

An illustration on a black background showing two stylized figures. The figure on the left, wearing a teal shirt and dark pants, holds a large gold coin with a white Indian Rupee symbol (₹). The figure on the right, wearing a maroon shirt and light purple pants, holds a large gold coin with a white dollar sign (\$). Both figures are smiling. The air is filled with falling confetti in yellow, teal, blue, and red. The text 'Chapter 6: Motivation Rewards and Pay' is centered over the image in a white, sans-serif font.

Chapter 6: Motivation Rewards and Pay



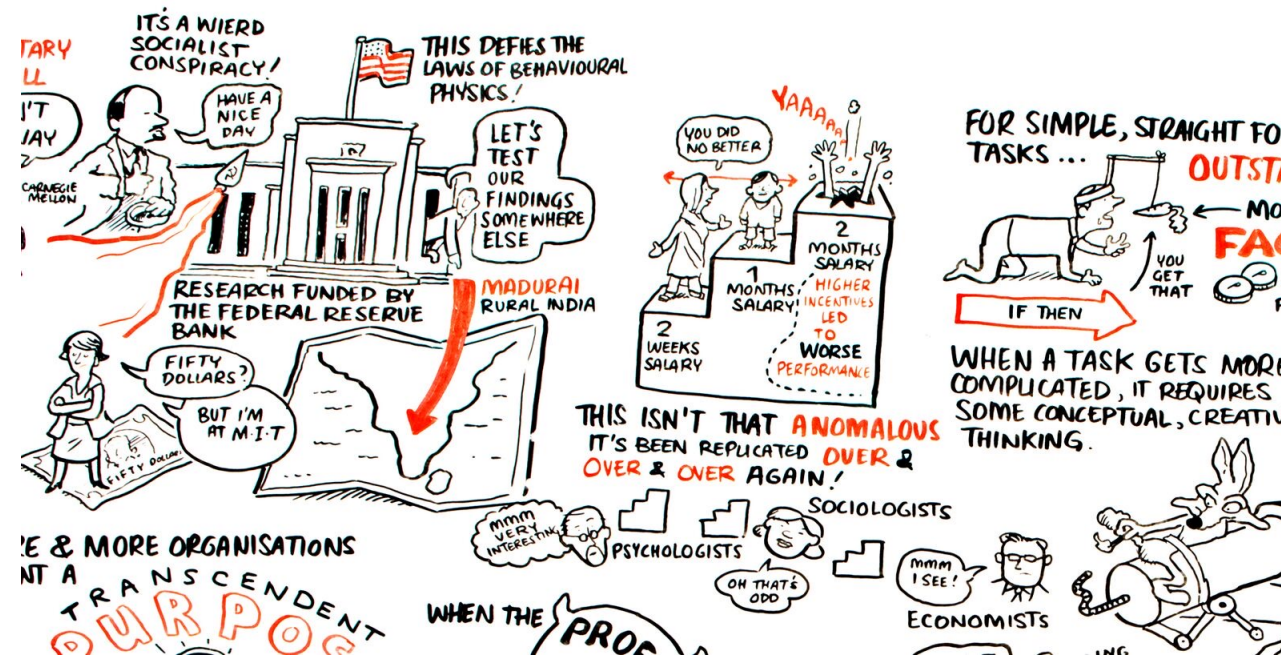
We often assume that
more rewards mean **better**
performance/effort/outcome

But how true is that?





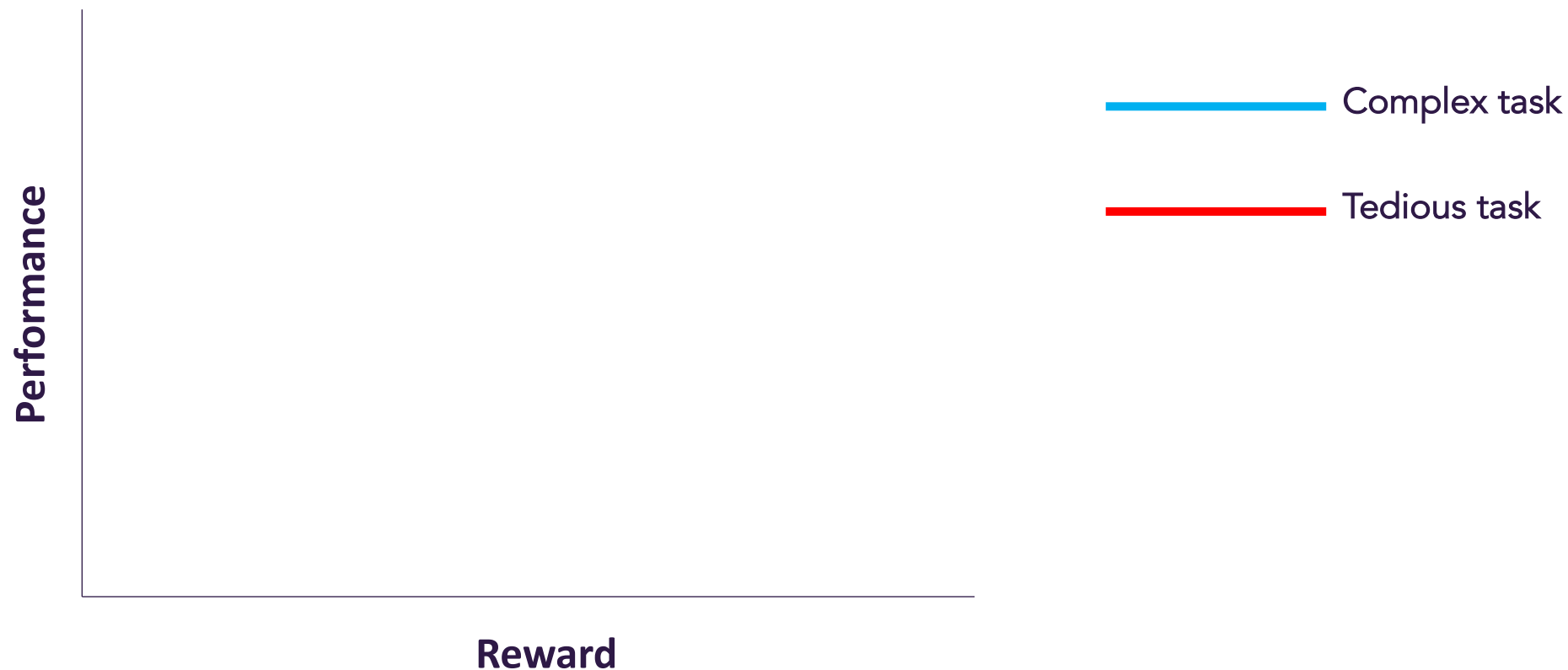
Is \$\$\$ what drives your (or your employees') motivation?





Bringing back the “correlation”

Moral of the story from that video was...





Would you agree or disagree?

- Pay is not a motivator
 - Rewards punish
- Rewards rupture relationships
 - Rewards ignore reasons
- Rewards discourage risk-taking/creativity
 - Rewards undermine interest



The truth about monetary incentives?





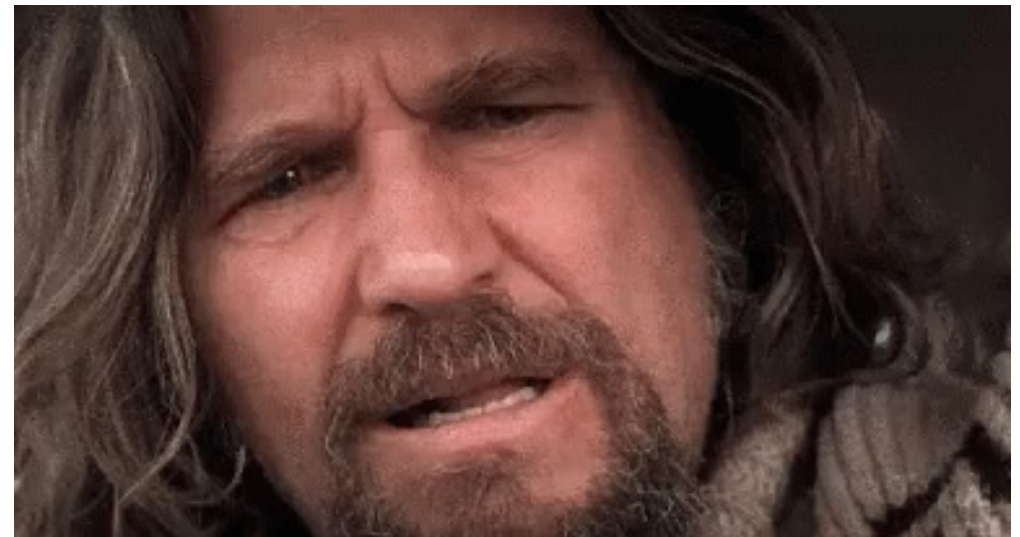
There's also an opposing idea:
Rewards work well, and evidence supports it

- Research evidence suggests that:
 - Financial incentives and performance are generally positively correlated
 - The over-justification issue (i.e., extrinsic motivation taking over intrinsic motivation) doesn't hold quite well in work settings
 - After all, rewards tend to be positively correlated with intrinsic motivation



So where do we go from here?

When some people argue that rewards don't work; while others argue that rewards work.





A Deeper Dive into Rewards in the Workplace

The “mismatch” between what we reward for and what we hope for.

The management hopes for:

- Long-term growth (of both the employees and the company)
 - Having “stretch goals”
 - Commitment to the quality
- Promoting desirable behaviors and discouraging undesirable behaviors

The management ends up rewarding:

- Quarterly earnings
 - The number of achievements
- Fast shipping; fast production (sometimes even at the cost of having a poor quality)
- Simply winning & disregarding whether the employee learning “how to.”



And all of these are not that rare:
Scenario 1 (a true story, btw)

A company wanted to promote bus drivers' on-time performance.

The management offered an incentive to reward bus drivers for getting to destinations on time.

Bus drivers ended up skipping a few stops to stay on time.



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EMPLOYEE RETENTION DIGITAL ARTICLE by Amii Barnard-Bahn

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Managing the Return



And all of these are not that rare:

Scenario 2 (yes, also a true story from January 2022)

A company wanted to promote **fast/prompt** construction of a fancy condominium.

The management offered an incentive for employees who can do **more jobs in a single day**.

Workers **skipped several important steps** and the building collapsed, resulting in 8+ deaths.



What's causing this reward-effect gap?

- **We're often fascinated about objective outcomes**
 - Obvious in some jobs, not so much in other jobs (e.g., sales vs. administrative assistant)
 - Objective outcomes may or may not be the most important thing depending on the nature of the job (e.g., assembly vs. production manager)
- **Simple hypocrisy**
 - What we say in the mission statement isn't our true goal
 - Manager says they value one behavior; while rewarding different behaviors

To sum

- Rewards or paying for performance can be an extremely powerful thing or an extremely disastrous thing
- When the management discusses rewards, it's not that simple and it shouldn't be that simple

