A Study on Strategies for Strengthening the Competitiveness of SMEs Using Performance Compensation System

[1] Woo-Ryeong Yang, [2] Yoo-gue Kim, [3] Hoe-Chang Yang

1. *First Author*, Integrated Course of Master & Doctoral, Dept of Business Informatices, Hanyang University, Seoul, Korea,
E-mail: wooryeong325@naver.com
2. *Second Author*, Adjuct Professor, Dept. of e-Business, Bucheon University, Bucheon, Korea, ygkim7@naver.com
3. *Corresponding Author*, Assistant Professor, Dept. of Distribution Management, Jangan University, Hwaseong, Korea.
+82-10-9935-1574, E-mail: pricezzang@jangan.ac.kr

Abstract

Purpose - This paper attempts to derive effective performance-reward strategies for SMEs to raise the valence for their employees while using their relatively limited resources, which is one of the primary concerns raised by SME CEOs.
Research design, data, and methodology - This paper draws on the four question items such as the financial/direct factors, the financial/indirect factors, the non-financial/direct factors and the non-financial/indirect performance-reward factors to shed light on the most important factors and aspects that need improving, using the AHP and IPA. Results - The overall findings on the SMEs' performance-reward factors of interest here are indicative of the need for rectifying their performance-reward systems.

Conclusions – SMEs' performance-reward factors of interest here are indicative of the need for rectifying their performance-reward systems. In particular, despite the fact that SMEs can hardly offer high wages or bonuses as large enterprises do, the expectancy theory suggests it is better to reward employees as per a valid common system, while the equity theory underscores the need to maintain and reinforce the fairness in distribution, procedures and interactions.

Keyword: SME (Small and Medium-sized Entertainment), Performance compensation strategy, AHP (Analytic Hierarchy Process), IPA (Importance-Performance Analysis).

1. Introduction

Companies strive for effective remedies to overcome economic doldrums, e.g. organizational changes involving management innovation and operational restructuring, and reinforcement of management systems including some strategic performance evaluation systems. Also, they pay differential wages relative to one's ability and performance, shifting towards direct wage or bonus payments from the conventional indirect compensation packages including promotion based on the evaluation of one's ability/performance/attitude (Shin & Park, 2004). The strategic performance evaluation systems are part of the strategic HRM, which comes down to the improvement of corporate performance by setting up an organizational personnel management system and strategic goals and by coordinating and integrating the functionality of different planning activities that constitute the personnel management system (Kim, Lee, & Yang, 2017). According to Kim et al. (2017), as of 1996, no more than 1.6% and 5.7% of companies adopted the annual salary system and the gain sharing system, respectively, whereas by 2013 those figures increased to 66.2% and 38.4%, respectively. Likewise, an increasing number of companies have been embracing the

management by objectives (MBO: Management by Objectives), balanced scorecards (BSC: Balanced Score Card) and competency-based performance evaluation system as well as bonus payment system.

This paper focuses on the reinforcement of SMEs' competitive advantage, given the incontestably important roles of Korean SMEs. According to the '2017 SME Status' published by the Korea Federation of Small and Medium Business, the number of Korean SMEs in 2015 reached 3,601,276, increasing by 58,926 (up 1.7%) over 3,542,350 in 2014, whilst the number of employees hired by SMEs was 14,628,135 in 2015, increasing by approx. 0.6 million over 2014, which accounted for 87.9% of the entire workforce (16,774,948) employed by Korean companies of all sizes: 10,310,003 and 4,318,132 workers hired by small and medium companies, respectively, versus 6,097,213 and 2,146,813 workers by small business owners and large enterprises, respectively (KBIZ, 2018). The foregoing figures are consistent with the fact that SMEs play pivotal roles in driving the national economy suffering from unprecedented high unemployment rates, which also agrees with Moon and Na (2010) that reported on the positive roles of Korean SMEs. Thus, Korean SMEs are capable of securing the competitive advantage with their entrepreneurship, flexible customer relationship and low cost structure; meeting the demands for proactive job creation and better employment opportunities in times of the paradoxical growth without employment; and, most importantly, decreasing the socio-economic bipolarization by alleviating the inequality among income levels, geographic regions and industrial sectors (Ji, Lee, & Han, 2005). Despite the shift in corporate operations in general, however, Korean SMEs find it challenging to proactively respond to the ever-evolving business environment so as to ensure their competitive advantage. Due to diverse factors including the global recession, Korean SMEs are scaling down their production and operating capacities, excluding semiconductor, computer and IT export industries, while their structural issues such as vulnerable financial structure, inefficient work process and low efficiency, persistently lead them to predicaments in comparison to large enterprises (Yang & Cho, 2015).

SMEs are faced with challenges in many aspects. For example, at a forum held by the Korea Small Business Institute (KOSBI) in March 2017 to discuss how to narrow the wage gap between large enterprises and SMEs and to improve productivity, the total monthly mean wage earned by SME workers in 2016 was reported to reach KRW 3.23M, or no more than 62.9% of KRW 5.12M earned by those working for large enterprises (Yonhap News Agency, March 22, 2017). Those figures, after all, imply SMEs are less attractive to talent than large enterprises.

Table 1: Wage gap between large and small companies

(All industries·unit: won)

Division	1997	2002	2007	2012	2016
Small and medium scale (5-299 person)	1,344,227	1,774,705	2,425,917	2,834,116	3,227,904
Large scale (more than 300)	1,739,091	2,629,474	3,743,736	4,423,894	5,130,569
Raton (Small and medium/Large scale)	77.30%	67.50%	64.80%	64.10%	62.90%

Note) Ministry of Employment and Labor, Labor Force Survey (Quoted on Yonhap News, March 22, 2017)

Hence, this paper attempts to derive effective performance-reward strategies for SMEs, which is one of the primary concerns raised by SME CEOs, with intent to help SMEs to take the most effective option out of the performance-reward factors in use or under consideration and to raise the valence for their employees while using their relatively limited resources. To that end, this paper draws on the following four question items suggested by Kim et al. (2017): the financial/direct performance-reward factors (i.e. wage, promotion itself, bonus payment, and support self-development cost); the financial/indirect performance-reward factors (i.e. extension of retirement age, free meals, commuting convenience and childcare support); the non-financial/direct performance-reward factors (i.e. achievement, autonomy, job stability and recognition); and the non-financial/indirect performance-reward factors (i.e. work environment, support of leader, management policy and support picnic or club activities), to shed light on the most important factors and aspects that need improving, using the AHP(Analytic Hierarchy Process) and IPA(Importance-Performance Analysis).

The analysis findings will provide a range of clues for SMEs to implement effective performance-reward strategies. In addition, as a complement to the IPA widely used to elicit strategies, the AHP is used in combination with the IPA, to test if the combined approach addresses the challenges relevant to the widely used analysis tool.

2. Theoretical Background

For their livelihoods and self-actualization, most people earn salaries and benefits in exchange for their labor and work performance (Jung, 2001; Kim et al., 2017). The performance in the workplace largely comprises multiple dimensions including task performance and contextual performance (Borman & Motowidlo, 1997; Campbell, 1990). The task performance refers to a series of activities undertaken by organizational members in relation to their organizational goals; the actions directly linked to their achievement of goals; and the performance resulting from the direct contribution to generating and maintaining essential organizational changes (Kim et al., 2017). On the other hand, the contextual performance, though not directly contributing to essential functions as the task performance does, involves the organizational actions for socio-psychological supports, which in turn benefit the seamless operation of organizational functions (Borman & Motowidlo, 19977; Kim et al., 2017). Therefore, ideally, SMEs should regard both task and contextual performance as the integrated performance, and formulate the reward policies, accordingly.

Many researchers have defined the employee rewards. For example, Belcher (1974) defines rewards as a trade in an employment contract between an individual and an organization. Milkovich and Nowman (1999) refer to rewards as a part of an employment relationship and as all forms of financial returns and tangible services and benefits an employee gains. Thus, employee rewards may include wages, salaries, bonuses, fringe benefits and other financial compensation (Lee & Yang, 2005) as well as other factors such as promotion, compliments and recognition.

The importance of employee rewards has been well documented, particularly in light of the following (e.g. Cho & Na, 2015; Kim, 2012; Kim et al., 2017; Kim & Lee, 2013; Kim & Kim, 2014; Yu, 2007). First, employee rewards are financially important on the grounds that wages and/or other forms of rewards are the source of everyday livelihoods of individual employees and their families, whereas those are the source of corporate problems associated with the antinomy between cost savings and goal achievement. In the same vein, rewards often override any other aspects for employee engagement and retention, acting as important determinants of employees' social status and corporate survival (Kim & Kim, 2014). Second, employee rewards are part of valuable corporate investment. The rewards for organizational members' task fulfillment, efforts for organizational goal achievement and development of their abilities and skills are not just the compensation for their personal efforts but also the investment in organizational human resource development (Kim, 2012). Third, employee rewards are crucial to personal satisfaction and performance. In effect, rewards exert the greatest impact on the satisfaction of employees, and cannot be emphasized enough, given the direct influence of satisfaction or dissatisfaction on organizational effectiveness (Kim et al., 2017).

The typology of rewards is divided into direct financial rewards including wages and bonuses, and non-financial indirect rewards such as fringe benefits (Park & Lee, 2008). Also, rewards are sub-classified into intrinsic and extrinsic rewards, where the former involves the self-imposed personal satisfaction with one's completion of tasks given, with the latter coming from others or organizations (Steers & Porter, 1981).

Theories of rewards are largely relevant to psychology and economics. First, the expectancy theory from psychology states that in the course of behavioral formation one evaluates multiple possible behavioral strategies or alternatives to choose one that the person expects will bring the most valuable outcomes (Vroom, 1964). That is, the intensity of the orientation, toward which one acts out, depends on that of the person's expectation that his action will lead him to certain outcomes and the attractiveness of those outcomes (Beckmann & Heckhausen, 2008). In that regard, common rewards perceived as valid by many are likely to work. Second, the reinforcement theory follows the behaviorist approach arguing that reinforcement conditions behavior. That is, rewards serve as a reinforcement factor, control one's behavior, and add to the potential for the person to repeat certain acts (Robins & Judge, 2005). The theory suggests companies should prioritize their strategies to seek reinforcement factors among the rewards that could invoke immediate responses. Third, the equity theory focuses on employees' inclination to compare their rewards with those of others rather than considering their satisfaction with their rewards (Adams, 1960). That means one will feel under-compensated when his input-output ratio is lower than that of others, and become positively motivated to strike the balance between the ratios, or negatively to engage in deviant acts (Greenberg & Cohen, 1982). Therefore, companies should establish a system for evaluating their employees' pre-reward performance, while striving to maintain the fairness or equity incidental to reward-related procedures, distribution and interactions.

In economics, the marginal productivity theory and the efficiency wage theory inform the employee rewards, just to name two. The marginal productivity theory states the demand curve for labor exactly reflects the value of marginal product, which in turn corresponds to wages, suggesting that labor is paid for as much as the value of its contribution to production (Fang & Yang, 2011). Meanwhile, the efficiency wage theory argues that wage levels

determine employees' inputs or efforts, suggesting companies should set high wages so that employees will exert maximum efforts to fulfil their responsibilities (Taylor & Taylor, 2011).

3. Methodologies

3.1 Research model

Based on 4 performance-reward factors used in Kim et al. (2017), this paper derives some performance-reward strategies fit for SMEs. First, the AHP is used to extract the priorities among the sub-factors of those 4 performance-reward factors. Second, both the post-AHP data and the raw data undergo the IPA to compare the results. The AHP(Analytic Hierarchy Process) developed by Satty (2008) is a decision-making tool used to analyze the complex interactions between multiple purposes and factors, notably to elicit the priorities or weights among multiple subjective components of interest, and to analyze the layered components for the benefit of analytical decision-making process driven by experts' subjective judgment (Hong, 2018). Meanwhile, the IPA(Importance-Performance Analysis) is a comparative evaluation technique originally developed to measure the user satisfaction by rating the pre-use importance of each attribute and evaluating the post-use satisfaction, and thus to comparatively evaluate the relative importance of and satisfaction with olfactory attributes, assuming the customer levels in relation to the satisfaction attributes (Hammitt, Bixer, & Noe, 1996; Yang, Kim, & Kim, 2016).

The AHP is used here to avoid the diverse potential errors attributable to any failure to eliminate insincere responses in the IPA conducted following the measurement of the importance of and satisfaction with the performance-reward factors reported by respondents. For that reason, the AHP is first used to derive the importance of each of the 4 performance-reward factors, and eliminate any insincere responses based on the Consistency Index, before the IPA is used to determine the performance-reward strategies for SMEs. Finally, the IPA is used to analyze the pre-AHP raw data, so as to compare the results with those of the post-AHP IPA, to highlight any differences between the two, to double-check the methodology and ultimately to derive more sophisticated performance-reward strategies for SMEs. The approach of this study is shown in <Figure 1>.
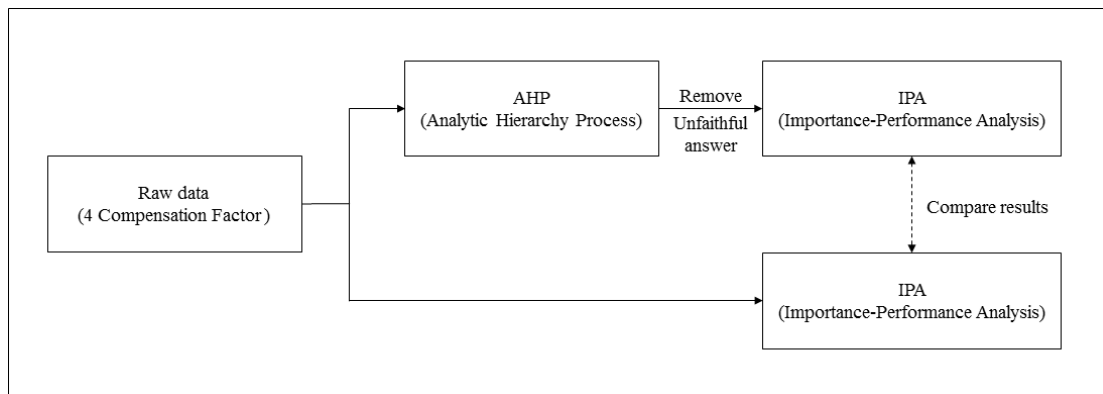

Figure 1: Research Process

3.2 Methods and Data Collection

In the questionnaire designed for the purpose of this paper, each factor of the 16 factors in the four areas based on the financial/non-financial and direct/indirect rewards, referred to in Kim et al. (2017), is rated on a five-point Likert scale in terms of its importance and satisfaction. Also, 16 factors of each area are constructed for the pairwise comparison and rated on a 7-point Likert scale.

Table 2: Classified Performance Compensation Factors

Division	Economical	Uneconomical

Direct	Wage Promotion itself Bonus payment Support Self-development cost	Achievement Autonomy Job stability Recognition
Indirect	Extension of Retirement age Free meals Commuting convenience Childcare support	Work environment(atmosphere) Support of leader Management policy Support picnic or club activities

4. Empirical analysis

4.1 Data collection & analysis method

For this study, a total of 210 structured questionnaires were sent to twelve SME manufacturing companies in Daejeon and Sihwa Industrial Complex from December 19, 2016 to January 8, 2017, After the 5 questionnaires were taken out, 205 valid questionnaires were obtained and used for analysis. Among the respondents, 176 (85.9%) were male and 29 (14.1%) were female. The age distribution was the largest with 118 persons (57.5%) under the age of 35 and the average monthly income was 132 persons (64.4%) Was less than 3 million won.

The frequency analysis, importance, and consistency index (CI) of the questionnaire items were SPSS 24.0, a statistical package, and Dress 1.7, an open program for AHP analysis.

4.2. Results of empirical analysis

As for the importance of performance-reward factors, in general, the C.I of 0.1 and under is considered to support the high reliability of a factor (Hong, 2018). Therefore, eliminating those responses whose C.I are over 0.1, the AHP analysis highlights the following. First, the financial/direct performance-reward factors scored as follows: wages(0.402), bonus payment(0.265), promotion(0.183) and self-development(0.150). The financial/non-financial performance-reward factors averaged as follows: extension of retirement age(0.382), childcare support(0.252), free meals(0.214) and commuting convenience including company buses(0.151) in the order named. Meanwhile, the non-financial/direct performance-reward factors were rated as follows: job stability(0.289), achievement(0.264), recognition(0.236) and autonomy(0.212). The non-financial/indirect performance-reward factors were rated as follows: work environment(0.382), support of leader(0.226), management policy(0.208) and support picnic or club activities(0.183) in the order named. The AHP results are presented in <Table 2>.

Table 3: Weight & Priority of Performance Compensation Factors

Goal	N	Factors	Weight	Priority
Economical/Direct	117	Wage	0.402	1
		Bonus payment	0.265	2
		Promotion itself	0.183	3
		Support Self-development cost	0.150	4
Economical/Indirect	143	Extension of Retirement age	0.382	1
		Childcare support	0.252	2
		Free meals	0.214	3

		Commuting convenience	0.151	4
Uneconomical/Direct	142	Job stability	0.289	1
		Achievement	0.264	2
		Recognition	0.236	3
		Autonomy	0.212	4
Uneconomical/Indirect	145	Work environment(atmosphere)	0.382	1
		Support of leader	0.226	2
		Management policy	0.208	3
		Support picnic or club activities	0.183	4

The post-AHP elimination of the respondents whose C.I exceed 0.1 in the 4 performance-reward factors highlights 68 out of 205 respondents provided reliable responses in all of the 4 factors. The retention rates include 56 males(82.4%), 12 females(17.6%), 22 aged 30 and under(32.4%), 16 aged 30-35(23.5%), and 15 aged 36-40(22.1%), indicating the retention rate is high among those aged 40 and under. Then, the IPA of all the 16 sub-factors based on the foregoing data highlights the following.
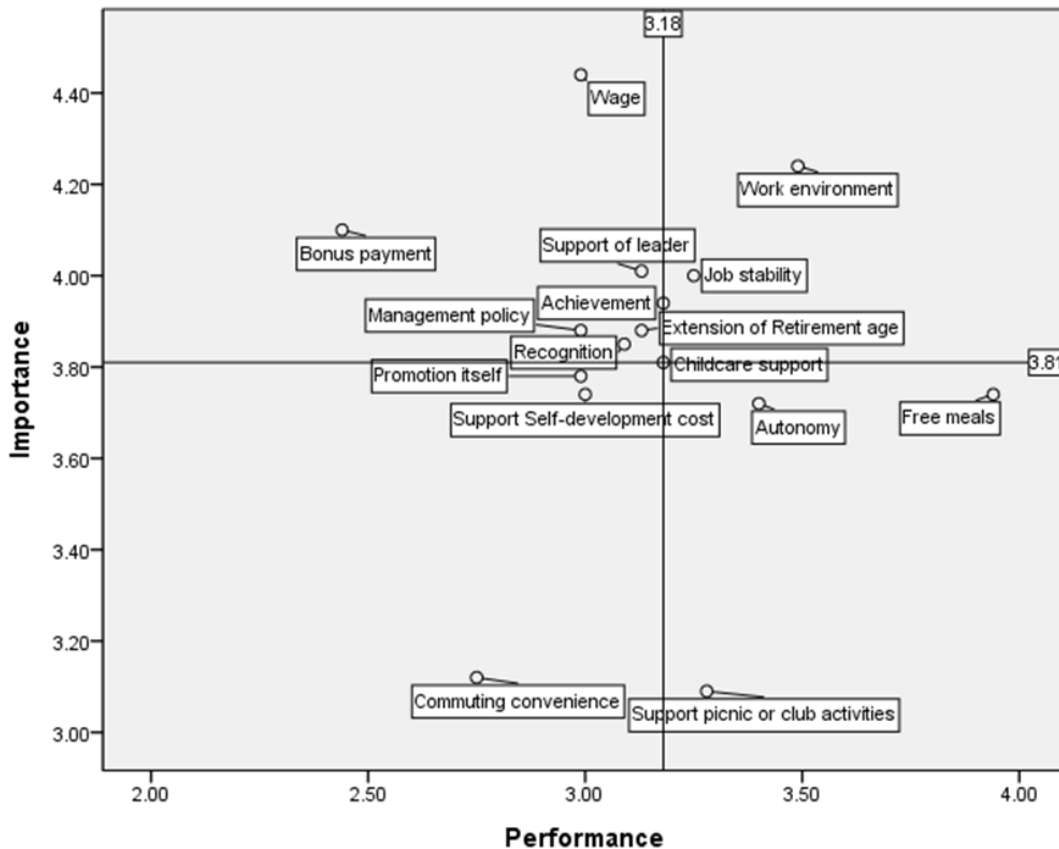

Figure 2: Results of IPA through AHP(n=68)

First, the quadrant 1 is the maintenance-reinforcement sphere, where SMEs can keep the status quo or reinforce their strengths for improvement, involving the job stability and the work environment. The quadrant 2 requires an urgent improvement, involving the support of leader, extension of retirement age, recognition, management policy, wages and bonus payment. The quadrant 3 with low importance and satisfaction can be reinforced by selective corporate strategies, involving the support self-development cost, promotion itself, and commuting convenience including company bus service. Finally, the quadrant 4 with low importance and high satisfaction decreases supports, involving the autonomy, free meals and support picnic or club activities. Meanwhile, the achievement is included in both quadrants 1 and 2, indicating it needs to be redressed, maintained or reinforced immediately. The importance of and satisfaction with childcare support are average.

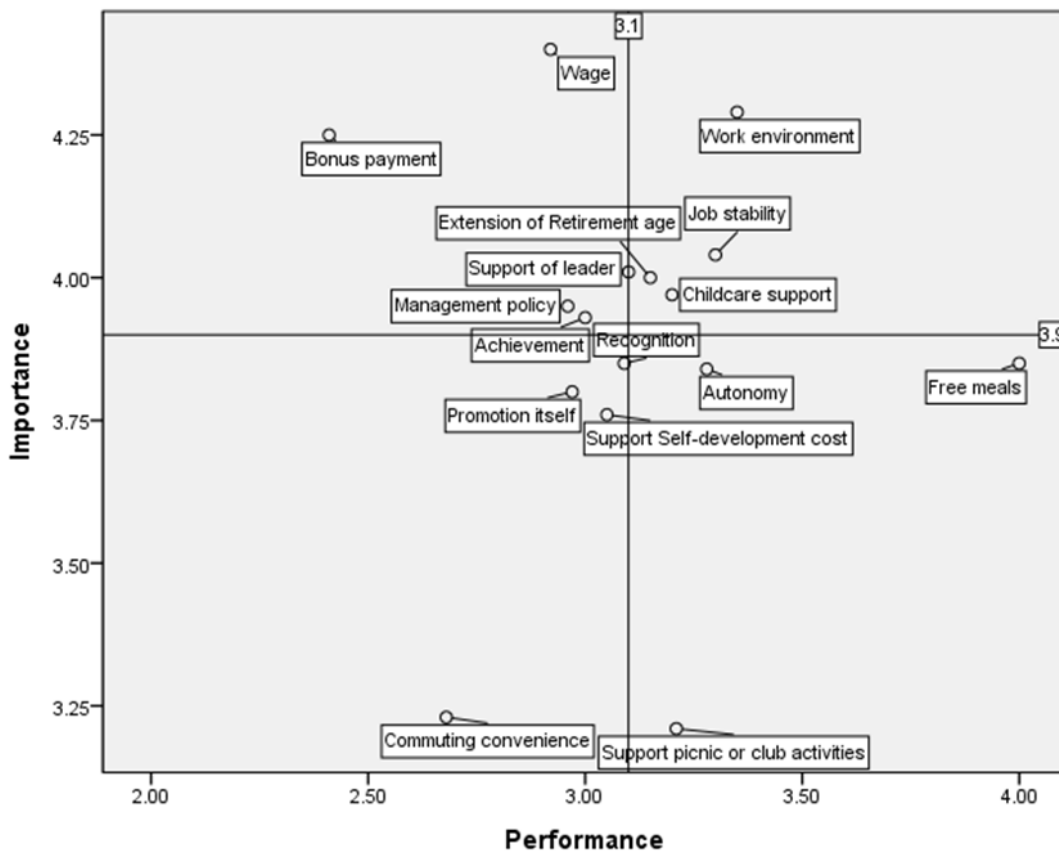The IPA of all respondents returns the results as shown in <Figure 3>.

Figure 3: Results of IPA (n=205)

The IPA results of all respondents, compared with the IPA results of post-AHP data, in terms of the performance-reward factors per quadrant are shown in <Table 3>. In brief, the differences in the extension of retirement age and the recognition are significant, while the difference in the childcare support is marginal.

Then, the foregoing pre- and post-AHP IPA results are reviewed by a group of SME personnel managers, who confirm that the post-AHP results with less reliable respondents eliminated much better explain their reality. The personnel managers acknowledge that SME employees are markedly underpaid in terms of wages and bonuses, reporting that a single company cannot afford the current childcare support, which needs to be supported by applicable authorities including the Small Business Administration, and that small-and-medium manufacturers are required to adopt the salary peak system as many of their employees are asked to retire at 57. Hence, in comparison to the pre-AHP IPA of general respondents, the post-AHP IPA results are much more accurate, with the reliability secured by eliminating insincere responses based on the AHP results.

Table 4: Comparison result of IPA analysis

	Results of IPA through AHP (n=68)	Results of IPA (n=205)
Quadrant 1	Job stability Work environment	Extension of Retirement age Childcare support Job stability Work environment
Quadrant 2	Wage Bonus payment Extension of Retirement age Recognition Support of leader Management policy	Wage Bonus payment Achievement Management policy
Quadrant 3	Promotion itself Support Self-development cost Commuting convenience	Promotion itself Support Self-development cost Commuting convenience Recognition
Quadrant 4	Free meals Autonomy Support picnic or club activities	Free meals Autonomy Support picnic or club activities
Overlapping Quadrant	Childcare support(All quadrant) Achievement(1&2 quadrant)	Support of leader(1&2 quadrant)

5. Conclusion

With intent to help SMEs enhance their competitive advantage, this paper used 16 performance -rewards factors suggested in Kim et al. (2017) and derived effective performance- reward strategies. To that end, first, the AHP(Analytic Hierarchy Process) was used to extract the priorities of the sub-factors of the 4 performance-reward factors. Second, the post-AHP data underwent the IPA, followed by the IPA(Importance-Performance Analysis) of the raw data. Then, the pre- and post-AHP IPA results were compared, with a view to deriving the strategies for SMEs to enhance their competitive advantage relative to the performance-reward factors and to verifying the effectiveness of those methods. The results of the analysis are as follows. The financial/direct performance-reward factors scored were wages, bonus payment, promotion and self-development in that order. And the financial/non-financial performance-reward factors averaged were extension of retirement age, childcare support, free meals and commuting convenience including company buses in that order named. Meanwhile, the non-financial/direct performance-reward factors were rated as job stability, achievement, recognition and autonomy. The non-financial/indirect performance-reward factors were rated as work environment, support of leader, management policy and support picnic or club activities in that order named.

The overall findings on the SMEs' performance-reward factors of interest here are indicative of the need for rectifying their performance-reward systems. In particular, despite the fact that SMEs can hardly offer high wages or bonuses as large enterprises do, the expectancy theory suggests it is better to reward employees as per a valid common system, while the equity theory underscores the need to maintain and reinforce the fairness in distribution, procedures and interactions.

The IPA of those respondents whose reliability was verified by the AHP showed that the support of leader, extension of retirement age, recognition, management policy, wage, bonus payment and achievement should be

improved immediately. Above all, the limited rises in wages and bonuses should be complemented and reinforced by the proposed fairness. The support of leaders or recognition may be complemented by some training programs for senior managers and by some active implementation of CEOs. Also, it is possible to enhance employees' sense of belonging by providing them with accurate information about management policies. In addition, it is advisable to award individual employees for their achievement or contribution to organizational development, which will be conducive to instilling a sense of achievement into employees in a cost effective manner. Fortunately, respondents were satisfied with their job stability and work environment in SMEs. Thus, SMEs should take appropriate action to prevent employees from a sense of job instability. Given many companies are now in pursuit of diverse changes in responding to the evolving business environment with the meritocratic personnel management and enforced staff restructuring(Cheng & Chan, 2008; Lee, Choi, & Chung, 2013; Park, Choi & Joo, 2015), employees become susceptible to job instability, finding it hard to form any psychological attachment to their companies(Nam & Ryu, 2007; Park et al., 2015; Travaglione & Cross, 2006). In that respect, it is essential for SMEs to proactively support their employees with engagement and information about management policy so that the latter can accept any changes the company pursues. Taken together, the performance-reward strategies will facilitate the exchange between organizations and their members(Mowday, Porter, & Steers, 1982), and link the best corporate-level performance-reward strategies, if successfully developed and implemented, to the effects suggested by the social exchange theory(Balu, 1964), increasing the perceived fair distribution in rewards. Consequently, employees will reciprocally (Gouldner, 1960) develop a psychological attachment to their organizations (Choi & Chen, 2007; Eisenberger, Fasolo, & Davis-LaMastro, 1990; Wayne, Shore, Bommer, & Tetrick 2002; Wong, Wong, & Ngo, 2012), and be willingly committed to the advancement of SMEs.

Lastly, the post-AHP IPA results were compared with the pre-AHP IPA results before the findings were reviewed by personnel managers in SMEs, who confirmed the post-AHP IPA results much better mirrored the reality of SMEs. This finding suggests researchers using multiple attributes should first acknowledge the difficulties in securing the reliability of each item in the IPA, and develop different methods to address the challenge.

Despite the aforementioned implications derived from the sophisticated analyses, this paper does have limitations, which warrant further studies. First, without exploring the causality among the performance-reward factors, this paper failed to describe the effects of performance-reward factors on personal and organizational performance. Therefore, further studies should include a large sample enough to cover the probable elimination of unreliable respondents, so as to verify the causality of performance. Second, although it was stated in the purpose section that the AHP was used to secure the reliability, this paper was far from the original goals of the AHP. Thus, future studies should draw more diverse implications via stratification. Finally, problems of the common method bias may ensue, which underscores the need to take systematic approaches including lab-based and longitudinal research methods.

References

Adams, J. S. (1965). Inequity in social exchange. *Advances in Experimental Social Psychology, 2*, 267-299.

Beckmann, J., & Heckhausen, H. (2008). Motivation as a function of expectancy and incentive. In J. Heckhausen & H. Heckhausen (Eds.), *Motivation and Action* (pp. 99–136). Cambridge, UK: Cambridge University Press.

Belcher. D. W. (1974). *Compensation administration*. Upper Saddle River, NJ: Prentice-Hall, Inc.

Blau, P. M. (1964). *Exchange and power in social life*. New York, NY: Wiley.

Borman, W. C., & Motowidlo, S. J. (1997), Task performance and contextual performance: The meaning for personnel selection research. *Human Performance*, *10*(2), 99-109.

Campbell, J. P. (1990). An overview of the army selection and classification Project (Project A). *Personnel Psychology*, *43*(2), 231-239.

Cheng, G. H. L., & Chan, D. K. S. (2008). Who suffers more from job insecurity?: A meta-analytic review. *Applied Psychology: An International Review, 57*(2), 272-303.

Cho. S. Y., & Na, S. I. (2015). The relationship among of devotion, work overload, autonomous work motivation, and reward perceived by S-OJT trainers in SMEs. *The Journal of Vocational Education Research, 34*(4), 121-149.

Choi, J., & Chen, C. C. (2007). The relationships of distributive justice and compensation system fairness to employee attitudes in international joint ventures. *Journal of Organizational Behavior, 28*(6), 687-703.

Eisenberger, R., Fasolo, P., & Davis-LaMastro, V. (1990). Perceived organizational support and employee diligence, commitment, and innovation. *Journal of applied psychology, 75*(1), 51-59.

Fang, C. A. I., & Yang, D. U. (2011). Wage increases, wage convergence, and the Lewis turning point in China. *China Economic Review, 22*(4), 601-610.

Gouldner, A. W. (1960). The norm of reciprocity: A preliminary statement. *American Sociological review, 25*(2), 161-178.

Greenberg, J., & Cohen, R. (1982). *Equity and justice in social behavior*(Eds.). New York, NY: Academic Press.

Hammitt, W. E., Bixer, R. D., & Noe, F. P. (1996). Going beyond importance-performance analysis to analyze the observance-influence of park impact. *Journal of Park and Recreation Administration*, *14*(1), 45-62.

Hong, S. M. (2018). Study on value structures of experts for regional expression elements using AHP. *Journal of Korea Institute of Spatial Design, 49*, 219-228.

Ji, Y. H., Lee, Y. B., & Han, J. H. (2005). *Small & medium business theory*. Seoul, Korea: Kyungmoon Publishers.

Jung, B. J. (2001). Analysis of monetary compensation in Korean companies. *Kyonggi University Journal (Humanities and Social Sciences), 45*(1), 385-407.

Kim K. Y., & Lee, D. M. (2013). The effect of reward system on embeddedness and turnover intention. *Ordo Economics Journal, 16*(4), 177-195.

Kim, S. H., & Kim, Y. H. (2014). Research on the difference in the influences upon consumers' response recoveries of reward method in the dissatisfaction situation. *Management & Information Systems Review, 33*(2), 225-239.

Kim, S. J. (2012). The effect of the future R&D investment induced by managers` cash compensation incentive on the future firm performance. *Korean Accounting Journal, 21*(4), 1-37.

Kim, Y. G., Lee, C. S., & Yang, H. C. (2017). The effects of performance compensation factors recognized by SME members on the performance of task and context: Mediation effects of intrinsic and extrinsic motivation. *Multimedia Services Convergent with Art, Humanities, and Sociology, 7*(8), 77-90.

Korea Federation of SMEs (2018). *2017 SME status*. Seoul, Korea: Korea Federation of SMEs.

Lee, G. T., Choi, S. M., & Chung, K. Y. (2013). The influence of a hotel organization`s employment change on job insecurity. *Korean Journal of Hospitality and Tourism(KJHT) (KJHA), 22*(4), 73-91.

Lee, H. J., & Yang, H. S. (2005). *Strategic human resource management*. Seoul, Korea: Parkyoungsa.

Milkovich, G. T., & Newman, J. M. (1999). *Compensation*. (6th ed.). New York, NY: McGraw-Hill.

Moon, S. Y., & Na, S. I. (2011). Variables associated with informal learning of workers in small and medium-sized enterprises. *Andragogy Today: International Journal of Adult & Continuing Education, 14*(3), 111-138.

Mowday, R. T., Porter, L. W., & Steers, R. (1982). *Organizational linkages: The psychology of commitment, absenteeism, and turnover.* San Diego, CA: Academic Press.

Nam, K. S., & Ryu, B. J. (2007). A Study on the effects of the perception of job insecurity on mental health and organizational performance. *Korean Journal of Business Administration (KJBA), 20*(1), 65-85.

Park, G. D., Choi, B. K., & Joo, Y. R. (2015). The effect of performance-based rewards on perceived organizational support and affective commitment: The moderating effect of job insecurity. *Korean Journal of Business Administration (KJBA), 28*(12), 3041-3067.

Park, S. J., & Lee, J. H. (2008). Indirect compensation as a tunnel for executives' perquisite consumption: The role of large shareholders and disciplinary systems. J*ournal of Strategic Management, 11*(1), 65-88.

Robins, S. P., & Judge, T. A. (2005). *Essentials of organizational behavior*. Upper Saddle River, NJ: Prentice Hall.

Satty, T. L. (2008). Decision making with the analytic hierarchy process. *International Journal of Services Sciences, 1*(1), 83-98.

Shin, T. H., & Park, S. E. (2004). Strategic performance evaluation system and effective goal setting: Based on the value-added results perspective. *Korean Journal of Resources Development, 6*(1), 91-121.

Steers R. M., & Porter, L. W. (1981). *Motivation and work behavior* (3rd ed.), New York, NY: Mcgraw Hill.

Taylor, J., & Taylor, R. (2011). Working hard for more money or working hard to make a difference? efficiency wages, public service motivation, and effort. *Review of Public Personnel Administration, 31*(1), 67-86.

Travaglione, A., & Cross, B. (2006). Diminishing the social network in organizations: Does there need to be such a phenomenon as 'survivor syndrome' after downsizing? *Strategic Change, 15*(1), 1-13.

Vroom, V. H. (1964). *Work and motivation*. New York, NY: John Wiley & sons.

Wayne, S. J., Shore, L. M., Bommer, W. H., & Tetrick, L. E. (2002). The role of fair treatment and rewards in perceptions of organizational support and leader-member exchange. *Journal of applied psychology, 87*(3), 590-598.

Wong, Y. T., Wong, C. S., & Ngo, H. Y. (2012). The effects of trust in organization and perceived organizational support on organizational citizenship behaviour: A test of three competing models. *The International Journal of Human Resource Management, 23*(2), 278-293.

Yang, H. C., & Cho, H. Y. (2015). Small and medium business workers' positive psychological capital, life satisfaction, and innovative work behavior. *Journal of Distribution Science*, *13*(7), 25-31.

Yang, H. C., Kim, J. B., & Kim, A. S. (2016). Different perception on product attributes of HMR: Focusing on college students and consumers. *Journal of Distribution Science, 14*(2), 47-56.

Yu, Y. H. (2007). A study on the organizational commitment according to the type of compensation: Focused on the police officers. *Journal of Human Resource Management Research(JHRMR), 14*(1), 129-148.