THE OBJECTIVE-PERFORMANCE-REWARD CYCLE (OPRC) IN BUSINESS MANAGEMENT, MANUFACTURING/PRODUCTION FUNCTION, ENGINEERING TURNAROUND MAINTENANCE AND PROJECT MANAGEMENT.

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ABSTRACT

Literature Review and Case Study on the Objective-Performance-Reward Cycle (OPRC) in Business Management, Manufacturing/Production Function, Engineering Turnaround Maintenance and Project Management is reported. Classification of types of objectives was noted. Nature and characteristics of Business Objectives were examined. A streamlined approach for setting Business Objectives was considered. Main methods for collection of performance appraisal data were reviewed and the criteria contamination and criteria deficiency factors were noted. The effects, methods and formula for the computation of Reward for Performance (that is pay for performance, P for P) were also considered and demonstrated with abridged case studies. The benefits and advantages of the OPRC were highlighted.

Key words: Objectives, Performance, Rewards (Pay for Performance), Productivity.

1. INTRODUCTION

1.1 OBJECTIVES

Objective has been defined as a specific result that a person or system aims to achieve within a time frame and with available resources. Objectives are basic tools that underlie all planning and strategic activities. They serve as the basis for creating policy and evaluating performance. Some examples of business objectives include minimizing expenses, expanding internationally, or making a profit. In general, objectives are more specific and easier to measure than goals.[1] In other words, Objective can be seen as Something that one plans to do or achieve. [2] Business goals and objectives are part of the planning process. They describe what a company expects to accomplish throughout the year. Business owners usually outline their goals and objectives in their business plans. These goals and objectives might pertain to the company as a whole, departments, employees, customers and even marketing efforts. Most companies use specific measurements to keep track of their goals and objectives. [3] In the same vein, a Business Objective is seen as something the business is aiming toward or a strategic position it is working to attain. Objective is a step in the strategy.[4] On the other hand, Business Objective is seen as organization's goal that form the basis for operational policies; a goal that an organization sets for itself, for example profitability, sales growth, or return on investment. These goals are the foundation upon which the strategic and operational policies adopted by the organization are based. [5] Objectives are used in a variety of business and job-searching contexts. They are short statements that describe exactly what one wants. In a business context, objective statements provide precise details about how one plans to achieve a business goal. [6] On a similar note, Business Objectives are the goals, aims or purpose of the business. The business tries to achieve these goals. Profit is the main objective of business. However, the business cannot have only one objective. This is because it has to satisfy different groups such as shareholders, employees, customers, creditors etc. So, it has to fix objectives for each group. There are five types of business objectives, namely: i) Economic Objectives; ii) Social Objectives; iii) Organic Objectives; iv) Human Objectives and v) National Objectives. Objective gives direction to the business. It motivates the owners, managers and employees to work hard. It helps in planning and decision-making. It is used to evaluate (measure) the performance of the employees.[7] Also, the nature and characteristics of Business Objective include: i) Multiplicity of objectives; ii) Hierarchy of objectives; iii) Periodicity of objectives; iv) Flexibility of objectives; v) Qualitative and Quantitative objectives; vi) Measurability of objectives and vii) Network of objective. [7] Organization objective setting has long been a core ingredient in the diet of CEOs and senior management teams. It is a necessary condition for developing clear and concise organization strategy. As the saying goes, if you don't know where you're going, you're never going to get there. Yet in spite of objective-setting's centrality to strategy design and, indeed, to performance measurement, the method for developing objectives hasn't progressed beyond a seat-of-the-pants response to the question: What are our objectives?

In fact, and in practice, organization objectives are what the organization wants from its key stakeholders. 'In target-setting we work in reverse. Targets for shareholders shape targets for customers, targets for customers shape targets for employees. [8] A streamlined approach will i) Identify key stakeholders; ii) Establish behavioural outcomes; iii) Design organization objectives; iv) Develop measures { a) monetary measures - revenue, profit and funds; b) numerical measures - patients, products produced, errors and occasions; and % items - % market shares, % customer spending and % points} and v) Set targets. [8] Once a strategic planning team has developed its organization's objectives, and measures based on them, the time has come to set targets on those measures prior to developing strategies to achieve them. Strategic planning teams should try a combination of four methods. One involves looking at performance during the last period – month, quarter or year – and adding or subtracting an amount. For example, a team may factor in a 10 percent increase to a revenue target. Another method involves imperatives such as safety and risk. The target for the number of fatalities in the workforce clearly has to be zero. A third method is benchmarking. This involves developing targets by reviewing the performance of organizations within the industry or in other industries. One example might be employee turnover. A fourth method establishes a target on one measure by reviewing targets on other measures. This is where the key stakeholder structure is of further advantage. Results for employees drive results for customers, while results for customers drive results for shareholders. In target-setting we work in reverse. Targets for shareholders shape targets for customers, targets for customers shape targets for employees. Once developed, these objectives will shape an organization's strategies effectively, leading to sustainable success. It's important to remember that targets on organization objectives shape organization strategies; they also provide a means of assessing the effectiveness of those strategies. Finally, without clear and quantified objectives, any strategy will do! [8]

On another note, the Portuguese Air Force has made an effort to remain at the forefront of organizations, examining problems like the inadequacy of Information Systems and the treatment of business as rigid hierarchical structures. The process of change initiated in 2009, which is transversal to the organization, recommends a set of actions, including the definition of business processes, to determine the organizational "AS IS" important to the establishment of "TO BE". Simultaneously, the Air Force is studying concepts related to enterprise architecture while trying to deepen the relationship between mission, vision, goals, objectives, strategy, tactics, policy, business rules, and process architecture. In this context, considering important creating and identifying a way to validate the consistency between Enterprise Architecture and Process Architecture important, the authors propose the creation of a value matrix, representing objectives and processes associated with a set of rules for its creation and update. [9]

In a study that evaluated consumer satisfaction with regard to fuelling services in Gaborone, Botswana, the importance of four of the five operations performance objectives (Quality, Speed, Dependability and Flexibility) to the motorists was determined. The performance rating of various fuel service stations (FSSs) on the four operations objectives was determined. The aim was to establish if the FSSs were excelling in those operations objectives considered important by the consumer. Results showed that the order of importance of the four operations performance objectives was: Speed (71.9%), Quality (70.2%), Flexibility (59.6%), and Dependability (56.1%). The most important objective for FSSs to excel in is speed. However, FSSs still need to perform reasonably well in the other objectives as their ratings (all over 50%) indicate that they are also important to the customers. The performance ranking for the FSSs was Quality (93.0%), Dependability (91.2%), Speed (87.7%), and Flexibility (57.9%). The FSSs performed better in the Quality and Dependability objectives yet the Speed objective was the most important to the consumers. Significance testing using the Chi Square Test indicate that the strongest relationship between importance and performance exists for the Flexibility objective (Pearsons correlation-Asymp.Sig = .025) and is weakest for the Speed objective (Pearsons correlation-Asymp.Sig = .105). This indicates that FSSs were not excelling in the objective that is most important to the consumer- Speed. FSSs in Gaborone need to improve service delivery by increasing the speed of serving customers.[10]

1.2 PERFORMANCE APPRAISAL

A performance appraisal (PA), also referred to as a performance review, performance evaluation, (career) development discussion, or employee appraisal is a method by which the job performance of an employee is documented and evaluated.[]11]

There are three main methods used to collect performance appraisal (PA) data: i) objective production; ii) personnel and iii) judgmental evaluation. Judgmental evaluations are the most commonly used with a large variety of evaluation methods.

The objective production method consists of direct, but limited, measures such as sales figures, production numbers, the electronic performance monitoring of data entry workers, etc. The measures used to appraise performance would depend on the job and its duties. Although these measures deal with unambiguous criteria, they are usually incomplete because of criterion contamination and criterion deficiency. Criterion contamination refers to the part of the actual criteria that is unrelated to the conceptual criteria. In other words, the variability in performance can be due to factors outside of the employee’s control. Criterion deficiency refers to the part of the conceptual criteria that is not measured by the actual criteria. In other words, the quantity of production does not necessarily indicate the quality of the products. Both types of criterion inadequacies result in reduced validity of the measure. Regardless of the fact that objective production data is not a complete reflection upon job performance, such data is relevant to job performance.[11]

In investigating the predictability of rater leniency from scores on an instrument designed to measure rater discomfort with performance appraisal situations, the 20-item Performance Appraisal Discomfort Scale (PADS) was administered twice to a sample of 178 undergraduate business students who rated performance of group members on three group projects under conditions designed to emulate features of actual appraisal situations. Results supported the notion that rater leniency is stable and predictable from PADS scores. Also, principal-component extracted and varimax rotated factors of the PADS were interpreted as corresponding to four distinct situational demands placed on raters in the course of performance appraisal. The results of this limited demonstration of the validity of PADS suggest that future application of the PADS or some like instrument may be useful for enhancing the validity of appraisal ratings and feedback utility.[12] The balanced scorecard is a new tool that complements traditional measures of business unit performance. The scorecard contains a diverse set of performance measures, including financial performance, customer relations, internal business processes, and learning and growth. Advocates of the balanced scorecard suggest that each unit in the organization should develop and use its own scorecard, choosing measures that capture the unit's business strategy. Our study examines judgmental effects of the balanced scorecard—specifically, how balanced scorecards that include some measures common to multiple units and other measures that are unique to a particular unit affect superiors' evaluations of that unit's performance. Our test shows that only the common measures affect the superiors' evaluations. [13]

This study examines how different types of performance measures were weighted in a subjective balanced scorecard bonus plan adopted by a major financial services firm. Drawing upon economic and psychological studies on performance evaluation and compensation criteria, we develop hypotheses regarding the weights placed on different types of measures. We find that the subjectivity in the scorecard plan allowed superiors to reduce the “balance” in bonus awards by placing most of the weight on financial measures, to incorporate factors other than the scorecard measures in performance evaluations, to change evaluation criteria from quarter to quarter, to ignore measures that were predictive of future financial performance, and to weight measures that were not predictive of desired results. This evidence suggests that psychology-based explanations may be equally or more relevant than economics based explanations in explaining the firm's measurement practices. The high level of subjectivity in the balanced scorecard plan led many branch managers to complain about favouritism in bonus awards and uncertainty in the criteria being used to determine rewards. The system ultimately was abandoned in favour of a formulaic bonus plan based solely on revenues. [14]

Performance appraisal is a vital tool to measure the frameworks set by any organization to its employees. It is utilized to track individual contribution and performance against organizational goals and to identify individual strengths and opportunities for future improvements and assessed whether organizational goals are achieved or serves as basis for the company’s future planning and development .This study examined the status of the performance appraisal system of Nass Construction Company and its implication to employees performance. The respondents of this study were tenured employees . The purposive sampling technique was used in the selection of respondents. Quantitative and qualitative method of research was utilized in the gathering of data.

Interviews, focus group discussion and survey questionnaires were the main instrument used in this study. The result of the study showed that the performance appraisal system of the company are in place, aligned with the vision and mission of the institution , and is accurate in terms of content and purpose. On the other hand, the results reflected that the performance appraisal system of the company has brought about both positive and negative impact on the employees performance. Further, the respondents identified some major gaps in the implementation of the company's appraisal system: no appropriate rewards are given to best employees, appraisal system was not fully explained to employees, no feedback of results and employees do not participate in the formulation of evaluation tools. It is recommended that the company should revisit and redesign its appraisal system that is aligned to its vision and mission towards the attainment of its organizational goals [13] The recommendations from the survey are: i) Proper feedbacks should be done with proper documentation; ii) Employees should be involved in the formulation of appraisal tool; iii) Give appropriate rewards to employees who have shown an exemplary performance; iv) Employees should be evaluated on the basis of the requirements of their job, their duties and responsibilities; v) The assessment tool should measure the diversity function of the employees; vi) Appraisal system must have a clear sense of direction; vii) The evaluation of employees must have fair and respectful treatment and viii) Provision of corrective mechanism is vital.. [15]

In investigating the multifaceted factors influencing employee Performance Appraisal System (PAS), in the Ministry of State for Provincial Administration, Nyamira District, Kenya, a target population of 76 employees was surveyed. A structured questionnaire was self-administered to the employees to collect data. Multiple regression analysis technique was used to explain the nature of the relationship between PAS and the factors that influence it. Results of the study showed that all the five factors: Implementation process (X1), interpersonal relationships (X2), rater accuracy (X3), informational factors (X4), and employee attitudes (X5) had a significant positive relationship with the performance appraisal system (Y). The regression results also showed that 55.1% of the variation in performance appraisal system can be explained by the changes in implementation process, interpersonal relationships, rater accuracy, informational factors and employee attitudes. With these findings, this study provides many implications for the implementation of performance appraisal systems. It shows that if these factors are taken into consideration by the ratees, the raters and the government policy makers, the PAS can be a good performance management tool. [16]

It is worthy of note that rapid change and developments as well as increasing communications and dramatic developments in knowledge management, have made the existence of effective organizational performance evaluation system for the organizations inevitable. Various models have been provided by the management experts for the performance evaluation so that organizations use them according to their type of organization, mission, structure and manpower. One function of performance appraisal systems is to arouse motivation in the employees, A descriptive-survey investigation to determine the influence of employees' performance evaluation process on their intrinsic motivation was done using a Statistical population of 80 employees of transportation organization in the Esfahan province. Research data was collected via standard questionnaire, and SPSS software applied for the analysis. The results indicate that the process of evaluating employees' performance affected on their intrinsic motivation (P-Value <0.05) and the effectiveness is positive, equal to 0.414. [17]

On another note, Performance appraisals are often criticized and poorly done. However, they are not going away and should not go away. They are needed to effectively manage an organization's talent. Our research suggests that performance management systems can be effective if they are designed and executed correctly. Performance management systems are effective when they are based on goals that are jointly set and are driven by an organization's business strategy. The use of competency models that are based on business strategy is strongly associated with organizational effectiveness. When they drive salary increases and bonuses, they are executed better. Often absent but critical to the success of performance management systems is senior management leadership and ownership; much less important is ownership by human resources. Additional keys to effectiveness are training managers to do appraisals, holding them accountable for how well they do appraisals and using measures of how results are achieved. Due attention must be paid to: i) Pay for performance; ii) Organization effectiveness; iii) Performance management; iv) Performance ratings and v) Performance system audit. [18]

In the same vein, Performance appraisal research over the last 10 years has begun to examine the effects of the social context on the appraisal process. Drawing from previous theoretical work, we developed a model of this process and conducted a systematic review of the relevant research. This review of over 300 articles suggests that as a field we have become much more cognizant of the importance of the social context within which the performance appraisal process operates. First, research has broadened the traditional conceptualization of performance appraisal effectiveness to include and emphasize ratee reactions. Second, the influence that the feedback environment or feedback culture has on performance appraisal outcomes is an especially recent focus that seems to have both theoretical and applied implications. Finally, there appears to be a reasonably large set of distal variables such as technology, HR strategies, and economic conditions that are potentially important for understanding the appraisal process, but which have received very little research attention. We believe that the focus of recent performance appraisal research has widespread implications ranging from theory development and enhancement to practical application. [19]

Furthermore, Organizational performance and its resultant efficiency and effectiveness can only be achieved when individuals are continuously appraised and evaluated. The inability of organization to install an effective performance appraisal strategy has hindered them from achieving competitive advantage which they require more now than ever before. Appraisal processes are not systematic and regular and often characterized by personal influences occasioned by organizations preoccupation to use confidential appraisal system which hinders objectivity and fairness. Often organizations ignore management by objectives, critical incidents to personal prejudices. This is retrogressive as it affects the overall performance of the individual. 360 degrees appraisal method whereby superiors appraise their subordinates, subordinates appraise their superior and the appraisee appraise himself or herself and the average of all the appraisal taken to arrive at the final appraisal outcome should now be considered by organizations. Also post appraisal counselling whereby the appraisal outcomes are analyzed to explain strengths and weaknesses and set agenda for better future performance. Organizations should stop giving less attention to the evaluation of their employees and recognize that organizational training needs can only be identified from performance appraisal outcomes. It is an invaluable tool but in the hands of human resource management officers to continuously evaluates and audits the performance of its employees in order to help organizations win competitive advantage. [20]

The most commonly used performance appraisal methods include: - (Essay appraisal), which merely requires the rater to write a series of statements concerning an individual's strengths, weaknesses, past performance and potential for promotion. - (Graphic rating scale) in which the rater assess an individual on factors such as initiative, dependability, cooperativeness, attitude and quantity of work. - (Checklist method) in which the rater does not evaluate performance but merely records it on a series of questions concerning the employee's behaviour, the rater checks yes or no responses e.g. (a) does the individual perform his or her job, (b) shows superior ability to express himself or herself. - (Critical incident) appraisal in which the rater is asked to keep a written record on incidents that illustrates both positive and negative behaviour of the individual being rated. In this method, the individual's actual behaviour and not personality traits, is discussed. - (Ranking method), which is used when it becomes necessary to compare the performance of two or more individuals. - (Management by objective (MBO), approach or performance evaluation, which is based on converting organizational goals and objective for individuals. Author [20] cited the works of (Obserg, 1972) and (Maiser,(1976) as suggesting that the above performance appraisal method could be communicated to the appraisee using the following methods. - (Tel and sell method) in which the ratter lets the employee know how he or she is doing, gets the employee's acceptance of the evaluation, and has the employee agree to plan of improvement. This method according to Maiser is most likely to be successful with new, young employees and with employees who are in a new assignment. People in these positions are more likely to have insecurity that can result from inexperience and usually are more anxious to receive the helpful advice of a more experienced person. - (Tell and listen method), the general approach with the Tell and listen method is for the rater to communicate the evaluation and then wait for a response from the employee. Basically, the valuation is conducted in two parts. During the first part, the employee's strong and weak points are covered, during the second, the employee is encouraged to disagree and express his or her feelings about the appraisal. - (Problem solving method), according to Maiser, the first two methods tell and sell and tell and listen methods place the rater in the position of being a judge and force the individual being evaluated into a defensive position. However, the problem method is to take the reviewer out of the role of a judge and make him/her a helper and a friend. - (360^0 appraisal method), this kind of method ensures that not only the superior that appraises the subordinate but also the subordinate also appraises the superior. Colleagues also appraisee colleagues and individuals who appraise themselves and all the appraisals are used to arrive at the final appraisal outcome after calculating the average. Organizations should face realities that performance appraisal is incomplete unless the appraisee is told [20]

In another development, evaluation of the performance appraisal system in the KNUST and GIMPA libraries in Ghana was done. Questionnaires were randomly administered to 46 staff members of these libraries. Twenty three (50%) of respondents knew that the libraries operated a formal performance appraisal system. Sixteen (34.8%) had access to documentation on the current objectives and procedures of the system. Thirty one (67.4 %) respondents on employment were given formal job descriptions of which 25 (80.6 %) were supervised daily. For 34 (73.9%) respondents, their performances were assessed and evaluated within the academic year. Thirty one (67%) had formal meetings with their supervisors on their performance. Interestingly only four individuals had ever resisted appraisal results once or sometimes during the appraisal period. Overall, 42 (91.3 %) do not find being evaluated by another person threatening. The preferred motivations were; promotion, study leave with pay, or commendation. Only 19 (41.3 %) thought the current system was trustworthy. The existing performance appraisal systems in the libraries had inadequacies which created perception of inefficiency in the appraisal process. [21]

In retrospect, Appraisal is very significant tool inside the man supremacy management, if it is conducted properly along with reasonability, it can carry out the organization to their ambition and the employees determination to accomplish their wellbeing. Performance appraisals are indispensable for the effectual supervision and costing of staff. [22]

1.3 REWARD FOR PERFORMANCE

In a similar vein, the effectiveness of reward management system on employee performance through the mediating role of employee motivation was investigated using the staff department of

Isfahan Regional Electric Company as the statistical population under study. Simple random sampling was used in this survey. Sample size was determined by means of Cochran formula (140 persons). Historical study and field study methods were the most important methods of data collection and data analysis was performed by means of Amos and PLS software. Results of investigation revealed that Reward Management System has a positive and significant effect on employee motivation. Employee motivation does not have a positive and significant effect on employee performance. Reward management system has a positive and significant effect on employee performance (by the presence of motivation as the mediating variable). The findings of this survey in the above company show that there is a positive and significant relation among elements of reward management system and motivation and performance. Such positive and significant relation was found among the elements of reward management system with performance too. Mean while there was no positive and significant relation among the elements of reward management system, employee motivation and performance. [23]

In another development, the Effect of Employee Rewards Policy on Organization Performance was investigated. Employee rewards policy in this research was the independent variable with sub variables such as benefits, compensation, incentives and promotion. Organization performance was the dependent variable being measured by indicators such as quality, efficiency, productivity and effectiveness. This study adopted Equity Theory on the basis of its emphasis on rewards and performance which were the key variables. The research adopted descriptive survey research design and was located in Public Primary Schools in Rachuonyo North Sub County. The key respondents included Head teachers, Deputy Head teachers, Senior Masters, Teachers and Education Officers with a total sample size of 403 participants. The study used structured questionnaire. Test-retest technique was used to achieve Reliability with Cronbach alpha value of 0.776 being attained. A total of 349 questionnaires were returned for analysis of data. This was 87% return rate on the Questionnaires. The study found out that there is a positive correlation (r=.181) between employee benefits and organization performance. Employees compensation accounts for 5.5% of the organization performance (r=.055). Employee Incentives is positively correlated with organization performance by 38.7% while promotion accounts for 34.6% (r=.346). The study further found out that Employee compensation significantly and positively (p=0.004) affect organization performance. Employee Promotion significantly (p=0.000) affect organization performance. The overall R Square value was 0.256 and Adjusted R is 0.247 demonstrating that employee rewards combined accounts for 26% of the organization performance. The study recommended that Teachers Service Commission should ensure that employee rewards are clearly spelt out in the remuneration policy and are effectively implemented so as to enable performing employees do extremely well. [24]

Furthermore, in investigating the Reward Strategy and Performance Measurement, a case study of two selected insurance companies, known as Agency A and Company B was used. The two companies are different in terms of their size and capital. The findings suggest that the use of financial and objective measures is the main concern in designing the reward systems of the organization. Companies are gradually incorporating non-financial measures in their reward systems. Other remarkable findings include identical rewards are tied to different working nature which is found to be deviant from the norms. The reward framework identified can be used as guideline for the small and medium enterprises in Malaysia to further understand the function of reward system, thus design and implement their unique and attractive reward system. The paper shows that rewards lead to increase in both financial and non-financial performance which will also enhance companies' reputation, as well as increase the recruitment possibility where more manpower will make a stronger team. Effective rewards mechanism will shift from fulfilling employees' basic requirement to self-actualization as they are growing with the business. [25]

On a similar note, the effect of reward on employee performance at KPLC was investigated. Specifically the study sought to determine the effect of cash bonus on employee performance. The research adopted correlation research design. 68 management employees responded. Data was collected using questionnaires. Descriptive statistics (frequency tables, percentages) were used to present data. Inferential statistics (chi-square) was used to analyze the relationship between cash bonuses and employee performance. Data was analyzed with the help of the Statistical Package for Social Sciences (SPSS) computer programme. The findings of the study showed that cash bonus have no effect on employee performance (p=0.8). This is because those who received cash bonuses and those who did not all agree that the cash bonus affects their performance the same. The organization should focus on changing the intrinsic nature and content of jobs. This will increase employee motivation as employees will get more autonomy more challenging job assignments and responsibilities. [26]

Similarly, a study that concentrated on 'what', 'why' and 'how' as the factors that generates extreme dissatisfaction among employees and employers was undertaken. Descriptive survey design method was adopted with the use of questionnaire distributed to the management and staff of some selected public sectors in Lagos State, South-West, Nigeria out of which 254 representing 85% were valid for the research. The questionnaire was structured into four sections. The study pointed that if managerial decisions are fair and just with equitable reward and promotion for job done, it will increase employees' commitment and loyalty in the organization. In the same vein, if employees were properly motivated with the necessary and adequate training needs, innovation would increase rapidly on the job and this will thereby lead to competitive positioning. In addition to this, employees agreed that if they got regular feedbacks about their performance on the jobs, it could secure competitive positioning for the organization. As this will help them to identify their strengths and weaknesses which could invariably produce opportunities to the organization they are working with and threat to their competitors. [27]

In another development, the impact of fair reward system on employees' job performance in Nigerian Agip Oil Company limited Port-Harcourt was investigated.. A sample of 396(34 managers, 97 supervisors and 259 workmen) respondents was considered. The results based on data covering the period October 2011 to September 2012 indicated that implementation of fair reward system in Nigerian Agip oil company limited Port-Harcourt to a large extent influenced improved employees' job performance(82.05%response rate) and reduced rate of industrial action (80.77% response rate). It therefore recommends among others: regular review of organizational reward system to ensure fairness, maintenance of competitive rates of pay, flexibility in reward administration and rewarding people for the value they create. [28] Also, a study was conducted to identify the dimensions of organizational rewards system that may contribute to employees' satisfaction at Telekom Malaysia Berhad in Selangor. A total of 327 self-administered questionnaires were distributed to the respondents. The response rate return is 89 percent. Analysis using the regression and Pearson Correlation indicated that all the predictors had significant contribution to employees' satisfaction at Telekom Malaysia Berhad. Salary was found to be the most important factor that contributes to employees' satisfaction while incentives were found to be the least important factor. From the findings, it can be concluded that organizational rewards system has positive influences on the employees' satisfaction at the organization they worked for. [29] Furthermore, the role of performance appraisal and reward systems in enhancing employee performance is discussed. A model is presented which argues that feedback is a powerful instrument in performance enhancement. Performance appraisal should provide a clear and realistic indication of the work that must be accomplished, performance expectations, and feedback on performance against expectations. [30] An exploratory investigation as to the extent to which organizational learning is recognized through performance management systems as contributing to organizational effectiveness and competitive advantage is done. It reviews several pieces of research, employing a wide range of methods, including: content analysis of managers' reflections; questionnaires completed by managers and mentors; a large-scale survey involving ethnography, interviews and questionnaires; and analysis of documents from professional bodies and management delivery centres. The findings indicate that genuine integration of individual and organizational goals or transfer of learning from the individual to the organization is not evident. Few qualitative measures of organizational performance are employed. The impact of metrics such as IIP or EFQM on organizational effectiveness is not discernible. Management learning and development is rarely measured even when it is encouraged by the organization. There is a clear divide between research, teaching and learning and workplace practice. Performance management systems create perceptions of unreliability and inequity. Espousing the value of learning and learning to learn, measuring them accurately and rewarding them with meaningful changes to working life can only improve organizational effectiveness. Research into the few organizations that have successfully embraced triple loop learning in their development of managers may offer a template for transformational learning to sustain competitive advantage. Management development processes have been successful in developing individuals but less successful in achieving organizational development. [31] Furthermore, the effect of individual versus group evaluation and reward systems on work group behaviour and performance under different task conditions was examined Using computational social methods (Agent Based Models) to simulate work group interactions as different forms of iterated games. Results revealed that Group based systems outperform individual based and mixed systems, producing more cooperative behaviour, the best performing groups and individuals in most types of interaction games. A new role emerges, the self-sacrifier, who plays a critical role in enabling other group members and the group, to perform better at their own expense. The outcome suggest opportunities for model development and guidelines for designing real world experiments and hence Help firms engineer better performing work groups as well as the design of other business systems. . [32] According to [33], Extrinsic rewards—usually financial—are the tangible rewards given employees by managers, such as pay raises, bonuses, and benefits. They are called "extrinsic" because they are external to the work itself and other people control their size and whether or not they are granted. In contrast, intrinsic rewards are psychological rewards that employees get from doing meaningful work and performing it well. Extrinsic rewards played a dominant role in earlier eras, when work was generally more routine and bureaucratic, and when complying with rules and procedures was paramount. This work offered workers few intrinsic rewards, so that extrinsic rewards were often the only motivational tools available to organizations. Extrinsic rewards remain significant for workers, of course. Pay is an important consideration for most workers in accepting a job, and unfair pay can be a strong de-motivator. However, after people have taken a job and issues of unfairness have been settled, we find that extrinsic rewards are now less important, as day-to-day motivation is more strongly driven by intrinsic rewards. The outcome of investigation revealed that the self-management process involves four key steps, namely: i) committing to a meaningful purpose (that is, Sense of **meaningfulness**) ; ii) Choosing the best way of fulfilling that purpose (that is, Sense of **choice**) ; iii) Making sure that one is performing work activities competently (that is, Sense of **competence**), and iv) Making sure that one is making progress to achieving the purpose (that is , Sense of **progress**). These are the four intrinsic rewards that drive employee engagement. [33]. Some schools of thought opined that incentives/bonuses are intended to induce the worker to a more disciplined increased output. In this case, the worker is paid the day rate or calendar rate plus the bonus depending on what the rate is and depending on what the scheme is. In such a scheme, the worker may be paid bonus calculated upon the difference between the time actually taken for the work and the budgeted time. There are two most commonly used schemes, namely: i) The Halsey Scheme and ii) The Rowan Scheme. The Halsey Scheme is given as:

Bonus = 1/2(TS x Day Rate/Hour) (1)

The Rowan Scheme is given as:

Bonus = [(Time Taken/Time Allowed) x TS x Day Rate/Hour] (2)

Where TS is Time saved.

According to these other schools of thought, it is sometimes said that in practice, these schemes may seldom be used or applied, therefore collective bonus schemes arrived at between the workers and management will always apply. Such group bonus scheme may be a percent of annual output or based on company's operating profit or profit-sharing or co-partnership scheme. These schools of thought further opined that in trying to install the incentive Scheme, the following factors are considered: i) The scheme must be fair to both the employee and the employer; ii) There should be no upper limit placed on the employee earnings; iii) Bonuses must not be affected by factors outside the control of the employee; iv) Employees should be able to calculate their entitlements with ease; v) Bonuses should be paid as and when earned; vi) The scheme must not contravene Government wage regulation and it must meet with approval of the employee union and management; vii) The award of bonus should be regulated and be dependent on increased productivity and real incentive, and viii) The standard demanded of the workers must be within reasonable reach of the average worker.

SUMMARY OF LITERATURE REVIEW

Objective has been defined as a specific result that a person or system aims to achieve within a time frame and with available resources. Objectives are basic tools that underlie all planning and strategic activities. They serve as the basis for creating policy and evaluating performance. In a business context, objective statements provide precise details about how one plans to achieve a business goal. There are five types of business objectives, namely: i) Economic Objectives; ii) Social Objectives; iii) Organic Objectives; iv) Human Objectives and v) National Objectives. Objective gives direction to the business. Also, **performance appraisal** (PA), also referred to as a **performance** review, **performance** evaluation, (career) development discussion, or employee **appraisal** is a method by which the job **performance** of an employee is documented and evaluated. There are three main methods used to collect performance appraisal (PA) data: i) objective production; ii) personnel and iii) judgmental evaluation. Judgmental evaluations are the most commonly used with a large variety of evaluation methods. The objective production method consists of direct, but limited, measures such as sales figures, production numbers, the electronic performance monitoring of data entry workers, etc. The measures used to appraise performance would depend on the job and its duties. Although these measures deal with unambiguous criteria, they are usually incomplete because of criterion contamination and criterion deficiency. Criterion contamination refers to the part of the actual criteria that is unrelated to the conceptual criteria. In other words, the variability in performance can be due to factors outside of the employee's control. Criterion deficiency refers to the part of the conceptual criteria that is not measured by the actual criteria. In other words, the quantity of production does not necessarily indicate the quality of the products. Both types of criterion inadequacies result in reduced validity of the measure. Regardless of the fact that objective production data is not a complete reflection upon job performance, such data is relevant to job performance. Essential tools that can be used for performance appraisal are: i) the 20-item Performance Appraisal Discomfort Scale and ii) the Balanced Score Card. Most commonly used performance appraisal methods include: i) Essay Appraisal; ii) Graphic Rating Scale; iii) Checklist Method; iv) Critical Incident Appraisal and Management by Objective Method which encompass: Tell and Sell Method; Tell and Listen Method; Problem Solving Method and 360^0 Appraisal Method. Often absent but critical to the success of performance management systems is senior management leadership and ownership; much less important is ownership by human resources. Additional keys to effectiveness are training managers to do appraisals, holding them accountable for how well they do appraisals and using measures of how results are achieved. Due attention must be paid to: i) Pay for performance; ii) Organization effectiveness; iii) Performance management; iv) Performance ratings and v) Performance system audit. The inability of organization to install an effective performance appraisal strategy has hindered them from achieving competitive advantage which they require more now than ever before.

The Reward System in vogue include: i) The Halsey Scheme; ii) The Rowan Scheme and iii) The Collective Bonus Scheme.

CASE STUDY

CASE STUDY A: ABRIDGED BONUS SCHEME FOR THE MANUFACTURE OF CARCASS BY A TYRE MANUFACTURING COMPANY.

The carcass manufacturing machine is set (by Industrial Engineering Department) to manufacture a maximum of 14 carcass in a shift of 8 hours. The Company sets a target of 12 Passed Quality Inspection (PQI) carcass at a bonus of 100%; 11 (PQI) carcass at a bonus of 70%; 10 (PQI) carcass at a bonus of 50%; 9 (PQI) carcass at 30%; 8 (PQI) carcass at 10%; 7 (PQI) carcass at a bonus of 0%; 4-6 (PQI) carcass for further training and 0-3 (PQI) carcass to see the Accountant for payoff. The basic pay per 8 hours in this work post is K Naira (N).

TABLE 1- ANALYSIS OF CASE STUDY A

S/N	MACHINE DESIGN OUTPUT	COMPANY OBJECTIVE/TARGET (PQI)	WORKER'S PERFORMANCE (PQI)	BASIC PAY (N)	REWARD/BONUS (N)	TOTAL PAY = BASIC PAY +BONUS PAY (N)	REMARK/DECISION
1	14	12	12	K	100% = K	2K	EXCELLENT
2	14	12	11	K	70% = 0.7K	1.7K	VERY VERY GOOD
3	14	12	10	K	50% = 0.5K	1.5K	VERY GOOD
4	14	12	9	K	30% = 0.3K	1.3K	GOOD
5	14	12	8	K	10% = 0.1K	1.1K	FAIR
6	14	12	7	K	0% = 0	K	POOR
7	14	12	4-6	K	0%	K	VERY POOR; NEED FURTHER TRAINING
8	14	12	0-3	K	0%	K	EXTREMELY POOR; TO SEE THE ACCOUNTANT FOR PAY OFF.

CASE STUDY B: ABRIDGED BONUS SCHEME FOR BLOCK WORK IN A BUILDING PROJECT

The Construction Company set an objective/target of 100 blocks laid (with Passed Quality Inspection, PQI) as a day's job. The current piece rate of laying a block is N50.00. Hence the cost of laying 100 blocks is N50.00 x 100 = N5000.00 = the worth of a day's job. Pay for performance consist of basic pay plus bonus: For 100 blocks laid (with PQI), Pay for Performance(P of P) is N5000.00 plus 30% bonus; for 90 blocks laid (with PQI), P of P is N4500.00 PLUS 20% bonus; for 80 blocks laid (with PQI), P of P is N4000.00 plus 10% bonus; for 70 blocks laid(with PQI), P of P is

N3500.00 plus 0% bonus; for 60 blocks laid (with PQI), P of P is N3000.00 and further on-the-job training and for 0-59 blocks laid (with PQI), P of P is N3000.00 and disengagement.

TABLE 2 - ANALYSIS OF CASE STUDY B.

S/N	COMPANY TARGET (BLOCKS LAID WITH PQI)	MASON'S PERFORMANCE (BLOCKS LAID WITH PQI)	MASON'S BASIC PAY (N)	BONUS (N)	TOTAL PAY (N)	REMARKS
1	100	100	5000.00	1500.00	6500.00	EXCELLENT
2	100	90-99	4500.00	900.00	5400.00	VERY GOOD
3	100	80-89	4000.00	400.00	4400.00	GOOD
4	100	70-79	3500.00	0.00	3500.00	FAIR
5	100	60-69	3000.00	0.00	3000.00	POOR. FURTHER TRAINING
6	100	0-59	3000.00	0.00	3000.00	DISENGAGEMENT

DISCUSSIONS OF RESULTS

CASE STUDY A

When the Machine Design Output is precisely/accurately established by the Industrial Engineering Department of the Company, and the Company's Objective/Target for each worker is set, the first stage of the Objective-Performance-Reward Cycle (OPRC) is deemed to have been achieved. The performance stage is also clear and transparent because the verification (Passed Quality Inspection, PQI) indices are known to both the worker and the Quality Assurance team of the Company. Based on the set guidelines, the worker does verification of his product as first line of inspection; the Quality Assurance Group verifies the product as second line of inspection. If these two results of inspection are divergent, the Backup Quality Assurance Group verifies the product as the third line of inspection. The quality and quantity of performance of the worker is now established based on the outcome of these three inspections. With the performance of the worker established this way, the worker’s corresponding reward is read off in Table 1. This system encourages the worker to be very conversant with his machine and work post and this enables him to detect early signs of the machine drifting out of quality control. The worker will alert his supervisor promptly of the machine’s drift out of control so that the lost time due to machine’s down time will not be booked against him and the maintenance team is invited to fix such defect. The OPRC motivates the worker into effective and efficient management of production time since he has the pay for performance scheme

CASE STUDY B

THE Company’s Target of 100 blocks per day has been set by the Industrial Engineering Department of the construction company based on experience and Historical data at its disposal. The mason’s quality of work is also evaluated by the mason as first line of verification. This is followed by verification of work by the mason’s supervisor. The number of blocks that passed the quality inspection therefore represents the performance of the mason and can be read off Table 2 to give the total pay for the mason.

In general, Case Studies A and B have demonstrated the beauty and benefits of the OPRC. The OPRC serves as a stimulant in luring the workforce into healthy rivalry and competitive use of time and materials for quality production. In a scenario whereby the performance of workers on similar job posts are tracked on Gantt Charts showing Actual versus Planned performance, the transparency of performance becomes clear and unambiguous and thus gives factual appraisal on the job; subjectivity error is hence minimized. As shown in Tables 1 and 2, the tools and methods of evaluation of the OPRC are simple and easily understandable by the worker; hence the worker can easily compute and track his/her performance. In both Case Studies, the Supervisor’s job is simplified in the sense that he need not waste much energy in enforcing time management since the OPRC is self regulating. The supervisor can therefore spend more of his time on other managerial functions.

CONCLUSION

The OPRC is an extremely important System at the disposal of Business Managers to enhance/optimize the quality and quantity of production. The demonstration/application case studies above have revealed the transparency, accuracy and precision elements of the OPRC and in this vein found to be suitable for Engineering Turnaround Maintenance, Production/Manufacturing Function and Project Management.

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