

Rewarding and Compensating

Name:

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Institution

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Introduction

Rewards and compensation seek to increase the motivation of the workers in organizations. They aim to enhance the morale of teams assigned various tasks in different companies in the business world. Thus, leaders need to develop multiple strategies that increase the motivation and effectiveness of units to improve the overall performance of the businesses.

The different types of team compensation and rewards

Managers can apply the strategy of profit sharing to increase the productivity of their teams. Organizations that use the rewards share a percentage of the annual profits to their teams. The approach enhances the commitment of the workers because it forges a sense of ownership in the organization (Carpenter, Bauer, Erdogan & Short, 2010). The financial incentive encourages the staff members to work harder so that the firm can make more profits.

Other companies use stock options to retain the productivity of the teams. The leaders create models where the employees receive some shares of the company after a specific period. The strategy increases the financial wealth of the workers while enhancing their commitment to the firm (Carpenter, Bauer, Erdogan & Short, 2010). The team will become compelled to perform better to increase the price of their stocks.

Lastly, managers use the outcome-based rewards to enhance productivity. Under the model, the teams receive various monetary and non-monetary rewards for achieving set objectives. For example, managers usually promise prizes for groups that attain specific sales figures at the end of a financial year (Carpenter, Bauer, Erdogan & Short, 2010). That encourages the employees to focus on the company's goals.

The relation between motivation and performance

Psychologists have stated that motivation and performance directly relate to each other. Studies have shown that human beings respond differently to external stimuli. They gain satisfaction from various events, and material things and scientists have indicated that people will often apply maximum effort to attain them. Managers identify the underlying motivations of the workers and offer them to the members on condition that they achieve specific goals (Terera & Ngirande, 2014). That encourages the individuals to apply significant efforts to the assigned tasks.

How managers evaluate and reward team performance

Managers can evaluate and reward team performance based on the tasks performed and the nature of the groups. According to Irlenbusch and Ruchala (2008), leaders can use the competency-based rewards to assess and reward the employees. The strategy allows the managers to evaluate technical teams within the organization. They determine the number of problems such groups have solved and the number of innovations they have developed.

Secondly, the management can assess the performance of teams using the goal-based strategy. Under the model, managers can evaluate the performance of the teams by determining the sales generated by the efforts of the individuals. Some departments deal with marketing and sales. The leaders can only evaluate the productivity of the employees by assessing how much they have managed to generate in a given period (Irlenbusch & Ruchala, 2008). After that, they can decide to provide the team with a share of the revenue.

Lastly, the management can measure the performance of the employees by using the task-based approach. The leaders can achieve the objectives by measuring the efficiency that the teams have when conducting various tasks (Irlenbusch & Ruchala, 2008). Managers measure the

levels of understanding of the duties and then reward the most astute groups with monetary or non-monetary rewards.

Strategies for determining appropriate compensation and rewards based on team type

Managers should monitor the teams to determine the kind of motivation that drives the groups. Studies show that some teams are intrinsically motivated and thus they work for their satisfaction. Such employees hardly need any financial rewards. Therefore, managers should use recognition, acknowledgment, and promotions to improve their productivity. On the other hand, others work for monetary gains and thus need financial rewards to enhance their performance (Terera & Ngirande, 2014. Hence, the management should use bonuses and salary increments to reward the teams.

References

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