IJIRR

International Journal of Information Research and Review
Vol. 02, Issue, 10, pp. 1237-1243 October, 2015

Research Article

INEQUITABLE DISTRIBUTION OF REWARDS: A RECIPE FOR EMPLOYEE TURNOVER IN PRIVATE AND PUBLIC CORPORATIONS

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ARTICLE INFO

Article History:

Received 27th, July 2015
Received in revised form
05th, August 2015
Accepted 19th, September 2015
Published online 31st, October 2015.

Keywords:

Inequitable Distribution,
Rewards,
Employee Turnover,
Private and Public Corporations,
Processes and Procedures.

ABSTRACT

Reward management has been a critical sensation and modeled several challenges in its distribution. Private and public establishments have been devising processes and procedures on how inequitable distribution of financial and no-financial rewards can be addressed to prevent employees' demotivation, which has adverse effects on corporations' growth. The above consideration led to the careful examination of inequitable distribution of rewards as a recipe for employee turnover in private and public corporations. The thrust for this qualitative research led to the retrieval of information from secondary sources published on the subject matter. Critical assessment on available information disclosed constituents of financial and non-financial rewards and analysis unveiled that equitable distribution of rewards serves as a process for employee retention. Further breakdown revealed that recognition and employee training and development are of paramount importance, since employees are sure of improving their skills and competencies and also prospects for promotion. The relevance of this study could be of importance to human resource management practitioners and heads of corporations since reward is an accelerating dynamism that stimulates performance and enhances corporations' success.

INTRODUCTION

In the judgment of many individuals the nature of reward and compensation systems is central to the notion and discussions of strategic human resource management. This is because the nature of such systems can, at least in principle, so strongly shape, reinforce and complement many of the leading individual themes so prominent in the strategic HRM literature (Beaumont 1993). Reward is an exciting area of human resource management (HRM) that is changing rapidly. What was once little more than a procedural issue, concerned with the technicalities of complex pay structures and job evaluation, is now in many organizations. HRM movement has prompted many managers to think that reward has the potential to do much more than simply compensate employees for the time that they sell to their employer (Smith 1993).Rewards are seen to be of strategic importance with the overriding principle that the policy for total rewards, including recognition, benefits and the psychological contract, should be aligned to corporate goals, with a clear line of sight from the individual's actions to the rewards for achieving these goals. The removal of bureaucratic reward structures and the predominance of the marketplace in the thinking of compensation and benefits produce an apparent simplification (Tyson 2006). A major current feature of the literature and rhetoric about payment systems has been a concern with defining and refining reward strategies. While different writers have different ideas about what exactly constitutes a strategic approach to the management of pay, most agree that it is primarily about aligning an organization's payment arrangements with its business objectives. This means developing payment systems which enhance the chances that an organization's employees will seek actively to contribute to the achievement of its goals. So if improved quality of service is the major business objective, this should be reflected in a payment system which rewards front-line staff who provides the best standards of service to customers. Alternatively, if increased productivity is sought, then a payment system which rewards efficiency would be more appropriate. But choices in this area are not always as straightforward as this because organisations are obliged to compete with one another for good staff as well as for customers.

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The extent to which organizations can impose payment arrangements which serve their business objectives is thus limited by the equally important need to recruit, retain and motivate staff to carry out the work. So a balance always has to be sought between the objectives of employers and employees when developing payment strategies (Torrington et al, 2005). Job satisfaction is a positive emotional state resulting from evaluating one's job experiences. Dimensions of job satisfaction frequently mentioned include worker relationships, pay and benefits, performance recognition, and communications with managers and executives. Job dissatisfaction occurs when one's expectations are not met. The relationships among satisfaction, commitment, and turnover have been affirmed across cultures, full- and part-time workers, genders, and occupations. The extent to which employers faces high turnover rates and costs vary by organization and industry.

For higher-level executives and professionals, turnover costs can run as much as two times the departing employees' annual salaries, and rates are often linked to executive job expectations and needed skills changes. Involuntary turnover is triggered at all levels by employers terminating workers due to organizational policies and work rule violations, excessive absenteeism, performance standards that are not met by employees, and other issues. Voluntary turnover too can be caused by many factors, some of which are not employer controlled. Common voluntary turnover causes include job dissatisfaction, pay and benefits levels, supervision, geography, and personal/family reasons. Career opportunities in other firms, when employees receive unsolicited contacts, may lead to turnover for individuals, especially those in highly specialized jobs such as information technology (IT). Voluntary turnover may increase with the size of the organization, most likely because larger firms are less effective in preventing turnover and have more employees who are inclined to move (Mathis and Jackson, 2010).

Research Aim

Private and public corporations have been enthusiastically working towards equitable distribution of rewards to ensure effective motivation of employees in order to stimulate performance and enhance organizational success. In principle, the act of distributing rewards is seen effective but in practice, what should be evenly distributed is done according to employees' relationship with either their immediate supervisors or management of the organization in which they work. This act is more practice in public corporations where there are political interruptions in the management of those establishments. Considering the criticalities of addressing issues surrounding reward distribution, this study seeks to examine inequitable distribution of rewards as a recipe for employee turnover in private and public corporations.

Research Objectives

This section systematically outline the composed elements in the aim and align them accordingly in order to establish meaningful composition of facts so as to enable readers to understand the relevance of the subject matter. The research objectives are outlined as follows:

- Define reward management and discuss the aims of reward management and describe reward philosophy.
- Describe the components of Reward System
- Discuss Total reward, Strategic Reward Management, Global Compensation Issues and Engagement and Rewards.
- Explain the components of Financial Rewards.
- Describe Non-financial Rewards and discuss the Issues and Reasons for Employee Turnover.

Significance of the Study

Achieving competitive advantage proceeds from equitable distribution of rewards which stimulate employees' performance and retain their commitment. Such act should be maintained to avoid resentment, disgruntled and demotivated workforce which can result to employee turnover. Even though turnover has its benefits and drawbacks, nevertheless, the engagement of organizations in a highly competitive environment should prevent the outflow of employees since it will have undesirable consequences on the firm's strength towards gaining competitive advantage.

The relevance of this study could aid human resource management practitioners, heads of profit making and non-profit making institutions, and is also of paramount importance to management profession as reward is a vibrant stimulating component that triggers employees to unleash their intellectual capital.

Literature Review

Definition of Reward Management: Reward management is concerned with the formulation and implementation of strategies and policies in order to reward people fairly, equitably and consistently in accordance with their value to the organization. It deals with the development of reward strategies and the design, implementation and maintenance of reward systems (reward processes, practices and procedures) which aim to meet the needs of both the organization and its stakeholders. Reward can be regarded as the fundamental expression of the employment relationship (Armstrong, 2009).

Aims of Reward Management: Armstrong (2006), Brown (2001) and Jaques (1961) describe the aims of reward management as to:

- Reward people according to what the organization values and wants to pay for; reward people for the value they create; reward the right things to convey the right message about what is important in terms of behaviors and outcomes.
- Develop a performance culture; motivate people and obtain their commitment and engagement; help to attract and retain the high quality people the organization needs.
- Create total reward processes that recognize the importance of both financial and non-financial rewards and develop a positive employment relationship and psychological contract.
- Align reward practices with both business goals and employee values; as Brown (2001) emphasizes, the 'alignment of your reward practices with employee values and needs is every bit as important as alignment with business goals, and critical to the realization of the latter.
- Operate fairly ‑ people feel that they are treated justly in accordance with what is due to them because of their value to the organization: the 'felt-fair' principle of Jaques (1961)

- Apply equitably ‐ people are rewarded appropriately in relation to others within the organization, relativities between jobs are measured as objectively as possible and equal pay is provided for work of equal value.
- function consistently ‐ decisions on pay do not vary arbitrarily and without due cause between different people or at different times
- operate transparently ‐ people understand how reward processes operate and how they are affected by them.

Reward Philosophy: A reward philosophy consists of belief in the need to operate in accordance with the principles of distributive and procedural justice. Reward strategies in the past have sometimes focused exclusively on business needs and alignment. Yet unless employees see and experience fairness and equity in their rewards, the strategy is unlikely to be delivered in practice. The philosophy recognizes that reward management is a key factor in establishing a positive employment relationship, one in which there is mutuality – the state that exists when management and employees are interdependent and both benefit from this interdependency.

Such a relationship provides a foundation for the development of a climate of trust. A reward philosophy can be expressed through a set of guiding principles that define the approach an organization takes to dealing with reward. They are the basis for reward policies and provide guidelines for the actions contained in the reward strategy. Importantly, they can be used to communicate to employees how the reward system operates and takes into account their interests as well as those of the business (Armstrong, 2010).

The Reward System

The approaches to achieving the aims of reward management as described above are incorporated in the reward system of an organization which Armstrong (2007) designated that it consists of.

Reward strategies: Which set out what the organization intends to do in the longer term to develop and implement reward policies, practices, processes and procedures that will further the achievement of its business goals. For example, an organization may have a strategy to maintain competitive rates of pay.

Reward policies: Which set guidelines for decision making and action? For example, an organization may have a policy that sets the levels of pay in the organization compared with median market rates.

Reward practices: Which consist of the grade and pay structures, techniques such as job evaluation, and schemes such as contingent pay used to implement reward strategy and policy?
For example, the policy on pay levels will lead to the practice of collecting and analyzing market rate data, and making pay adjustments that reject market rates of increase.

Reward processes: Which consist of the ways in which policies are implemented and practices carried out, for example the way in which the outcomes of surveys are applied and how managers manage the pay adjustment and review process.

Reward procedures: Which are operated in order to maintain the system and to ensure that it operates efficiently and flexibly and provides value for money? For example, a procedure will be used for conducting the annual pay review.

Total Rewards

Looking ahead, the notion that reward should be thought of more holistically, rather than as just a package of pay and benefits, is becoming widely accepted. Zingheim and Schuster argue that by understanding how extrinsic rewards such as pay need to sit alongside sources of deeper motivation, such as the opportunity for growth, designers of reward processes can more obviously meet employee needs to be treated fairly, and organizational needs for a manageable pay bill by adopting a total reward philosophy. They suggest key principles should be adopted if the approach is to be effective (Zingheim and Schuster, 2007).

Strategic Reward Management

Strategic reward management is the process of looking ahead at what an organization needs to do about its reward policies and practices in the middle or relatively distant future. It is concerned with the broader business issues the organization is facing and the general directions in which reward management must go to provide help in dealing with these issues in order to achieve longer-term business goals. Strategic reward management deals with both ends and means. As an end it describes a vision of what reward policies will look like in a few years' time. As a means, it shows how it is expected that the vision will be realized. Strategic reward management is therefore visionary management, concerned with creating and conceptualizing ideas of what the organization should be doing about valuing and rewarding its people. But it is also empirical management, which decides how in practice it is going to get there (Armstrong and Murlis, 2004).

Global Compensation Issues

The growing world economy has led to many more employees working internationally. Some are located and work in multiple countries, while others may be based in a home country, but have international responsibilities. Therefore, organizations with employees working throughout the world face some special compensation issues.

Variations in laws, living costs, tax policies, and other factors all must be considered in establishing the compensation for local employees and managers, as well as managers and professionals brought in from other countries.

Even fluctuations in the values of various currencies must be tracked and adjustments made as the currency's rise or fall in relation to currency rates in other countries. With these and numerous other concerns, developing and managing a global compensation system becomes extremely complex (Mathis and Jackson, 2010).

Engagement and Reward

The concept of 'engagement' has become very popular. The term is sometimes used loosely as a powerful notion that embraces pretty well everything the organization is seeking with regard to the contribution and behavior of its employees in terms of levels of job performance, willingness to do that much more by exercising discretionary effort, motivation and identification with the organization. It is also used in a more specific way to describe what takes place when people are interested in and positive, even excited, about their jobs and motivated to achieve high levels of performance. This specific idea of 'job engagement' is distinguished from organizational commitment or engagement, which focuses on attachment to the organization as a whole rather than to a job (Armstrong, 2010).

Financial Rewards

Financial rewards comprise all rewards that have a monetary value and add up to total remuneration – base pay, pay contingent on performance, contribution, competency or skill, pay related to service, financial recognition schemes, and benefits such as pensions, sick pay and health insurance. The management of a reward system requires decisions on levels of pay, how jobs should be valued, the design and operation of grade and pay structures and the choice of benefits. Such decisions can be complex and difficult, but the problems pale by comparison with the issues surrounding the use of financial rewards contingent on performance, contribution, competence or skill (Armstrong, 2010).

Pay Scales: Pay scales (or pay spines) are the simplest position-based structures, as well as being among the oldest. Pay scales typically consist of a hierarchy of position-specific pay levels, each consisting of a sequence of flat pay rates, steps or points. Movement from level to level involves merit-related promotion. Traditionally, however, step-wise pay increments within each level were based on seniority or service, with the increase occurring automatically after each year of service. In the past, service-based increments of this type were a defining feature of public sector salary structures in many countries. With increments for service and seniority, the base pay rate is typically incremented annually in recognition of an additional year's experience in the job and to reward continued loyal service in the job or role (Shields, 2007).

Grade and Pay Structures: A grade structure consists of a sequence or hierarchy of grades, bands or levels into which groups of jobs that are broadly comparable in size are placed. There may be a single structure that is defined by the number of grades or bands it contains; alternatively the structure may be divided into a number of career or job families consisting of groups of jobs where the essential nature and purpose of the work are similar but the work is carried out at different levels. A grade structure becomes a pay structure when pay ranges, brackets or scales are attached to each grade, band or level. In some broad-banded structures, reference points and pay zones may be placed within the bands and these define the range of pay for jobs allocated to each band (Armstrong, 2010).

Job Evaluation Schemes: Through job evaluations, jobs in the firm may be rated according to their relative "importance." Each job might be given its own rate, or jobs of comparable importance may be grouped into a single wage classification, or pay grades. Job evaluations compare positions in an organization with respect to such factors as effort, skill, working conditions, responsibility, and so on.

For the job evaluation to be useful, a detailed list of compensable factors needs to be articulated. To increase the utility of the job evaluation, workers may be asked to participate in the process of evaluating the firm's jobs. Employees can add valuable insight into the essential job attributes for various positions. Job evaluations, then, reflect the relative value or contribution of different jobs to an organization. Once a job evaluation has been completed, market comparisons for a few key jobs need to be used as anchors for market reality. In theory, other jobs in the job evaluation can be adjusted correspondingly (Mahapatro, 2010).

Equal Pay: The Equal Pay Act, an amendment to the Fair Labor Standards Act, states that employees of one sex may not be paid wages at a rate lower than that paid to employees of the opposite sex for doing roughly equivalent work. Specifically, if the work requires equal skills, effort, and responsibility and involves similar working conditions, employees of both sexes must receive equal pay, unless the differences in pay stem from a seniority system, a merit system, the quantity or quality of production, or any factor other than sex (Dessler, 2013).

Contingent Pay: Individual contingent pay is the term used to describe schemes for providing financial rewards that are related to individual performance, competency, contribution or skill. Contingent pay may be made available in the form of consolidated increases to base rates or by cash bonuses (variable pay or 'pay at risk') or a combination of the two. Individual contingent pay schemes other than service-related systems are based on processes for relating pay to performance, competence, contribution or skill. They provide an answer to the two fundamental reward management questions: 1) what do we value? and 2) what are we prepared to pay for? The measures used may be expressed as ratings, which are converted by means of a formula to a payment. Alternatively, there may be no formal ratings and pay decisions are based on broad assessments rather than a formula (Armstrong, 2007).

Rewarding For Business Performance: An integral element of the general movement from 'status to contribution' based payment systems has been the increased introduction and adoption of various forms of performance related pay. This being said, it is important to recognize that performance related pay is a very heterogeneous set of measures, some of which have been around for a relatively long time. Under this broad heading one can include individual piecework, payment by results, merit pay, group bonuses, payments linked to overall organizational performance and numerous variants of each of these.

In recent times the spread of performance-related pay arrangements into the public sector has been particularly noticeable in a number of countries. Having a true merit pay or promotion system is often easier said than done, however.

Indeed, it has been observed that many organizations would be better off if they did not try to relate pay and promotion to performance and relied on other bases for motivating performance. The logic of this statement stems from the difficulty of specifying what kind of performance is desired and then determining whether, in fact, it has been demonstrated. There is ample evidence that a poorly designed and administered reward system can do more harm than good (Beaumont, 1993).

Market Competitiveness and Compensation: The market competitiveness of compensation has a significant impact on how equitably employees view compensation. Providing competitive compensation to employees, whether globally, domestically, or locally, is a concern for all employers. Some organizations establish specific policies about where they wish to be positioned in the labour market(Mathis and Jackson, 2010).

Team-Based Pay: Team-based pay provides rewards to teams or groups of employees carrying out similar and related work that is linked to the performance of the team. Performance may be measured in terms of outputs and/or the achievement of service delivery standards. The quality of the output and the opinion of customers about service levels are also often taken into account. As described by Armstrong and Ryden (1996), team pay is usually paid in the form of a bonus that is shared amongst team members in proportion to their base rate of pay (much less frequently, it is shared equally). Individual team members may be eligible for competence-related or skill-based pay but not for performance-related pay.

Compensating Professional Employees: In compensating professionals, employers should first ensure that each employee is actually a professional under the law. The Fair Labor Standards Act provides an exemption from both minimum wage and overtime pay for employees employed as bona fide executive, administrative, professional and outside sales employees. However, calling someone a professional doesn't make him or her so. In addition to earning at least $455 per week, the person's main duty must be the performance of work requiring advanced knowledge, and the advanced knowledge must be customarily acquired by a prolonged course of specialized intellectual instruction (Dessler, 2013).

Employee Bonus: A different type of variable payment is the gratuitous payment by the employer that is not directly earned by the employee: a bonus. The essential difference between this and an incentive is that the employee has no entitlement to the payment as a result of a contract of employment and cannot be assured of receiving it in return for a specific performance. The most common example of this is the Christmas bonus (Torrington et al, 2005).

Employee Benefits: Employee benefits refer to compensation other than hourly wage or salary. Three fundamental roles characterize benefits: protection programs (income and health, respectively), paid time-off, and accommodation and enhancement benefits.

Protection programs provide family benefits, promote health, and guard against income loss caused by catastrophic factors like unemployment, disability, or serious illnesses. Paid time-off policies compensate employees when they are not performing their primary work duties, such as during vacation, holidays, and bereavement. Accommodation and enhancement benefits promote opportunities for employees and their families. There is a wide variety of programs, including stress management classes, flexible work schedules, and tuition reimbursement (Stone and Stone-Romeo, 2008).

Non-financial Rewards

Whilst the components of reward identified and discussed so far have a financial basis, reward can also be non-financial, or relational (Brown and Armstrong, 1999), for example praise, thanks, opportunities to develop skills and recognition awards such as 'employee of the month', 'going the extra mile' and service awards. Awards are often publicly acknowledged in ceremonies and/or in company newsletters and notice boards thus communicating to the wider workforce the employee behaviors the organization values and is prepared to reward. Non-financial rewards also include the general quality of working life (QWL), for example the work environment, flexibility, work-life balance, managerial style/attitude, job-role autonomy and responsibility plus opportunities for employee involvement and employee voice; collectively these factors might be termed the work 'experience'. Definitions of nonfinancial rewards are bound up with the concept of total reward, emphasizing the potential benefits to be derived from considering reward in the broadest of senses.

Recognition: Most people have an objective for their payment arrangements, that their personal contribution is recognised. This is partly seeking reassurance, but also a way in which people can mould their behaviour and their career thinking to produce progress and satisfaction. It is doubtful if financial recognition has a significant and sustained impact on performance, but providing a range of other forms of recognition while the pay packet is transmitting a different message is certainly counter-productive (Torrington et al, 2005).

Employee Turnover

As human resource planning is an exercise in projecting likely future situations based on past trends, it is important to obtain information about those which indicate any significant changes. These data are invaluable as a background against which the forecasts produced by other methods may be finally assessed. The changes that are likely to be significant and worth analyzing are those that affect shifts in the relative numbers of employees in the various categories represented in the HR information system. A well-known problem in organizations with high-cost operational goals is the tendency for administrative and supporting staffs to grow disproportionately to the relatively small number of operational staff. One of the commonest factors that complicate the task of human resource planning is unforeseen wastage. Employee turnover is one flow which management cannot always control or forecast. In making forecasts over a future period it is a fairly straightforward task to allow for employees whose termination dates are known.

However, there will always be unplanned losses of employees for a variety of reasons. The most significant source of loss is through voluntary wastage, i.e. when employees leave of their own accord. In very large organizations it may also be necessary to include transfers or promotion of staff across divisions, departments or branches in these calculations (Tyson 2006).

Turnover Analysis and Costing: There is little that an organization can do to manage turnover unless there is an understanding of the reasons for it. Information about these reasons is notoriously difficult to collect. Most commentators recommend exit interviews (that is, interviews with leavers about their reasons for resigning), but the problem here is whether the individual will feel able to tell the truth, and this will depend on the culture of the organization, the specific reasons for leaving and support that the individual will need from the organization in the future in the form of references. Despite their disadvantages, exit interviews may be helpful if handled sensitively and confidentially – perhaps by the HR department rather than the line manager.

In addition, analyses of turnover rates between different departments and different job groups may well shed some light on causes of turnover. Attitude surveys can also provide relevant information. People leave jobs for a variety of different reasons, many of which are wholly outside the power of the organization to influence. One very common reason for leaving, for example, is retirement. It can be brought forward or pushed back for a few years, but ultimately it affects everyone. In many cases people leave for a mixture of reasons, certain factors weighing more highly in their minds than others. The following is one approach to categorising the main reasons people have for voluntarily leaving a job, each requiring a different kind of response from the organisation (Torrington et al, 2005).

Reasons for Employee Turnover: An analysis of the reasons for leaving derived from exit interviews will provide useful information on which to base retention plans. Exit interviews aim to establish why people are leaving, not to persuade them to stay. The reasons for leaving can be classified as: more pay; better prospects (career move);more security; more opportunity to develop skills; better working conditions; poor relationships with manager/team leader; poor relationship with colleagues; bullying or harassment; personal –pregnancy, illness, moving away from area etc. (Armstrong, 2006).

Succession Planning

Succession planning has a very high profile at present. This has developed from the original process of replacement planning which tended to be an informal approach to promotion with a short-term focus on that would be able to replace senior people if they leave suddenly, so that disruption and dislocation are minimized (see, for example, Huang 2001). In the 1980s more formal approaches were used which included careful analysis of the jobs to be filled, a longer-term focus, developmental plans for individuals who were identified as successors, and the possibility of cross-functional moves. This approach was typically applied to those identified as having high potential, and was generally centered on the most senior positions.

Larger organizations would produce tables of key jobs on which were named immediate successors, probable longer-term successors and potential longer-term successors, all with attached development plans. Alternatively, high-potential individuals were identified with likely immediate moves, probable longer-term moves and possible longer-term moves. However, as Hirsh (2000) points out, this model is appropriate to a stable environment and career structure, and the emphasis in current succession planning has changed yet again.

MATERIALS AND METHODS

Distributing financial or non-financial rewards in private and public corporations has an undesirable consequence if not equitably administered. The notion of equitable perspective mention here does not only refer to salaries, bonuses, benefits and other financial rewards given to employees, but also certain benefits such as training and development etc., that should be accorded to all employees, despite their grade level or seniority, is sometimes offered to few employees, which fetches resentment and jealousy; an act that generates unpleasant attitude and consequently leads to employee turnover. In consideration of the above facts, this study seeks to unravel the criticalities of inequitable distributions of rewards with a qualitative perspective which caused the retrieval of information from secondary sources published on the subject matter, in which analysis will be drawn from gathered information towards establishing a meaningful conclusion.

Analysis and interpretation

Rewards play a vital role in enhancing employees' outstanding performance which leads to corporations' goal achievement. Managing rewards necessitates conscious thought in order to circumvent displeased behaviours amongst employees. Reward management is geared towards the development and implementation of reward policies and practices so as to reward people fairly and equitably and the aims of reward management emphasised that people should be rewarded for the value they create and that corporations should ensure that they maintain a performance culture through equitable distribution of rewards. Reward system describes strategies, policies, practices, processes and procedures that creates effective and efficient administration of financial and non-financial rewards in private and public corporations.

Total rewards define the general management of financial and no-financial rewards. It examines rewards in a holistic point of view, not just base pay or benefits but also other relevant aspects of the reward system which makes up the whole. Managing global compensation distinctly looks at employees on international assignments particularly in multinational companies (MNCs), where administration of rewards differs from national operations. Employees on international assignment are accorded extra benefits which home country nationals could not be given. This category of reward management depicts inequitable distribution of rewards since MNCs employs both expatriates and home country nationals, whose jobs differ as a result of expertise.

Financial rewards are monetary payment made to employees for their engagement with corporations. It reveals the categories of rewards such as base pay, allowance, bonus, benefits and other financial entitlements. The allocation of financial rewards is determined by the grade and pay structure developed by corporations which also involve evaluation and classification of jobs into various categories in hierarchical order which clearly shows the worth of each job and align such jobs to grade and pay structures accordingly.

In the administration of such rewards, private and public corporations should ensure that inequitable distribution of rewards is prevented in order not to inculcate grievances among employees. Non-financial rewards have enormous contribution towards the development of corporations. Recognition, which most corporations neglect, has a key role in influencing employees' performance. An organization's citizen who have worked for ten or more years and have made immense contribution towards the growth of a particular corporation should not go unrecognized, a gift in an annual party organized by the corporation goes a long way to show appreciation to such employee's effort. Also, equitable distribution of training and development programmers influence employees' commitment and instill their loyalty to the corporation. Such non-financial reward serves as retention mechanism since employees are sure of capacity building which increases their knowledge and prospects for promotion.

Corporations, whether private or public must do their utmost best to prevent employee turnover. Employee turnover do not happen suddenly, it starts with an unpleasant behavior displayed by employees as a result of unsatisfactory incident that occurred in the workplace. When identified, line managers or human resource practitioners should be able to address the problem identified to prevent further occurrence. Negligence of unpleasant happenings generates to an unexpected problem, which leads to severe consequences. The aforementioned problems most times stem from inequitable distribution of rewards both financial and non-financial.

Summary and Conclusion

Managing financial and nonfinancial rewards is a distinct function exhibited by human resource management practitioners in private and public corporations. Information retrieved from secondary sources published on the subject matter describes the constituents of financial and no-financial rewards and unveils actualities that such rewards plays a key role in the effective and efficient management of corporations' workforce. Analysis drawn form available information discloses and emphasises that equitable distribution of rewards serves as a technique for employee retention. Reviewed literature further disclosed that equitable distribution of rewards creates pleasant working environment, stimulate performance and influences employees' commitment. The conduct of this research originates from qualitative perspective. Nonetheless, further study could be done using empirical examination in order to incorporate key issues in broadening the subject matter.

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