

C

E



Center for  
Effective  
Organizations

---

**Reward Strategies for Attracting, Evaluating  
and Retaining Professionals**

**CEO Publication  
G 84-17(65)**

Mary Ann Von Glinow  
University of Southern California

---

**Center for Effective Organizations - School of Business Administration  
University of Southern California - Los Angeles, CA 90089-1421 (213) 740-9814**

For inclusion in a special issue on Professional in Organizations, *Human Resource Management*, 1985.

**Reward Strategies for Attracting, Evaluating  
and Retaining Professionals**

**CEO Publication  
G 84-17(65)**

**Mary Ann Von Glinow  
University of Southern California**

**Center for Effective Organizations - School of Business Administration  
University of Southern California - Los Angeles, CA 90089-1421 (213) 740-9814**

For inclusion in a special issue on Professional in Organizations, *Human Resource Management*, 1985.



## REWARD STRATEGIES FOR ATTRACTING, EVALUATING AND RETAINING PROFESSIONALS

### Abstract

A typology of the design of organizational reward systems that explicitly addresses attraction, evaluation and retention of valued professionals is offered within four cultural contexts: the Apathetic Culture, the Caring Culture, the Exacting Culture, and the Integrative Culture. The strategic design of reward systems is one of the most critical but least understood phenomena in corporate America today. The special case of the autonomy-seeking professional is discussed and implications for strategic reward system change efforts are made.



REWARD STRATEGIES FOR  
ATTRACTING, EVALUATING AND RETAINING PROFESSIONALS

"Scientists, engineers, and in fact, any thinking and creative professionals are a national asset which must be encouraged and utilized. Less than effective utilization of these people represents an irreparable societal loss." (Roman, 1980, p. 344).

Introduction

Over a decade ago it was argued that the more advanced a society is, the greater its dependence on professionals for their talent and expertise (Hughes, 1967). Professionals are said to possess tremendous power, vested in their knowledge base (Klegon, 1978). The ensuing years have established the accuracy of that argument with almost frightening precision. There are well over ten million members of unions classified as professional/ technical employees by the U.S. Department of Labor, and this figure doesn't begin to tap the enormous number of professionals not employed in unions or other professional associations--such as information and computer specialists, scientists, engineers and others in our highly specialized information-seeking society. Further, futurists continue to predict increasing numbers of specialists will flood the market in cyclical patterns demanding rewards commensurate with their skills. Most of these highly skilled technical and professional employees have opted for employment in large bureaucratic organizations today. When large bureaucratic firms employ highly skilled professionals, a number of predictable benefits and costs occur.

On the benefit side, organizations have a talent pool of specialized knowledge from which to draw. These specialists form the backbone of the technical core, and sometimes move through their

technical careers via the organization's technical ladder--the managerial ladder's counterpart, designed to reward technical professionals--or through judicious use of lateral "promotions" and temporary assignments. More often, however, the organizational response to rewarding technical excellence is movement away from the technical specialty. Occasionally this move is beneficial to both the organization and the individual employee: the qualified and experienced engineer who moves into management may indeed make an excellent manager.

On the cost side, organizations may lose qualified and experienced engineers in this transfer, however, and in exchange receive mediocre managers. It is puzzling as to why organizations have not learned that excellence in a technical speciality does not always mean excellence in a managerial role. Indeed, the employment of highly skilled professionals challenges traditional organizational methods of attraction, motivation and retention. Today, turnover is highest for two classes of employees--the unskilled transitories and the highly skilled professionals (Von Glinow, 1983). Professionals as a whole are becoming increasingly important and integrated within the fabric of our social milieu. Since professionals typically have inflated expectations of what organizational life will bring by way of compensation and rewards, the design of organizational reward systems that explicitly addresses issues of attraction, evaluation and retention is becoming critical in managing an organization's human resources.

Similarly, there is a close interdependence between an organization's reward system and the culture in which it is embedded (Sethia and Von Glinow, 1985). In some cases, the rewards offered are symbolic of the culture, or the organizational culture is viewed as the

reward. When dealing with professionals who value their autonomy, alternative evaluation and reward systems are critical in initially attracting and subsequently motivating and retaining these employees. Thus, it is the purpose of this paper to discuss a typology of reward strategies that can be used in different corporate cultures to attract, evaluate and retain technical professionals.

### Organizational Reward Systems

The term reward system is frequently used to refer to a series of interrelated elements which describe (a) the type of rewards available in an organization, (b) the conditions under which different rewards are made available to individual members, and (c) the ways in which these rewards and the criteria for their allocation are selected and administered in a given organization (Kerr, 1982; Sethia and Von Glinow, 1985). Lawler (1984) argues that the reward system is comprised of core values, structures, and processes. Core values represent the company philosophy for selecting and distributing rewards, structure refers to the criteria and mechanisms for distributing rewards, and processes refer to communication and the nature of member involvement in developing these practices. Drawing from Kerr (1982), Lawler (1984), and Von Glinow (1983), the organizational reward system is conceptualized here as "the various rewards available and their salient characteristics, the criteria according to which members get these rewards, the process of selecting and distributing these rewards and communicating about them, and the administrative structure which governs these rewards (Sethia and Von Glinow, 1985). These components of the reward system are illustrated in Figure 1.



-----  
Insert Figure 1 about here  
-----

The criteria for which rewards are distributed fall typically into three categories:

- Performance: Results--tangible outcomes such as individual, group or organization performance; quantity and quality of performance.
- Performance: Actions and Behaviors--such as teamwork, cooperation, risk-taking, creativity.
- Non-performance Considerations: customary or contractual, where the type of job, nature of the work, equity, tenure, level in hierarchy, etc. are rewarded.

Virtually no research has occurred on the structural and processual aspects of reward system practices, and with the exception of J. Kerr (1984), no work has been done on the strategic implications of designing reward systems. When coupled with the special case of the professional who constantly agitates for operational freedom, the strategic design of organizational reward systems is one of the most critical but least understood phenomena in corporate America today.

A major problem in most firms is one of satisfactorily rewarding its professional employees. As I have noted elsewhere, the administration of traditional rewards such as promotions and pay increases, and status symbols such as company cars and private parking places are less effective in controlling the performance of professional employees (Von Glinow, 1983). Thus, it is critical that companies offer technical professionals rewards and incentives that are seen as desirable by these employees. Dysfunctional reward systems for

technical professionals abound; a common problem is that companies notoriously offer professionals rewards that are not particularly valuable or salient to them, and then wonder why these professionals leave or are pirated away for a 10% salary increase. It has become increasingly clear that organizations must establish differential reward systems for their technical professionals as distinct from other organizational employees. Not to do so is to forego equity in favor of equality, and thereby lose the ability to attract, evaluate and retain the professional through the reward system.

#### The Culture-Reward System Relationship

Before concentrating on reward strategies for attraction, evaluation and retention of professionals, the interdependent nature of the organization's culture and its reward system should be examined. Since an organization's culture involves the basic values, assumptions, and beliefs of its members, culture can be seen as influential in the types of rewards that are available in an organization, the conditions according to which the rewards would be allocated to groups or individuals, the way in which the rewards and their criteria would be selected, and the manner in which the total reward system would be administered (Sethia and Von Glinow, 1985). Often the impact of culture on reward systems is quite direct, and can be seen in ruthlessly performance-oriented cultures, where rewards are based solely on certain aspects of performance. Indirectly, culture can influence the reward system through its human resource philosophy. Some companies have highly articulated human resource philosophies and these have a corresponding impact on reward system practices within these companies. Human resource philosophies which are sensitive to the differences

between professionals and non-professional employees have corporate policies that include "job content" rewards, peer appraisals, career development, dual ladders and autonomous working environments.

Just as culture influences reward system practices, "much of any organization's current culture can be specifically attributed to past reward policies" (Stonich, 1984). Lawler (1983) aptly notes that "The reward system of an organization can reinforce and define the organization's structure--it can help define the status hierarchy, the degree to which people in technical positions can influence people in line management positions, and it can strongly influence the kind of decision structure which exists . . . Reward systems have the ability to shape culture precisely because of their important influence on motivation, satisfaction and membership. The behaviors they cause to occur become the dominant patterns of behavior in the organization and lead to perceptions and beliefs about what an organization stands for, believes in, and values."

Sethia and Von Glinow (1985) have noted that culture and its reward system must be in a state of mutual balance for the company to function smoothly. However, it should be noted that particular types of organizational cultures appear to function with particular types of reward systems, and the combinations fall into four distinguishable patterns. These patterns are based on the organization's operational concern for the people in the organization, coupled with the organization's intensity of performance expectations of its incumbents. For the sake of simplicity, these two dimensions may be anchored as high or low concern for people, and weak or strong expectations about their performance. These patterns represent four distinct and possible types

of organizational cultures: the Apathetic Culture, the Caring Culture, the Exacting Culture, and the Integrative Culture, illustrated in Figure 2.

-----  
Insert Figure 2 about here  
-----

These four cultures can be described as follows (Sethia and Von Glinow, 1985):

The Apathetic Culture represents lack of concern about people and indifference to their performance. Organizations having this type of culture function on the basis of impersonal rules and regulations, and they survive mainly due to favorable circumstances or lack of competitive threats.

The Caring Culture has high concern for people, but is relatively undemanding in its performance expectations. Organizations with this culture function smoothly because of people's ready compliance with top-down policies. These organizations survive, and even prosper at times, due to the loyalty of their people.

The Exacting Culture shows little sensitivity to people, but is extremely demanding in its performance expectations. This is the culture of intensely driven organizations where success comes from smothering the competition.

The Integrative Culture exhibits high concern for people combined with strong performance expectations from them. This is the culture of organizations where motivation of people is augmented by their dedication, and the organizations prosper by enhancing the effectiveness of their people.

Each of these four cultures is compatible with specific types of reward system practices. In fact, each culture reflects different corporate philosophies regarding concern for people and performance expectations. As such, their policies for attracting, evaluating and retaining professionals vary greatly. The following section focuses on reward strategies for technical professionals in each of the four cultures.

## The Apathetic Culture

This culture, with its lack of concern for people and its weak expectations regarding their performance, comprises companies that appear counter-rational. Since organizations generally tend to function according to some form of logic, the companies represented here typically defy logic. Few generalizations may be made about such a culture, and even fewer may be made regarding the reward strategies employed. It is clear, however, that rewards bear little relationship to performance.

Generally, the Apathetic Culture is not evident among companies in competitive environments. A lack of concern for productivity, or weak concerns regarding individual performance precludes such companies from being competitive. Instead, this culture is more apt to be found in strong monopolies, cartels, some public sector organizations, and state-owned enterprises in some countries. In these types of organizations, entrenched interests, political expediencies, or ideological proclivities seem to be the rule more than concerns of effectiveness.

Thus, when we turn our attention to issues of attracting, evaluating and retaining professionals, this Apathetic Culture resembles a rather schizoid pattern.

Attraction. To attract professionals to organizations with this type of culture, we typically find companies offering high job security. In some cases, these organizations attract professionals through the use of lucrative contracts. To attract qualified professionals, these companies rarely use the word performance-oriented. Instead, they rely on matters of custom (we've always done it this way), or patronage, to

attract professionals. Reliance on the fact that no competition exists allows the company to recruit professionals for reasons other than productivity. This can appeal to a professional, knowing that the company is not "bottom-line" driven. This can also appeal to professionals who are risk-averse, who do not care to work on product innovations that ultimately must meet some competitive standard. The standards for excellence are contained within the employment agreement, and are not related to performance criteria.

Evaluation. In the Apathetic Culture, evaluation is not related to performance. Promotions seem to come automatically, though slowly. Performance appraisal is virtually non-existent since performance evaluation is an oxymoron in this culture. Autonomy is prized by both professional and non-professional alike. A successful evaluation is more a function of whether the professional can "play by the rules" or use the rules as a shield to hide behind. Success is also a function of who you know, rather than what you know, with political "deal-making" at center stage.

Retention. Retention strategies in the Apathetic Culture revolve around the extent to which professionals can be shown that the absence of certain factors (e.g., lack of competitive threats) can be capitalized upon. Retention strategies concentrate on some rewards (such as autonomy or job security, golden handcuffs) to the exclusion of others (job content). This type of culture can appeal to professionals who are more politically and power-oriented than others, since ability to play politics and hide behind the rules is its own unique reward. In the Apathetic Culture, retention, like evaluation and attraction, is difficult to prescribe reward strategies for, inasmuch as professionals

in this culture march to a really different drummer. Strategic decisions are not terribly logical. Professionals qua professionals are not particularly valued, and the company has no performance expectations of its professional staff.

### The Caring Culture

Like the Apathetic Culture, the Caring Culture has weak performance expectations of its professionals. However, the Caring Culture is highly concerned about its employees. This is exemplified in its paternalistic approach toward its professionals.

Attraction. If we keep in mind that the Caring Culture is highly people-oriented with very few signals given regarding its performance orientation, then organizations with this type of culture will attempt to attract professionals by playing up the human side of the company through its management practices. Traditional Caring Cultures exemplify this people-oriented strategy. These companies highlight rewards such as job security, and working with a company that is trustworthy and fair. Professionals who do not seek out or thrive in a fast-paced, performance-driven culture are sought. Rewards concentrating on enhancing employee satisfaction with the work environment are common. To attract professionals to the Caring Culture company, incentives such as geographical location, school district, child care facilities, and resources are highlighted. To some extent, these companies may employ some front-end bonuses to attract technical professionals. The mix of rewards is often contingent on financial factors, though the use of flexible benefit packages is gaining in the Caring Culture. Flexible benefits allows individual choice, given the trend toward dual career

families, Caring Culture companies tend to focus on individual professional needs.

In some cases, these professionals may not value autonomy or collegial maintenance of standards as much as the typical professional. Instead they value the overseeing paternalistic posture of companies representing this culture. Similarly, if companies have managed to attract professionals who do not want intrusion into their autonomy, these firms must be able to swap the control of their professional staff for some limited autonomy to retain autonomy-seeking professionals. A key dilemma here is knowing how much autonomy to allow, since these companies are good-naturedly concerned about their professionals (and not their performance).

Evaluation. Evaluation of professionals in the Caring Culture, which is not particularly performance-oriented, is based more on non-performance criteria listed earlier. Here, rewards tend to be based on contract or custom, type of job, tenure, seniority, the type of position one has, has the most impact on rewards. In the Caring Culture, a high value on people, teamwork, cooperation, and fitting-in are at a premium. As such, individual professionals are sometimes rewarded for effort rather than results. Performance appraisals here are more trait-based and non-performance contingent.

Retention. Retention practices in the Caring Culture focus on keeping the professional happy. Thus we see a number of attitude and morale surveys designed to surface problems. Similarly, professionals are offered considerable opportunities for training and development, continuing education, and programs to upgrade their skills and expertise. Caring Culture companies also try to retain valued



professionals by promoting from within and using executive perks for professionals in the most senior-level positions. Companies with this type of cultural pattern typically see less link between performance and reward, thus we would not expect a pay for performance or merit-based pay system to be operational. Instead, rewards and recognition are based on seniority or tenure with the organization. Here we also find strong pension programs, and programs that allow professionals to phase their retirement if they choose. Caring Culture companies favor liberalization of retirement benefits as a retention strategy.

### The Exacting Culture

The Exacting Culture reverses the emphasis of the Caring Culture. In this cultural pattern, concern for people is not evident; instead, managerial leverage is used to help professionals increase team output. Performance expectations are high in the Exacting Culture, and individuals are expected to be at a sustained level of high performance, similar to the sports analogy of one's "personal best" (Grove, 1983).

Attraction. Strategies used to attract professionals are aimed at those who are success-oriented or performance-driven. The U.S. Army capitalizes on this when it advertises, "Be All That You Can Be!" Here, the emphasis is on output-oriented strategies capitalizing on bottom-line activities. Attraction strategies of the Exacting Culture companies utilize enticing financial rewards, coupled with profit-sharing, front-end bonuses and special award and recognition programs for major contributors. Bonuses are quite significant, but they are always predicated on successful performance. The Exacting Culture company makes a point of going only for the best--the best performers, the cream of the professional crop. What attracts a high achieving

professional usually falls within the category of utilization of expertise and skills. Thus, Exacting Culture companies attempt to attract professionals by assuring them that their present and future skills will allow them to "be everything they can be."

Evaluation. Evaluation of professionals in the Exacting Culture is much more likely to utilize peer appraisals or have multiple indicators of individual performance. This is particularly true for a matrix structured company. Individual performances are aggregated into a team performance, or team/group measures are utilized so that performance is judged as accurately as possible. Performance is the output measure that drives all reward strategies, and to the extent that individuals or teams work in technology-intensive environments, controls are levied on the output side. However, managerial leverage is used for means and ends control. Professionals can exercise autonomy over means only to the extent that they deliver the expected output. The costs of failure can be substantial in this culture, and can bar a professional from receiving the financial or "content rewards" that generally result from achieving one's goals. Evaluation strategies need to relax the built-in tension between the organization's need for control over output by allowing the professional input into the decision-making process that governs the setting of output. Such participation occurs too infrequently in the Exacting Culture. Task-relevant feedback occurs regularly, with appraisals based largely on performance (either individual or group).

Retention. The performance-driven nature of the Exacting Culture makes this company a prime contender for employee burnout. Particularly for organizations that value the fast-paced, performance-driven culture

epitomized by the superachiever, retention costs are substantial after several years. Aware of this, the Exacting Culture's reward strategies concentrate on sharing of profits and a willingness to offer stock to employees. To the extent that long-term incentives are utilized, stock purchase plans are quite prevalent. These, and other benefit plans (particularly those that are non-taxable) are often used as golden handcuffs that bind the professional to the organization. Similarly, some of the Exacting Culture organizations are emphasizing the "entrepreneurial spirit" by encouraging professionals to engage in company-sponsored independent business units, or garage-type autonomous units that allow the professional personal freedom. Historically, however, the Exacting Culture has rewarded the hoarding of resources, withholding of information, and short-term emphasis over long-term emphasis. This has occurred since rewards are highly contingent on the tangible outcomes of one's personal efforts in this culture. Thus, retention efforts view the professional as someone who thrives on professional success. The Exacting culture appeals to that value more frequently than other cultures.

#### The Integrative Culture

In this last culture category, high concern for people is matched with strong performance expectations. The net result is an integrative blend of values that considers professionals to be capable of significant contribution to the overall goals of the company. The Integrative Culture appears to take many of the rewards from the previously discussed cultures and offers them based on the degree of successful performance attainment.

Attraction. The Integrative culture generally offers well-above-average compensation and benefits to professionals to initially attract and subsequently retain them, including profit-sharing, stock options and bonus plans. In addition, this culture, serious about attracting talented individuals, offers significant job content and career-oriented rewards. Unlike other cultures, the career-rewards include tracking the professional employee through his/her career, career planning and counseling, as well as integrated links to the strategic posture of the firm. How professional's skills, abilities, and expertise fit in with the overall organization's mission, and what subsequent training, development or education the professional will need, is typical of the career-thinking that accompanies organizations in this culture. Career-oriented programs are designed to attract and sensitize the professional to upside organizational possibilities in the pre-employment phase. Integrative Culture companies typically promise fast career movement (whether in a technical or managerial specialty) predicated on meeting or exceeding objectives. Overall, attraction strategies concentrate on finding high achievers who enjoy egalitarian environments. Similarly, these companies offer tremendous responsibilities and jobs that are enlarged by most industry standards to attract professionals who thrive on challenges that are neither too hard nor too easy to achieve.

Evaluation. Behavior such as taking a chance, and then narrowly failing to meet one's objectives is not punished in the Integrative Culture. Instead, risk-taking is encouraged. Some companies have a certain amount of "failure" built into some risky projects; in these cases, failure is expected and is not seen as stigmatic. The logic that

underlies this posture is that if the professional is not failing occasionally, (s)he is not taking sufficient risks. If the professional is not risk-taking, then (s)he has no chance of succeeding in new, innovative areas or markets. Here, performance is often a combination of quantitative as well as qualitative aspects of performance. For example, few quantitative measures of a professional's creativity exist, yet companies value creative achievements. Surrogates for creativity are employed and are often based on a team effort. Since many professionals work in teams, or in small groups with variable membership, it is particularly important to evaluate the performance of the whole group as a unit. This is done more frequently in the Integrative Culture than in other cultures. The emphasis on performance (reminiscent of the Exacting Culture) is tempered by a strong concern for the individual professional. Thus we see fewer employees who have been beaten-up or burned-out by the system. In this culture, professionals can be stretched as far as they care to be stretched.

Retention. The Integrative Culture Company encourages risk-taking, competition, dynamism. In return it offers job security, training and development, and advancement opportunities from within. Dual ladders are prevalent for technical personnel with equity between the technical and managerial ladders. Professionals are also retained by thoughtful HR policies that encourage training and development, continuing education and other skills-development programs. Professionals participate more in decisions that affect them, including reward preferences. We see companies offering professionals skill-based pay and special awards and recognition. Professionals are challenged through participatory programs designed to encourage performance. Performance

goals are challenging, yet neither too difficult nor too easy to achieve. In addition, the Integrative Culture company makes good and frequent use of task-relevant feedback.

Conclusions and Implications

In summary, the above four cultures represent generic categories of cultures and reward systems as they jointly influence the attraction, evaluation and retention of professionals. Table 1 combines the various reward strategies used by different cultures.

-----  
Insert Table 1 About here  
-----

This typology is not meant to suggest that all companies employing professional employees will fall neatly into one of the four categories, or that a particular category is isomorphic with all aspects of the organization which might be placed in it. Rather, this typology is offered as an aid in isolating some of the strategic implications involved in the design of reward systems. When coupled with the case of the professional employee, the strategic design of reward systems in organizations takes on added texture. The value of the culture categories is useful only to the extent that it allows deeper analysis and understanding of the organizational realities surrounding the employment of professionals. Yet, culture and reward systems are powerfully-known determinants of the way professionals behave in organizational settings. Thus, the following implications are derived:

1. Culture change requires a corresponding change in the organizational reward system.

Since the major thrust behind most culture change efforts is "the need for a radical shift in strategy to meet competitive threats, or to adapt to changing economic or social environments, it is extremely important to assess what kinds of rewards, and what levels of such rewards will be conducive to the new culture; and what criteria for rewards will be critical in the new culture; and then to implement appropriate changes in the organizational reward system as an integral part of the culture change strategy" (Sethia and Von Glinow, 1985). The congruent pattern that reward systems and culture form is far more significant to managers than either one taken separately.

2. Changes involving the reward system must consider the unique role of the professional employee.

Reward salience has long been a factor in attracting, motivating and retaining professional employees. Differential reward systems for professional employees should be seriously considered in any reward system change effort. Incentives that are seen as attractive to professionals are critical in controlling the performance of professional employees. In considering the fact that some professionals, as in the Exacting Culture, desire autonomy over means and ends, reward system changers should take pains to ensure that professionals receive the necessary autonomy for them to perform.

3. Reward system design and evaluation is tailored to specific organizational situations and specific cultures.

The reward system practices, the changes, and the implementation process are typically tailor-made given specific organizational and

cultural situations. Since tailoring any system and particularly the organizational reward system implies change, modification, implementation, and reassessment, the constantly moving target may discourage systematic diagnosis and evaluation. Some innovative reward system changes fail to make a corresponding impact on organizational performance because they haven't been implemented adequately within the organization's cultural context. Thus, designers are encouraged to take a critical look at the existing organizational culture to determine whether the specific culture is desired and valued. Similarly, cultural peculiarities of one setting may not fit with the people or the technology in another. Changes in strategic reward system design argue for more fluid change approaches--approaches that Cummings and Mohrman (1985) portray as (1) tailor-made to specific contexts, (2) characterized by on-going refinements, (3) involves learning by organizational members, (4) guided by diverse values and multiple goals, and (5) threatened by multiple and simultaneous interventions.

These implications require substantial research and empirical investigation. There has been very little theoretical or empirical work into the area of strategic design of reward systems for professionals within their cultural contexts. Hopefully this typology has been a first step in drawing attention to this critical and unresearched area in human resource productivity.



## References

- Cummings, Thomas G. and Susan Mohrman. "Assessing Innovative Organizational Designs: The Case for a Feedback/Adaptation Model," in Tannenbaum, Massarick and Margulies (eds.), Human Systems Development, 1985 (in press).
- Grove, Andrew. High Output Management. New York: Random House, 1983.
- Hughes, Everett "Professions", in Lynn (ed.) The Professions In America, Boston: Beacon Press, 1967.
- Klegon, Douglas "The Sociology of Professions: An Emerging Perspective" Sociology of Work and Occupation, 5, #3, 1978.
- Kerr, Jeffrey. "Diversification Strategies and Managerial Rewards: An Empirical Study," working paper, School of Business, Southern Methodist University, Dallas, Texas, 1984.
- Kerr, Steven. "Some Characteristics and Consequences of Organizational Reward Systems," working paper, School of Business Administration, University of Southern California, Los Angeles, California, 1982.
- Lawler, Edward E. "The Design of Effective Reward Systems," working paper, Center for Effective Organizations, University of Southern California, Los Angeles, California, 1983.
- Lawler, Edward E. "The New Pay," working paper, Center for Effective Organizations, University of Southern California, Los Angeles, California, 1984.
- Roman, Daniel E. Science, Technology and Innovation: A Systems Approach, Columbus, Ohio: Grid Publishing Company, 1980.
- Sethia, Nirmal and Mary Ann Von Glinow. "Managing Organizational Culture by Managing the Reward System" in Kilmann et al. (eds.) Managing Corporate Cultures, Jossey-Bass, 1985 (in press).
- Stonich, Paul J. "The Performance Measurement and Reward System: Critical to Strategic Management," Organizational Dynamics, Winter, 1984, pp. 45-57.
- Von Glinow, Mary Ann. "Incentives for Controlling the Performance of High Technology and Professional Employees," IEEE Transactions on Systems, Man and Cybernetics, 1983, Vol. SMC-13, No. 1, pp. 70-74.

Table 1: Reward Strategies For:

	Attraction	Evaluation	Retention
Apathetic Culture	<ul style="list-style-type: none"> <li>• no "bottom-line" emphasis</li> <li>• job security</li> <li>• contracts</li> <li>• matters of custom, patronage,</li> <li>• personality: risk-averse</li> </ul>	<ul style="list-style-type: none"> <li>• non-performance contingent</li> <li>• non-performance appraisals</li> <li>• emphasis on vested, entrenched interests, "who you know"</li> <li>• political behavior</li> </ul>	<ul style="list-style-type: none"> <li>• concentrate on job security &amp; autonomy</li> <li>• appeal to the politically-oriented professionals</li> </ul>
Caring Culture	<ul style="list-style-type: none"> <li>• people-oriented</li> <li>• job security</li> <li>• trustworthiness and fairness</li> <li>• flexible benefits</li> </ul>	<ul style="list-style-type: none"> <li>• contract or custom rewards are allocated based on</li> <li>• cooperation &amp; fitting-in are valued</li> <li>• appraisals are more "trait-based"</li> </ul>	<ul style="list-style-type: none"> <li>• training &amp; development programs</li> <li>• continuing education programs</li> <li>• liberalization of retirement benefits</li> <li>• seniority or tenure-based rewards</li> </ul>
Exacting Culture	<ul style="list-style-type: none"> <li>• financial rewards</li> <li>• bonuses</li> <li>• job content rewards</li> <li>• performance and success-driven</li> </ul>	<ul style="list-style-type: none"> <li>• performance is the sole criterion</li> <li>• means and ends control</li> <li>• task-relevant feedback</li> <li>• costs of failure are severe</li> </ul>	<ul style="list-style-type: none"> <li>• profit sharing</li> <li>• stock ownership</li> <li>• emphasis on entrepreneurial spirit</li> <li>• garage-type independent business units</li> </ul>
Integrative Culture	<ul style="list-style-type: none"> <li>• above-average compensation and benefits</li> <li>• job security</li> <li>• job content rewards</li> <li>• quick advancement opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• group/team appraisals</li> <li>• failure is not necessarily punished</li> <li>• quantitative and qualitative measures are employed</li> </ul>	<ul style="list-style-type: none"> <li>• skill-based pay</li> <li>• advancement opportunities readily available</li> <li>• tailor-made</li> <li>• challenging</li> <li>• task-relevant feedback</li> </ul>

FIGURE 1

REWARD SYSTEM  
PRACTICES

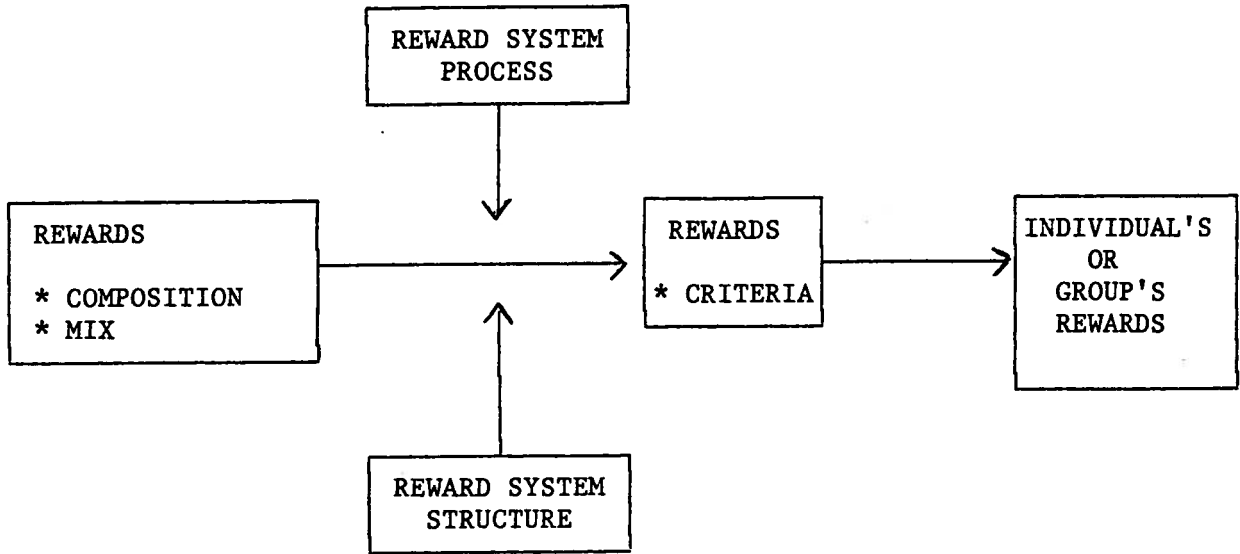


FIGURE 2

A FRAMEWORK OF HUMAN RESOURCE CULTURES

