age	Share	A_6, A_5, A_4, A_3	A_2	
Education	Employee	E_5, E_1, E_4, E_3	E_1, E_4, E_3, E_2	
	Cash	E_2, E_3, E_1	E_3, E_1, E_4	E_4, E_5
	Certificate	E_5	E_1, E_3, E_4, E_2	
	Travel	E_3, E_1, E_2, E_4	E_5	
	XYZ award	E_5	E_4, E_1, E_3, E_2	
	Training	E_5, E_4, E_3	E_4, E_3, E_2, E_1	
	Share	E_3, E_4, E_2, E_1	E_5	

* For legend, refer Table VI.

TABLE VII. DUNCAN'S MULTIPLE COMPARISON TEST RESULTS

In the following, we show the categories of people who differ significantly in three or more number of rewards:

- Malays and Chinese (differ on 7 rewards)
- Chinese and Indian (differ on 3 rewards)
- Certificate and Bachelor degree holders (differ on 4 rewards)
- Certificate and Ph.D. degree holders (differ on 6 rewards)
- Professional and Ph.D. degree holders (differ on 7 rewards)
- Bachelors and Ph.D. degree holders (differ on 6 rewards)
- Masters and Ph.D. degree holders (differ on 3 rewards)
- Executives and non-executives (differ on 4 rewards)

Though there are few differences on the individual rewards, overall, as stated before, the factors gender, age, educational level, race, employment status have no effect on the ranking of the rewards.

SOME GUIDELINES FOR DESIGNING RR SYSTEM

Procedure for selection: Reward procedure can follow the following sequence: define-identify-reward. At the very outset, it must be agreed upon on what results in the organization are to be rewarded. It is expected that the results are consistent with the organization's business goals. Next step involves determining the type of data to be used. Obviously, the appraisal must be based upon observable and measurable data. In the next step, management needs to identify the type of reward that will be offered. Findings of the present work may help Malaysian organizations in this step. The most important matter in the reward and recognition system is to ensure utmost fairness in the whole exercise. Spitzer (1996) mentions that the major de-motivator present in almost every reward system is unfairness. He continues by saying (page 50):

> To avoid the perception of unfairness, it is important, first and foremost, that the process for allocating rewards is viewed by employees as being impartial. This requires an objective measurement system that few organizations have. Without such objective measurement, any reward system is probably destined to failure. Although rewards are only one part of the overall motivation puzzle, they are nevertheless a very important part. When handled skillfully, rewards can be a pivotal element in a unified, strategic approach to organizational motivation. However, as we have seen, when handled poorly, rewards will continue to frustrate employees and drain organizational resources.

Award criteria: The fairness in the system can be enhanced by adopting well-defined criteria in the award process. These criteria might vary from one organization to another. LL. Bean awards based on innovative ideas, exceptional customer service, role modeling, expertise at their jobs, and exceptional management ability. Many companies, e.g., Intel, IBM, Honeywell awards based on customer satisfaction results. London and Higgot (1997) propose the following criteria for awards: attitude to quality, teamwork and commitment to their department, attitude to company and coworkers, consistency with work performance, attendance and punctuality, length of service to the company, enthusiasm to their work, hygiene and grooming habits, accuracy with paper work, initiative and knowledge of customer requirements. Umiker (1998) suggests the following: learning a new skill, enthusiastically

implementing a functional or structural change, volunteering for tasks everyone else hates, mediating or preventing a conflict, proposing or implementing innovative ideas, helping to achieve an organizational goal. In an anonymous article published in People Performance (2001, page 9), the author writes:

> If you're a new manager in the department, review your staff's work history. Look for indications of company loyalty and hard work. Note employees who consistently arrive at work early or on time, who make helpful suggestions and who complete projects with little supervision. Look for people who take pride in their work and demonstrate a commitment to their jobs day in and day out, not just during a crisis.

Reward/recognition should be given timely. As little time as possible should be allowed to elapse between the action and the reward. Delay discounts any reward. Spitzer (1996) cites an experiment in which employees in one organization were offered $100 immediately or $500 in a year. An overwhelming majority chose $100 – even though they could have increased their reward by 500 percent by waiting.

The reward should be matched with the level of achievement of the employee. Lisoki (1999) contends that recognition program should commensurate with employees' performance level. According to him, trying to reward all success in the same way will quickly prove counter productive, as employees will soon wonder why they should even bother. In addition to this.

Spitzer (1996) suggests not to confuse employees with too many rewards, focus on critical few behaviors and results, rather than diluting them by rewarding trivial many. It is also not good to reward sub-standard performance substantially. This is because people may become complacent and they will not push hard for attaining maximum performance. Further, don't praise that is not merited or is grossly exaggerated. It is flattery rather than recognition. The messages and messenger lose value. Umiker (1998, page 68) writes:

Going overboard with recognitions also results in mediocre staffers continuing to be mediocre and better workers becoming resentful. Communicate well the whole reward and recognition system (selection procedure, criteria, type of reward, etc) to all your employees.

Don't play favorites – Don't overlook anyone. Many employees feel that the only time anyone notices their work is when they do something wrong. Recognition should not be reserved for an elite few, as it happens quite often.

Make up your own – Freed (1999, page 27) writes: "Bake rather than buy cookies, pick rather than purchase flowers, and make rather than order dinner whenever you can. Spontaneity and sincerity are necessities, not options, as concerns effective reward and recognition".

Modify the reward strategy – It is important to change the reward strategy or the rewards over time. If the same reward is used year after year, then it may become stale. Bowen (2000, page 20) writes:

> A retail storeowner decided to give thanksgiving turkeys to all employees as 'thanks' for their work and encouragement for the holiday ahead. It was a first! The employees were surprised-and so appreciative! Many expressed their personal gratitude. The owner repeated the gesture the following year, only to find some were a little displeased that the birds were no longer than those before. As two more seasons passed, turkeys became a moral problem. Eventually, the owner replaced the program with bonuses. And-you guessed it-in time, satisfaction turned again to displeasure.

The author further says that workplaces continue to change and diverse interests are brought to bear on satisfying organizational needs, managers will find the standard forms of recognition just don't work. Cacioppe (1999) also has the same opinion – the reward strategies are to be regularly modified and aligned to meet business strategies and objectives.

CONCLUSIONS

One of the laws of Psychology says if you want someone to repeat a behavior, you should positively recognize the behavior immediately. Recognition is positive reinforcement. Positive reinforcement of actions gets those actions repeated. A well-designed reward and recognition system can greatly enhance morale, improve overall performance and make real contribution to a company's bottom line.

The findings of the survey presented in the paper reveal that cash reward is the most preferred reward among Malaysian employees. Today standard of living in Malaysia has been raised considerably from the past. To maintain the standard, people need money. In a nationwide survey (published in the national daily New Straits Times, October 24, 2004), majority (42%) of the respondents said that rising cost of living as their No. 1 concern. Is the compensation package that the Malaysian employees receive from their organizations enough to meet the expenses in day to day life? This necessitates on the part of the

management of the organizations (or perhaps the government), in general, to re-look into employees' compensation system, especially the salary package and promotion matter. After cash, next two most preferred rewards are noted to be traveling overseas and further training and educational opportunities. Interestingly, there is no significant effect of employees' demographic factors like age, race, gender, marital status on the reward preference. Finally, exploration can be made in other countries whether or not the results differ from the findings in the present paper.

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