

Investigating the Effects of Reward on the Cooperation in the Sale and Marketing Department from Managers' Perspective (Isfahan Food Industries Case Study)

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Abstract

The sale and marketing unit is of the most important departments in every organization. In comparison to the internal factors, the effective communications in sale and marketing has a crucial role in promoting organizational performance. Therefore, the present study was aimed to answer this question that can the employees promote their organization through sale and marketing efforts. Also this study seeks to answer this question that whether adoption of the common rewards facilitate the employees' cooperation and decrease the conflicts between sale and marketing efforts. The statistical population of this study includes managers of Isfahan food industry. This statistical population consists of 180 male and female managers. A self-administrated questionnaire has been employed to collect the data. Validity of this questionnaire has been examined and confirmed by management and marketing professors and experts. Also its reliability has been examined through Cronbachs' Alpha Coefficient. The coefficient 0.73 confirms reliability of the questionnaire. This study is a practical research from purpose perspective and is a descriptive-survey one from methodological view. The SPSS and Amos are the statistical software that has been used to analyze the data and test the hypotheses. Finally, the results of goodness of model fit indicate the model has favorable goodness (RMSEA: 0.055, CFI: 0.97).

Keywords: Reward, Cooperation, Perspective, Food Industries

1. Introduction

With regard to the increasingly importance of the organizational goals in today's variable and dynamic environment, the role of manpower is considered as the most valuable human capitals in facing the organizational strategic goals, employers' ability in recruiting and maintaining employees, and increasing the organizational productivity through a good reward system (Ronagh, 2011: 10). It is necessary that the salary and reward systems designed based on the employees' capabilities and expertise and organizational goals in order to improve organizational performance (Reid, 2002). Improvement of the employees' efficiency (as a short-term goal) is very important in the organizations because of its critical role in promoting organizational performance (Zaheer, et.al, 2008: 181). When a performance evaluation system will be successful that is designed based on the recognition of employees' need and also has compatibility with employees and organizations' needs and wants (Bartol and Locke, 2000). The use of scientific methods in actual performance valuation is the best mechanism for decreasing employees' dissatisfaction and their conflicts in the workplaces. This results in recognition of actual qualifications, employees' preferences in comparison to each other in the rewards, motivating coworkers, and showing the actual and potential capabilities in providing a competitive environment (Ronagh, 2011: 237-238). The incentive effects of reward systems influence the organization's efficiency and also help in achieving goals through increasing employees' motivation and commitment (Landi and Cooling, 2000). A well-designed reward system creates a belonging sense among employees in any organization. This also results in the employees' cooperation and greater sense of responsibility (Tohidi, 2003: 29). The results of the studies have been done in the empowerment; cooperation and participation reveal that the employees with high levels of belonging to their organization will have more performance. The employees who have more participation opportunities will participate in their organization. The reward is a common capability resource that can be used for encouraging employees' participation (Kandla, 2007). Showing the cooperation and collaboration in every organization leads to decrease conflicts in workplaces. On the other hand, this promotes and actualizes the employees' creativity and capabilities and increases efficiency and productivity in every organization (Tohidi, 2003: 29). The results of different studies have been done in this area indicates that there is a significant positive relationship between perceptions of justice and the extent of employees' performance (Podsakoff et al., 2000). If the employees perceive that there is a justice-based performance evaluation system that is implemented for everybody and also if they perceive that the organization pay attention to the employees' welfare issues, then this leads that they strive to achieve organizational goals more seriously. On the other hand, if the employees perceive that the organization does not behave them fairly; this may decrease their performance and increase the deviant behaviors, conflict, and job turnover. This also results in less commitment, cooperation, and participation among employees (Philip et.al 2012: 1218). The results of different studies indicate that the differences in the levels of employees in a department can lead to several serious problems in coordination and create interpersonal and intrapersonal conflicts. The common structures of rewards help to increase cooperation among employees, because each of the partners (organization and employee) has responsibility in success or failure of the common project. Lower (1997) believes that the organizational rewards influence the employees' attitudes and behaviors and also change their perceived satisfaction of rewards, attitudes, and behaviors toward their participation (Shang Pao, 2007: 278). The participation and cooperation increases the production and competitiveness capabilities in the organizations (Tjosold, 1988). But conflict and contention

leads to decrease cooperation and operational effectiveness (Lemeunier- Fitzhugh, and Piercy, 2007).

2. Literature review

2-1. Reward system

Many authors agree that the productivity promotion is the force of every country’s economic development. This also is considered as one of the effective mechanisms in the productivity of reward systems. However, the reward system has a determinant role in the organizational members’ individual and group behavior (Gomez and Balkin, 1992). On the other hand, reward system has an effective role in the organizational effectiveness. Generally, every organization designs an effective reward system for evaluating its employees’ efforts, energy, creativity, and innovation. The reward systems designed for which efforts of the employees that are beyond their job functions. Therefore, the organizational reward system is designed to encourage the employees based on the quantity and quality of their efforts in achieving organizational (Saadat, 2007: 252). Also Helrigne et al. (1995) define reward as a desirable outcome of employees’ favorable behaviors in order to improve and increase its repetition probability. Shermerhorn (1993) refers to reward as the positive outcomes of employees’ efforts. Also it should be remembered that if such desirable behaviors are not encouraged by organizations, they do not repeat their behaviors in the futures. However, every reward cannot result in productivity and it is necessary that human resource professionals take care in designing their reward system. Therefore, it is necessary to design a desirable reward system for reinforcing and improving organizational productivity. Unfortunately, many people think only about material aspects of reward, while reward has more comprehensive aspects. On the other hand, such perception leads that the managers ignore other aspects of reward. Therefore, different types of reward have been indicated in the following section.

Intrinsic rewards: this refers to the internal and natural rewards that are self-organized and occurs naturally. So, these rewards are created in the job. The source of these rewards is the employees’ capability and individual development.

Extrinsic rewards: this refers to the rewards that are administrated from an external basis and include the valuable outcomes that a supervisor gives his/her subordinate (Shermerhorn, 1993). Disenzo (2010) indicates that the rewards can be categorized into two groups. These include financial and non-financial rewards. These have been presented in fig 1.

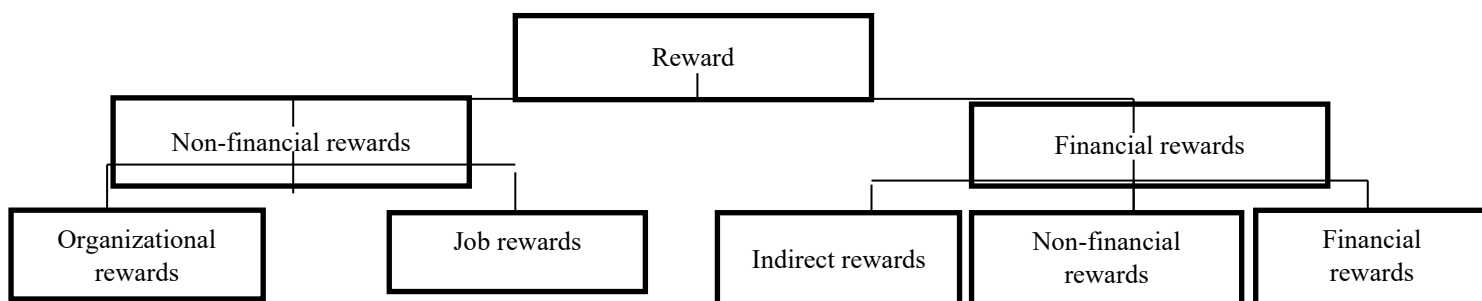


Fig 1: different types of reward (Disenzo, 2010).

Financial rewards: these are the main components of the reward structures. Past experiences and examinations confirm that the financial reward has superiority in encouraging employees toward excellence performance. Also financial aspect is the basis of motivational structure.

This means that the financial rewards satisfy the employees' physiological and safety needs. Since other needs in Maslow's hierarchy of needs (such as social needs) can be satisfied through money, it can be concluded that financial reward has an important role in the reward system management.

Indirect financial rewards: these refer to the rewards that are paid for employees indirectly. Social securities and health insurance are the main indirect financial rewards (Kandla, 2007).

Direct financial rewards: this includes salary that the employees receive from their employers. Indeed, this refers to the cash that the employees receive from their organization (Kantor,2003).

Direct non-financial rewards: employees usually receive other non-financial rewards from their organization (Gomez et.al, 2005).

Non-financial rewards: the employees also receive non-financial rewards from their employers. Some employees may not be encouraged by financial rewards and encouraged by non-financial rewards for doing more performance. This is a good opportunity that the organizations utilize and leverage them for achieving more performance. These rewards can be categorized into two groups that each of them has been indicated in the following section.

Job rewards: a good job has very important role in the non-financial reward. Therefore, many organizations effort to enrich jobs actively. Job position is a main issue in every motivation theory. Employees may have an intrinsic satisfaction from some jobs. Therefore, the employers must adjust the job content so that employees enjoy doing it.

Organizational rewards: the employees can contact their friends and coworkers through their job in the workplaces. This leads to satisfy some of their needs. For example, appropriate job conditions and variable time schedules refer to the organizational rewards (Saadat, 2007: 253).

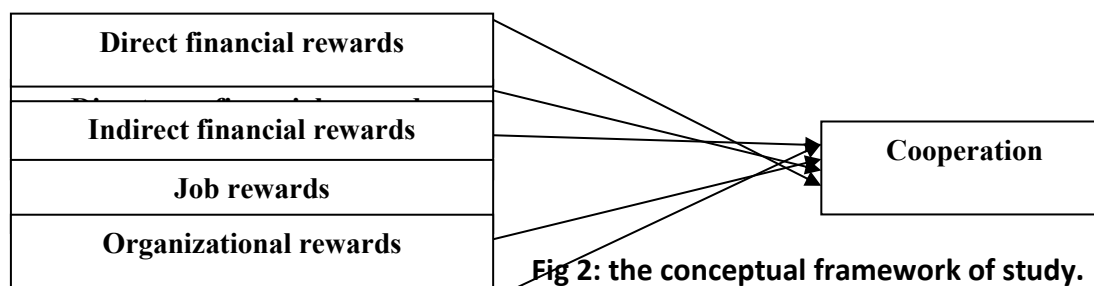
2-2.Participation

Cooperation and participation are the necessary need of mankind that is derived from his/her social entity. This is a historical concept that its root is in the publicity and religious thoughts. Many authors believe that cooperation and participation are the cultural concepts and prerequisite of every successful design and plan for improving life and social development. It is somehow difficult to define cooperation and participation, because their definition is depends on the cultural values and different peoples have different perceptions from them (Tohidi,2003:30). Many authors and researchers define these concepts differently. The present study focuses on the definition that has been presented by Booksel and Parcel (2003). They state out that participation refers to the mechanism that empowers the employees for cooperating and making decision and also improve their abilities in their organization directly or indirectly. On the other hand, participation refers to a mental and emotional involvement that motivates individuals to participate in group workings eventually in order to achieve group goals. There are three aspects in this definition including mental and emotional involvement, assist, and responsibility (Benson,2000). On the other hand, there are several points in the definition of participation. For example, participation must be done from beginning of efforts and all of the organizational members must be involved in any organizational efforts. In such conditions, participative management system will be formed and developed. Human resource management is one of the most important resources that lead to organizational growth, development, and excellence through thought, creativity, innovation, commitment, and responsibility in every organization. On the other hand, an

individual will have different reactions when facing different information, conditions, and events (Bean and Vars, 2000: 18).

Hanifi (2001) categorizes participation into two groups including Uni-dimensional participation and multi-dimensional one. Uni-dimensional participation refers to the one that peoples participate in a social or political aspects based on the society’s needs and avoid other aspects or prevented from it. Multi-dimensional is the one that peoples participate in every affair (Tohidi, 2003: 29).

3.The conceptual framework



4,Hypotheses development

H: rewards in the sale and marketing efforts influence its cooperation positively.

Ha: direct financial rewards in the sale and marketing efforts influence its cooperation positively.

Hb: direct non-financial rewards in the sale and marketing efforts influence its cooperation positively.

Hc: indirect financial rewards in the sale and marketing efforts influence its cooperation positively.

Hd: nonfinancial (job) rewards in the sale and marketing efforts influence its cooperation positively.

He: nonfinancial (organizational) rewards in the sale and marketing efforts influence its cooperation positively.

5.Research methodology

This study is a practical research from its goal perspective and is a descriptive-survey one from its research methodological view. Different instruments have been used in different steps of data-collection process. In order to review the literature, library method has been used. For collect the research data, a self-administrated questionnaire has been used. Finally, in order to examine normal distribution of the data, Kolmogorov – Smirnov index has been used. The results of this index reveal that the normal distribution of research data can be confirmed (sig: 0.95). The results of this index have been indicated in table 1.

Table 1: the results of Kolmogorov – Smirnov

Questionnaires	K-S index	Sig
Reward	0.844	0.156

Cooperation	0.755	0.237
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5-1. Statistical population, sample, and sampling method

The statistical population of this study includes all of the 180 male and female managers in Isfahan Food Industries. Because this population is limited and it is not necessary for sampling, all of the statistical population members have been surveyed and they were asked to indicate the questionnaire. For this purpose, 180 questionnaires have been distributed among respondents that 152 of them indicate the questionnaire. Finally, 146 questionnaires have been used in statistical analysis.

5-2. Data-collection and data-analysis methods

The data-collection method of this study includes four self-administrated questionnaires. The first is reward questionnaire with 15 items for measuring direct financial, indirect financial, job, and organizational rewards. The second is cooperation questionnaire with 12 items. In order to examine and confirm validity of the questionnaire, some academic professors and other professionals have been asked to modify and correct the questionnaire. Also Cronbachs' Alpha Coefficient has been used for examining and confirming reliability of the questionnaire. The results of reliability of the questionnaire have been presented in table 2.

Table 2: the results of reliability of the questionnaire

Components	Average	Standard deviation	Cronbachs' Alpha Coefficient
Reward	2.93	0.60	0.882
Cooperation	3.60	0.48	0.799

In order to analyze the data and test the hypotheses, the SPSS has been used. Pearson correlation coefficient, regression test, path analysis, and Freedman test have been employed for this purpose. Also structural equation modeling has been employed for testing the proposed model. This has been done in Amos. Also several indexes have been used for testing the goodness of model fit. The GFI, CFI, RMSEA, IFI, and X^2 are the main indexes that have been used for this purpose.

6. Detailed explanations and hypotheses

Table 3: the results of testing the hypotheses

Number of hypothesis	Description of hypothesis	Solidarity coefficient	Meaningfulness coefficient	Acceptance or rejection of hypothesis
H	Rewards in the sale and marketing efforts influence its cooperation positively	0/596	0/000	Accepted

Ha	Direct financial rewards in the sale and marketing efforts influence its cooperation positively.	0/374	0/001	Accepted
Hb	Direct non-financial rewards in the sale and marketing efforts influence its cooperation positively	0/084	0/311	Rejection
Hc	Indirect financial rewards in the sale and marketing efforts influence its cooperation positively	0/408	0/000	Accepted
Hd	Nonfinancial (job) rewards in the sale and marketing efforts influence its cooperation positively	0/430	0/000	Accepted
He	Nonfinancial (organizational) rewards in the sale and marketing efforts influence its cooperation positively.	0/488	0/000	Accepted

7.Structural equation modeling

In order to test the proposed model, structural equation modeling has been used. For this purpose, firstly, goodness of model fit has been examined that its results has been indicated in figure 4.

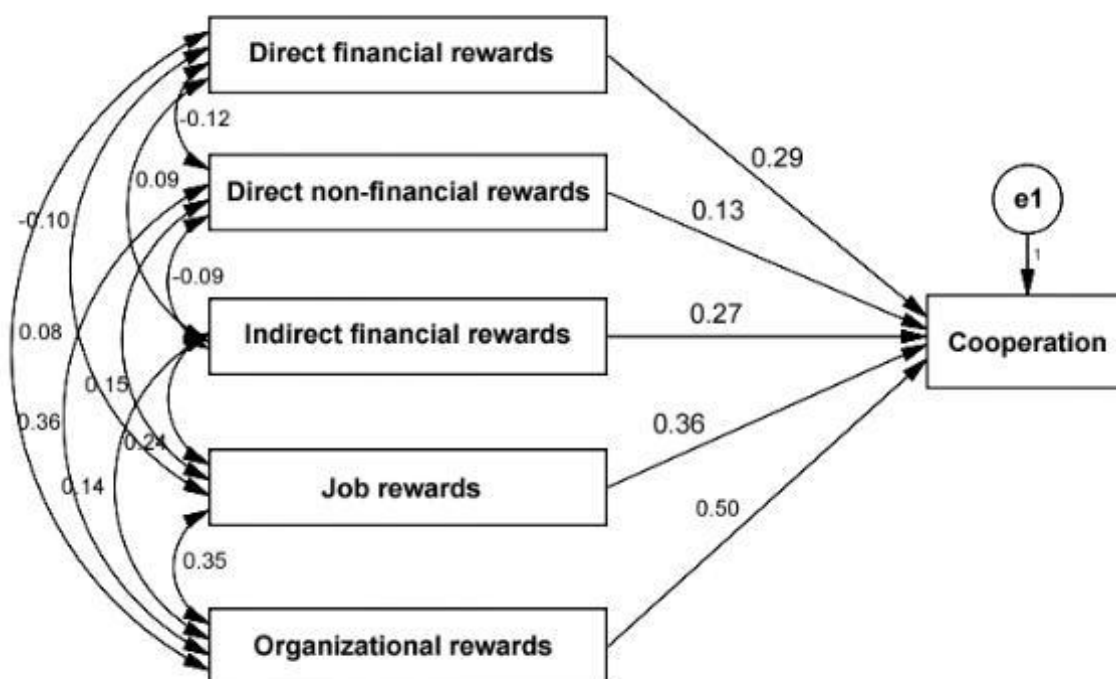


Fig3:basic model of research

There are several indexes for examining goodness of model fit in structural equation modeling that some of them have been used in this study. The results of these indexes have been indicated in table 4.

The RMSEA is close to 0.00. If this index is more than 0.1 for a model, it is resulted that goodness of model fit is not confirmed. As indicated in table 4, the RMSEA is less than 0.08 for our model. This confirms goodness of our model fit. Also the results of other goodness of model fit indexes that have been indicated in table4, confirm goodness of our model fit.

Table4: the results of goodness of model fit

	NPAR	df	CMIN	CMIN/df	CFI	TLI	PCFI	PNFI	RMSEA
1	31	10	6.642	2.84	0.97	0.982	0.178	0.176	0.055

Table5: the results of the relationships between model components

Values	Standard deviation	Standard error	Critical Rate (CR)	P	Results
Variables					
Reward-cooperation	0.596	0.385	5.692	***	Confirmed
p≤0.001					

The results of table 5 reveal that there are significant relationships between reward and cooperation, cooperation and coordination, reward and conflict, cooperation and conflict (p≤0.05). Also another part of the results reveal that there is not any significant relationship between conflict and cooperation.

8. Conclusion

The present study was aimed to study the effects of reward on the cooperation in the sale and marketing department from managers’ perspective. Reward, cooperation, are the most important variables that have been examined in this study. The results of regression test reveal that there are significant relationships between reward and cooperation (p≤0.05). On the other hand, the results indicate that cooperation had the most effects on the sale and marketing departments and Organizational rewards had the least importance among research variables. The results of the studies that have been done by Fitzhugh and Lemeunier-Fitzhugh (2009), Kotler et al. (2006), and Chimhanzi (2004) support the results of our study. With regard to the results of this study, it is suggested that the managers design the reward systems according to the employees’ needs. The use of rewards based on the individual differences and employees’ needs leads that the rewards process has desirable effects. Also that reward system that is designed based on the employees’ expertise, efforts, and effective performance leads to decrease conflicts in the workplaces. Finally, it is should be remembered

that decrease in conflict and increase in cooperation results in more effectiveness and productivity.

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