

Empirical research into properties of rewards systems in Czech companies

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Abstract

In our paper we investigate properties of rewards systems implemented in the Czech Companies. Attention is paid especially to total rewards approach, job evaluation schemes and rewards for performance. Empirical research conducted among companies with their seat in the Czech Republic and with more than 250 full time employees showed that large Czech companies implement total rewards approach and intensively use rewards for performance. Prevailing schemes used for job evaluation are market-based scheme and analytical job evaluation. Last but not least, a framework in the form of a set of questions is proposed. This framework may be useful for practice, because it may help managers to think about rewards for performance in a comprehensive and systematic way.

Introduction

This paper was prepared as an output of a research project financed by the Internal Grant Agency of the University of Economics, Prague, Grant No. F1/10/2013 (IG107023). Our main aim in this paper is to present theoretical foundations of our research, structure of our questionnaire, criteria for selection of our respondents and key results of the research with focus on total rewards approach, job evaluation schemes and types of rewards that are used by our respondents. We also present a framework in the form of comprehensive set of questions, which can be used for analysis of properties of rewards for performance. We believe that this framework may be useful not only for systematization of theoretical knowledge, but also for managers, who can use it as a tool for systematical analysis of rewards system implemented in their companies.

Literature review

Because our survey was aimed especially at degree of utilization of total rewards approach, job evaluation schemes and at rewards for performance, we discuss relevant literature on those topics here.

Total rewards approach (TRA) and types of rewards

Total rewards can be defined as everything that employees value in their employment relationship (Kaplan, 2007, p. 16) and total rewards approach can be therefore understood as an approach that integrates various types of rewards into coherent whole (Armstrong, 2010, p. 40). Because different people are motivated by different motivational factors (Havlíček, 2011, p. 186), total rewards approach may improve motivation of workforce. Obviously, total rewards

approach may be in a company implemented to a various degree and the degree of implementation to a large extent determines quality of rewards system of that company. Very comprehensive recommendations on total rewards approach can be found e.g. in books (Armstrong, 2010), WorldatWork (2007), Zingheim and Schuster (2000) and in numerous articles, especially (O'Neal, 1998),(Sanders, 2001), (Simmons, 2002), (Lyons & Ben-Ora, 2002), (Gross & Friedman, 2004), (Kantor & Kao, 2004), (Sejen, 2006), (Zingheim& Schuster, 2006), (Kaplan, 2007), (Gross, Bundy, & Johnson, 2011), (Lovewell, 2011) and (Kwon & Hein, 2013).

We tried to identify properties which are in the literature mentioned repeatedly and according to our findings the crucial features are: a strategy (philosophy) of remuneration should exist [TRA-1]; the strategy (philosophy) of remuneration should be in line with the overall company's strategy [TRA-2]; implemented system of remuneration should be in line with the remuneration strategy (that is strategy should be transformed into specific properties of remuneration system) [TRA-3]; system of remuneration should be competitive in terms of ability to attract and retain desirable workforce [TRA-4]; different types of rewards (e.g., base salary, benefits, short-term variable financial rewards for performance) should be managed in an integrated manner and presented to workforce as a part of the "total rewards package" [TRA-5]; within the company should exist a sufficient communication about the remuneration [TRA-6]; selection of the types of rewards should take into account demographic structure of workforce [TRA-7]; workforce should have a possibility to choose from different types of rewards (cafeteria system) [TRA-8]; job descriptions should exist and value of jobs should be set [TRA-9]; high quality grade and pay structure should be put in place in the company [TRA-10]; the remuneration system should be internally consistent, i.e. for work of equal value should be awarded the same reward (inconsistencies may arise as a result of the acquisitions and mergers or as a result of utilization of market-based job evaluation) [TRA-11]; the remuneration system should strongly differentiate top-performers from low and average performers [TRA-12]; selected measures of the successful implementation of rewards system (e.g. employee turnover, results of surveys and interviews with workforce) should be evaluated sufficiently often [TRA-13]; based on the evaluation should be taken appropriate actions to improve the remuneration system [TRA-14]; cost effectiveness of total rewards program should be evaluated [TRA-15]. We tested to which extent are these features present in rewards systems of our respondents and results can be found in chapter 0.

Last but not least, interest of researchers about total rewards approach brought new insights into possible classifications of rewards and thus enabled more precise analysis of specific features and behavioral effects of various rewards. We would like to highlight that various researchers use very diverse classifications of rewards (because of utilization of different classification criteria) and terminology. For our empirical research we therefore needed a comprehensive and simple classification, which would enable to our respondents unambiguously understand our questions. We outline this classification in chapter 0.

Types of rewards

In this chapter we introduce the classification of rewards which we used in our empirical research (survey). On the one hand, our classification is comprehensive and unambiguous and it also explicitly differentiates short-term and long-term rewards for performance. On the other hand, it has some flaws, e.g. profit-sharing, gain-sharing, individual bonuses etc. are not explicitly recognized.

We adopted form of rewards (non-financial rewards vs. financial rewards) as the main classification criterion and we distinguished the following types of rewards:

- non-financial rewards (benefits, perks, work-life balance programs, non-financial recognition, transferable skills training, promotions, other non-financial rewards),
- compensation (i.e. financial rewards, which may have form of cash, shares, share options etc.):
 - fixed compensation, i.e. base pay,
 - variable compensation:
 - weakly linked to performance, e.g. one-time rewards for achieving of certain qualification/skills and bonuses awarded regardless of performance, e.g. bonus for staying in the company (retention bonus),
 - linked to performance, e.g. financial recognition (relatively small amounts of money granted to workforce without in advance clearly defined criteria and unexpectedly), rewards for success in performing a specific task, short-term variable financial rewards for performance and long-term variable financial rewards for performance.

From the classification of variable compensation it is obvious that we added another important dimension by distinguishing rewards based on performance from rewards that are awarded on the basis of other criteria. We distinguished performance-based rewards from other rewards also in case of non-financial remuneration by asking respondents whether their employees are eligible to obtain a given type of reward only as a result of positive evaluation of their performance or just for standard fulfilling of their duties.

Investigated were also factors, which can influence base salary (e.g. length of work in the company, evaluation of individual performance and other facts). It is important to notice that increases in base salary on the basis of individual performance may be risky for firms because such an increase has long-term impacts and does not depend on the future performance. Very important type of non-financial incentives, which is awarded usually on the basis of performance evaluation are promotions. This kind of reward usually brings not only financial benefits, but also increase in prestige etc. The issue of promotions was addressed e.g. in (Baker, Jensen, & Murphy, 1988, p. 599-605) and in Gibbs (2008).

Our last remark about the classification of rewards relates to short-term and long-term variable financial rewards for performance. By short-term variable financial rewards for performance we mean variable rewards granted on the basis of performance measurement (which can be realized at the level of individuals, teams, or business as a whole or at combinations of these levels) within a period up to one year. Examples include the annual profit-sharing schemes, but also commissions for sales staff or piece-rates for manual workers. By long-term variable financial rewards for performance we mean variable rewards granted on the basis of performance measurement within a period longer than one year. Companies often implement both short-term and long-term rewards together. Moreover more than one program of rewards can be implemented (e.g. an employee may be entitled to obtain piece-rates and at the same time rewards from profit-sharing). Finally, it is important to notice that even short-term rewards (especially if awarded in the form of shares or share options) may have a positive

impact on long-term behavior because wealth of employees varies with the value of their company (of course this is the case only if employees cannot sell their shares immediately).

Job evaluation schemes

Approach to job evaluation is an important part of the rewards strategy. Value of jobs may be set both by analytical and non-analytical schemes (Armstrong, 2010, p. 236-263). Analytical job evaluation breaks whole jobs into a number of elements (e.g. responsibility, required knowledge and skills, etc.) and then are jobs compared element by element. Non-analytical schemes compare whole jobs and place them in a grade or rank. Yet another approach to job evaluation is market pricing, which is based on obtaining information on market rates of jobs (Armstrong, 2010, p. 245). While internally oriented schemes (i.e. analytical and non-analytical schemes) increase feeling of equity and also trust and commitment in the workplace, market-oriented schemes lead to more externally competitive remuneration system. Various combinations of approaches are also possible. Finally, it is important to highlight that especially very formal and analytical job evaluation schemes may be incompatible with high performance approach, see e.g. (McNabb & Whitfield, 2001). Because companies nowadays often strive to implement high performance approach and similar practices, it is possible to hypothesize that market pricing will have in comparison with analytical and non-analytical schemes higher importance.

Rewards for performance

Generally, rewards for performance are a controversial topic, at least from the theoretical point of view. Within our research project we are developing a framework for analysis of rewards for performance, which is inspired by Beel (2007), but is substantially adjusted and enhanced. Possible benefits of our framework are twofold. Firstly, it enables systematically classify literature on rewards for performance and thus may turn this area of research into a more cumulative field. Secondly, it may be useful for practitioners, because it can help to think about rewards for performance in really comprehensive and systematic way and thus serves as a “thinking aid”. The framework has a form of several questions that we consider to be crucial from the viewpoint of design of rewards for performance and includes the following questions:

1. Should be rewards for performance used?
2. How many programs of rewards for performance should be implemented and who should be eligible to participate in these programs?
3. Which types of rewards for performance should be used?
4. When should be rewards for performance paid?
5. Which measures should be used to set the amount of reward for performance and how should be these measures evaluated?
6. Which should be the relative importance of rewards for performance?

The first question is obviously crucial and it is fair to say that in literature there are disputes over the impact of rewards for performance on motivation of workforce. This is especially true for rewards based on measurement of individual performance; team-based rewards are by a vast majority of researchers considered to be useful from the viewpoint of motivating employees. Generally skeptical about incentives is e.g. Kohn, who in his famous article (Kohn, 1993a) expressed extremely negative attitude toward incentives. On the other hand, even Kohn (1993b) considered team-based incentives (namely profit-sharing) to be at least acceptable and not harmful. Very comprehensive review of opinions on rewards for performance can be found

in (Prendergast, 1999). Finally, insights into motivational effects of rewards for performance can be also found in psychological literature, e.g. (Deci, 1975), (Cameron, Banko, & Pierce, 2001), (Deci & Ryan, 1985) and (Gagne & Deci, 2005).

The second question is related to the optimal number of implemented programs of rewards for performance and to eligibility to obtain rewards for performance. The eligibility may be solved for example with help of job characteristics (e.g. highly routinized jobs vs. creative jobs), according to professions (sales staff, manual workers etc.), according to hierarchical position (top management, middle management etc.) or by a combination of these criteria. In our survey we adopted classification of workforce into the following 13 groups of employees: CEO; top management; middle management; lower management; purchases staff; sales staff; routine workforce in administration; routine workforce in support activities; routine workforce in manufacturing of products and providing services; routine workforce for contact with customers; highly educated/skilled professionals in supportive activities; creative workforce for design and innovations of products and services, manufacturing technology, internal processes; creative workforce for customer's innovations. We differentiated between these groups in our research and we examined their eligibility to obtain various kinds of rewards as well as conditions under which these rewards may be awarded to them (respondents were firstly asked to indicate which of the mentioned groups exist in their company and consequently were asked only about selected groups). Nevertheless in this paper we do not present so detailed results and concentrate only on key findings. We suppose to publish more detailed analyses in separate articles.

The third question is not only about the form in which are rewards provided, i.e. tangible or intangible, non-financial or financial, but also about time horizon for which is the performance measured (in this sense this question overlaps with the question about performance measures and distinguishes short-term and long-term rewards). We addressed one of the possible classifications of rewards in chapter 0.

The fourth question is about frequency and timing of payments. Basically, it is possible to distinguish immediate and deferred rewards. While immediate rewards may be more appreciated by employees because of the time value of money, deferred rewards may positively influence long-term behavior.

The fifth question is very complex and has several dimensions (sub-questions). Serious difficulties connected with the choice of appropriate performance measures are not only our subjective feeling, but are mentioned also in (Gibbs, Merchant, Van der Stede, & Vargus, 2009) and we provide here several, according to our opinion important, observations. Firstly, it is necessary to decide whether should be used solely financial measures, non-financial measures or a combination of financial and non-financial measures and also how many measures should be used for determination of reward. In case of financial measures it is also important to distinguish measures from (financial) accounting and value-based measures. Secondly, according to the organizational level of measurement it is possible to distinguish company-wide measures (e.g. profit of the whole company), group-based measures (e.g. cost savings accomplished by a group of workers) and measures evaluated at individual level (piece-rates, commissions etc.). Moreover there may be various relations between mentioned levels of measurement, e.g. Jones, Kalmi, and Kauhanen (2010, p. 611) described a system, under which was group-based reward paid only if company-wide goal was met. On the one hand, rewards based on individual measures have better line-of-sight, i.e. may be more directly influenced by

measured individuals. On the other hand, it is claimed that rewards based on measurement of individual performance may be harmful to team-work and may decrease helping efforts. In psychologically oriented literature it is asserted that tangible extrinsic rewards may under certain conditions undermine intrinsic motivation and the total effects of these rewards on motivation may be negative. It is fair to say that team-based incentives and especially profit-sharing also have its own flaws (e.g. free-rider problem, weak line-of-sight etc.) nevertheless by appropriate design of rewards it is usually possible to overcome these problems. Thirdly, decision on frequency of evaluation should be done and also type of performance standard (relative or absolute) has to be chosen. Fourthly, level of subjectivity in measurement has to be set, see e.g. (Baker, Gibbons, & Murphy, 1994) and (Gibbs, Merchant, Van der Stede, & Vargus, 2004). Finally, time horizon for which is performance evaluated has to be specified (short-term vs. long-term measures).

The last question probably does not have an unambiguous answer, but proportion of variable pay for performance to fixed pay is surely relevant for motivational impact of these rewards. For example Pouliakas (2010) concluded that job utility rises only in response to generous bonuses. It is possible to conclude that rewards for performance are still under-researched topic and there are numerous controversies. This view is supported e.g. by Merchant (2010), who pointed out to numerous “puzzles” that should be addressed in the future research and also mentioned that “practice is far ahead of theory” and that better descriptions of practice and better theories are needed (Merchant, 2010, p. 566). It is important to highlight that although we presented our questions as a numbered list, we do not suggest that the questions should be solved or decided in this sequence. On the contrary, the questions should be understood as a network of interrelated problems that have to be solved in mutual relations and not as a linear sequence. Moreover answers to a large degree depend on goals which are pursued by rewards system as well as on numerous contingent variables. Last but not least, rewards for performance should be supported by other managerial tools to maximize their positive impact on productivity and performance.

We designed our survey so that we obtained information about how are the above mentioned questions solved within remuneration systems of our respondents. Nevertheless in this paper we address only the key results and we do not give detailed information. Anyway, we are convinced that presented framework includes a comprehensive list of questions that have to be successfully solved in the phase of implementation of rewards for performance.

Properties of rewards systems in practice with focus on rewards for performance

As far as we know, prevailing portion of studies asserts that rewards for performance are intensively used in practice. For example report by WorldatWork and Vivient Consulting (2012) addressed rewarding practices at U.S. private firms and showed that short-time incentives were in 2007 used by 79 percent and in 2011 by 95 percent of companies. Long-term incentives were in 2007 used by 35 percent and in 2011 by 61 percent of companies. These results highlight how important is future research into rewards for performance.

Methodology

We conducted our empirical research with help of an extensive web-based questionnaire. For preparation of the questionnaire we used a large amount of literature and we also capitalized on our previous research, the results of which were published in (Peters, Wagner, & Menšík, 2013). Our new questionnaire in total contained 69 questions, but to respondents were

displayed only the questions relevant for them (this was possible thanks to a flow control, which we implemented into our questionnaire). The questions were of various types and often were answered using a 7-point Likert scale, where 1 was used for the lowest quality, degree of utilization etc. and 7 for the highest quality, degree of utilization etc. Nevertheless there were also dichotomous questions, multiple choice questions etc.

Structure of the questionnaire

Our questionnaire contained questions aimed at various areas and in this chapter we give an overview of the main ones.

Firstly, we addressed a degree to which our respondents use total rewards approach. For analysis of this area we used 15 properties (see chapter 0) and asked our respondents not only whether their system had these properties, but also which of these properties are according to their opinion desirable.

Secondly, we asked our respondents which methods they use for job evaluation (see chapter 0) including types of information sources used in market pricing.

Thirdly, we asked about utilized types of non-financial rewards. For the non-financial rewards in place we then examined which groups of employees are eligible to obtain them and under which conditions (e.g. on basis of a positive performance appraisal or just because of standard fulfilling of assigned tasks).

Fourthly, we examined base wage and reasons for its increases, e.g. tenure, individual performance appraisal etc. Moreover we investigated whether top-performers obtain substantially higher increases than average performers.

Fifthly, we divided variable financial rewards into rewards independent on performance and rewards dependent on performance and both rewards for short-term and long-term performance were investigated in detail. Again, on a more detailed level of analysis we surveyed also questions like which categories of employees are eligible to obtain these rewards.

Finally, we asked respondents about overall satisfaction with their rewards system from the viewpoint of its ability to attract motivate and retain skilled employees.

Selection criteria and distribution of the questionnaire

We decided to contact all companies with their seat in the Czech Republic and number of full-time employees over 250. By the term "company" we understood for-profit organizations dealing with production and trade of goods and services. Other organizations (e.g. organizations in financial sector, non-profit organizations, universities etc.) were not contacted. We used Albertina database and after application of the mentioned criteria we ended up with 1362 companies. At the end of July, 2013 we sent an e-mail with a link to our web-based survey and information about our research project to all these companies and after 20 days we sent a reminder to increase our response rate. The questionnaire was usually filled-in by HR manager or by compensation specialist.

Results and discussion

Response rate

Unfortunately, we cannot determine how many companies really received our email (possible problems include anti-spam filters, incorrect email addresses in our database etc.). What we know is the number of companies, which clicked on the link. This number was 426 companies (i.e. surveys started). Of these companies 98 finished the survey and after elimination

of unusable responses we had 80 responses. That is our response rate is 18.78 % (if counted from started surveys) or 5.87 % (if counted from the total amount of emails that were sent).

Basic characteristics of our respondents

On the basis of obtained responses we computed basic characteristics of our respondents and results can be found in Table 1.

Year	Mean	Median	Min	Max	Std. dev.
2011	1 129.14	454.50	175.26	23 980	2 967.62
2012	1122.71	445.00	200.00	24 481	2 997.10

Table 1- Number of full-time employees (N=74)

From this table it is obvious that among our respondents were not the biggest Czech companies, but still our respondents belong among large companies. We add that no one of our respondents indicated that their company is in crisis or bankruptcy.

Total rewards approach

On the basis of an extensive literature review we identified 15 properties that are according to the theory desirable features of total rewards systems (see chapter 0 for list and used abbreviations of these properties) and in our survey we asked respondents to indicate an extent to which they agree with the statement that their system has a given property (e.g. TRA-1 was formulated "a strategy (philosophy) of remuneration exists in our company"). We also asked our respondents to indicate whether they consider a given property to be desirable. Responses were given on a Likert scale from 1 to 7, where 1 meant the lowest degree of agreement (the lowest presence of a given property) and 7 the highest degree of agreement (the highest presence of a given property) and answers are instable.

Property	Our system has a given property			N	Given property is desirable			N
	Mean	Median	Std. dev.		Mean	Median	Std. dev.	
TRA-1	5.38	5.50	1.42	76	5.82	6.00	1.37	71
TRA-2	5.57	6.00	1.30	75	5.79	6.00	1.34	70
TRA-3	5.58	6.00	1.33	76	5.86	6.00	1.41	70
TRA-4	5.03	5.00	1.61	77	5.92	6.00	1.48	72
TRA-5	5.14	5.00	1.53	77	5.46	6.00	1.30	72
TRA-6	5.03	5.00	1.40	77	5.78	6.00	1.35	72
TRA-7	3.59	3.50	1.83	74	4.00	4.00	1.84	70
TRA-8	2.66	2.00	1.85	77	3.89	4.00	1.68	72
TRA-9	5.40	6.00	1.72	75	5.77	6.00	1.53	70
TRA-10	5.36	6.00	1.88	76	5.49	6.00	1.66	71
TRA-11	5.52	6.00	1.29	77	5.79	6.00	1.44	72
TRA-12	4.55	5.00	1.67	77	5.47	6.00	1.56	72
TRA-13	4.56	5.00	1.64	77	5.31	5.00	1.32	72
TRA-14	4.43	4.00	1.74	77	5.51	6.00	1.25	71
TRA-15	4.83	5.00	1.77	77	5.43	6.00	1.35	72

Table 2 - Degree of utilization of total rewards approach

We can see that average degree of utilization of total rewards approach is quite high among our respondents. The only two properties with average value under 4 are "selection of the types of rewards should take into account demographic structure of workforce (such as age)" and "workforce should have a possibility to choose from different types of rewards". These two properties are also marked as the least desirable features. Well, also features TRA-12

and TRA-15 (which are related to evaluation and updating of the rewards systems) have relatively low average value.

Job evaluation schemes

We asked our respondents several questions about job evaluation schemes and in this chapter are summarized results.

Method	Number	%
market pricing	39	50
analytical job evaluation	42	54
non-analytical job evaluation	23	29

Table 3 - Utilization of job evaluation schemes (N=78)

Some respondents indicated utilization of a combination of schemes. More detailed analysis showed that only 1 scheme is used by 56 respondents (72 percent), 2 schemes are utilized by 18 respondents (23 percent) and 3 schemes are used by 4 respondents (5 percent). Of the 56 respondents with only one scheme, 17 uses only market pricing, 25 analytical job evaluations and 14 non-analytical job evaluations. All 18 respondents who indicated that they use a combination of two methods also in all cases indicated utilization of market pricing; combination of market pricing and some other scheme is thus used by 22 respondents.

Next we asked respondents who employed a combination of market pricing with another scheme, which scheme is more significant. Of the 22 respondents, 11 (50 percent) indicated that market and non-market methods are of equal importance, 8 (36 percent) indicated that market methods are more important and 3 (14 percent) indicated that non-market methods are more important than market methods. We also asked respondents who indicated that they utilize market-pricing how they compare jobs and results can be found in Table 4.

Method of comparison of jobs	Number	%
on the basis of job title	3	8
on the basis of a brief description of duties and level of responsibility	18	46
on the basis of compressed job description	7	18
on the basis of a uniform approach to classification of jobs	11	28
Total	39	100

Table 4 - Basis on which are jobs compared

This result is quite surprising because 54percent of respondents use for job evaluation insufficient data.

Types of rewards and utilization of rewards for performance

This chapter summarizes results related to the types of non-financial and financial rewards used by our respondents.

Type of non-financial reward	Number	%
Benefits (recreation, various insurance, etc.)	66	83
Perquisites (e.g. the possibility of using a business car or a laptop for private purposes, etc.)	72	90
work-life balance programs	53	66
non-financial recognition (e.g. praise from superiors)	59	74
training of transferable skills	72	90
procedure in the corporate hierarchy (promotion)	58	73
other non-financial rewards (e.g. leadership)	27	34

Table 5 - Types of non-financial rewards (N=80)

It is possible to sum up that our respondents intensively use various non-financial rewards and this is very positive finding. Moreover high utilization of training of transferable skills is exceptionally pleasing because it increases skills of workforce. In a more detailed level of analysis (not presented in this paper) we were also investigating which of these rewards are awarded to the individual categories of employees, which rewards are awarded just for standard fulfilling of job duties and which rewards are awarded based on positive evaluation of performance.

Consequently we were examining various questions about base salary and here we would like to highlight one surprising finding. In literature it is usually suggested to reward results with variable pay and to be very cautious about increasing base pay because of performance. For all 13 categories of employees (see chapter 0) majority of respondents indicated that evaluation of individual performance is relevant for increase in base salary. For CEO it was in case of 75 percent of respondents and for other managerial positions (top-management, middle-management, lower management) always above 88 percent of respondents. Finally, we addressed utilization of variable financial rewards. An overview of results can be found in Table 6

Type of variable financial reward	Number	%
one-time reward for achieving of certain qualification/skills	26	33
bonuses regardless of performance (e.g. retention bonus)	17	22
financial recognition (spot bonus)	40	51
short-term variable financial rewards for performance	64	81
long-term variable financial rewards for performance	38	48
rewards for success in performing a specific task	66	84

Table 6 - Types of variable financial rewards (N=79)

We can see that the most popular variable financial rewards are “rewards for success in performing a specific task” and “short-term variable financial rewards for performance”. In comparison with results of survey by World at Work and Vivient Consulting (2012) we can say that among our respondents was both utilization of short-term variable financial rewards for performance and long-term variable financial rewards for performance lower than in the mentioned survey in year 2011. Although we do not analyze detailed results in this paper, we would like to mention two interesting findings about short-term variable financial rewards for performance. Firstly, among our respondents are these rewards paid nearly exclusively in cash. In international comparison it is relatively untypical and a risk of short-term orientation of managers rises. Secondly, important observation is related to the typical number of measures used for calculation of reward (see Table 7).

Group (category) of employees	Percentage of companies using a given number of performance measures					Total N of responses
	1	2-5	6-9	>10	Cannot be determined	
Managing Director, CEO	23	63	10	0	3	30
Top management	13	74	11	0	2	46
Middle management	4	86	6	0	4	49
Lower management	4	89	2	0	4	46
Purchases staff	11	83	2	0	4	47
Sales staff	16	75	5	0	5	44

Routine administrative workforce	10	80	2	0	7	41
Routine workforce in support activities	12	76	3	0	9	34
Routine workforce in manufacturing	17	76	2	0	5	42
Routine workforce for contact with customers	17	75	0	0	8	24
Highly educated professionals	7	83	2	0	7	41
Creative workforce for design and innovations of prod. and services	7	81	0	0	11	27
Creative workforce for customer's innovations	10	80	0	0	10	20

Table 7-Percentage of companies using a given number of performance measures for determination of the reward

It is clear, that no one of our respondents uses more than 10 measures for calculation of reward for short-time performance. Most frequently is the number of measures between 2 and 5; quite surprising is relatively high percentage of respondents who indicated that they use only 1 measure.

Conclusions

In our paper we gave an overview of literature on total rewards approach, job evaluation schemes and rewards for performance. Consequently we explained how our questionnaire was prepared, structured and distributed.

We can sum up that based on our empirical research we found that our respondents quite successfully implement total rewards approach. Nevertheless they do not take into account demographic structure of workforce and do not implement cafeteria system. At the same time, our respondents do not consider these features to be desirable. Prevailing schemes used for job evaluation are market-based scheme and analytical job evaluation.

As for rewards for performance, practice of Czech companies is similar to practice of majority of companies in abroad, that is rewards for performance are very intensively used. Research that would help to implement rewards for performance more effectively is therefore highly needed.

Direction for further research

As for further research we would like to repeat our survey and get information about existing trends. Nevertheless it is also obvious that any survey research has serious limitations, which result especially from the fact that terminology in the field of rewards for performance is extremely diverse and respondents understand questions inaccurately or even incorrectly. Therefore we plan to conduct not only surveys similar to the presented one, but also in-depth case studies (econometric case studies, ideally with utilization of both qualitative and quantitative methods).

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