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THE IRF QUARTERLY ACADEMIC REVIEW

FOR INCENTIVE, REWARD & RECOGNITION PROFESSIONALS

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IMPROVING PRACTICE & APPLICATION

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FROM THE IRF PRESIDENT, MELISSA VAN DYKE

Three years ago, the Incentive Research Foundation launched its Vision2020, a blueprint for the future, ensuring we would continue to lead the incentive and recognition industry with actionable research and education. To do this, we made a commitment to focus on cultivating community and collaboration in the global incentive and recognition industry, to amplify the use of IRF research and education in all business disciplines, and to increase the incentive and recognition research both produced and used by academia and business. I am so pleased the culmination of these efforts has led to the production of the world's first journal focused on academic research into incentives, rewards, recognition, and motivation in the workplace. We anticipate this academic review to be both a testing ground for outstanding academic work on motivation occurring within academia and a beacon for interested academics looking to further understand this body of work.



FROM THE EDITOR, ALLAN SCHWEYER



It's a privilege to have been involved in creating this first ever Quarterly Academic Review with my colleagues at the Incentive Research Foundation. Over the past several years, Melissa Van Dyke and successive IRF boards have developed strategies and initiatives aimed at building deeper links with the academic community. Their vision, and the hard work of former IRF Chief Research Officer, Rodger Stotz, has led to a new academic research grants program in 2017, a first ever annual Leadership Insights Forum in 2017, the launch of a new certificate program in Meetings, Events and Incentive Travel at the University of South Carolina this year, the establishment of the IRF's "academic network" – which brings more than 50 top university researchers worldwide together around the discussion of incentives, rewards, and recognition – and last but not least, this publication.

Our goal is to share recent, relevant, and actionable academic research with IRR practitioners, professionals, and executives. With that goal in mind, we review dozens of papers each quarter to find those that are both significant and offer practical insight. Most of what we cover will be based on empirical research from studies in the field (as opposed to theory). Each paper chosen is tightly summarized, drawing attention to the findings and implications most relevant to those who design, implement, and manage IRR programs. You'll also find research briefings and book reviews.

I hope you'll enjoy the research covered this quarter, all of which explores the nuances of cash versus non-cash rewards and expands on traditional definitions of tangible non-cash rewards.

NOTICES

More than a year in the planning, the University of South Carolina's Certificate Program in Meetings, Events and Incentive Travel will launch with its first cohort of students on August 13, 2018. IRF trustees and others, led by Rodger Stotz, contributed many hours to the encouragement and development of the program. We're proud to have partnered with USC in bringing it to life.



The MEI program is entirely online, part-time, and lasts sixteen weeks, not including a practicum at the end.

If you would like to know more, or if you know someone who might be interested in the program, visit the home page for USC's MEI Certificate program at: http://argon.qa.sc.edu/study/colleges_schools/hrsm/study/mei_online_certificate/

IRF 2018 Research Grant Program Launched

The IRF seeks applications from qualified researchers seeking grants normally in the range of \$10,000 to \$50,000 for projects normally not exceeding 6-24 months. In exceptional circumstances, the IRF will entertain projects outside these norms. Deadline for proposals is April 30, 2018.

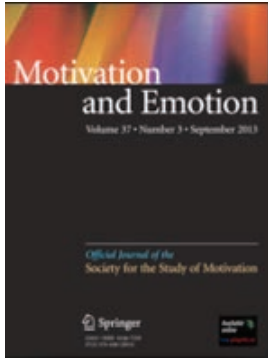
IRF Areas of Focus:

Research funding requests should be solely for the fields of human motivation in organizations with a special concentration on the non-cash award process and effectiveness, including but not limited to various aspects of:

- Reward and Recognition Programs for Sales, Employee or Channel Partners
- Incentive Programs for Sales, Employee, or Channel Partners
- Employee Engagement
- Point-based Reward and Recognition Systems
- Offsite Meetings (that include an overnight stay)
- Incentive Travel
- Merchandise and Gift Card Programs
- Behavioral Economics (with a human capital focus)

If you are interested or would like to recommend a researcher, please email Allan Schweyer, IRF Chief Academic Advisor at: allans@tmlu.org.

RECENT & RELEVANT



Academic Research Summary: Why Individuals Want Money is What Matters

Citation: This summary is based on a journal article by Anais Thibault-Landry, Jacques Forest et al (University of Quebec- Montreal) in *Motivation and Emotion*. Jan 9, 2016 (Springer Science & Business Media)

Full Title: *Why individuals want money is what matters: Using self-determination theory to explain the differential relationship between motives for making money and employee psychological health.*

Availability: The full text of this article is available for sale at: <https://link.springer.com/article/10.1007/s11031-015-9532-8>

Overview: This exceptional and important paper examines the reasons people pursue money (and cash rewards) and places their motivations into intrinsic and extrinsic categories. The researchers connect the categories to factors of health and well-being, and to workplace performance. Their results offer convincing evidence that the pursuit of cash for intrinsic purposes leads to greater well-being and performance while its pursuit for extrinsic reasons often leads to frustration, ill-health, and lower performance. The researchers also cite experiential rewards as contributing to intrinsic purposes and positive outcomes.

Summary

What is the impact of cash (money) on worker performance?

- Prevailing research is clear that while richer societies tend to be happier than poorer ones, individuals who earn more are not happier than those who earn less. For example, there is almost no difference in happiness between people (US) earning less than \$25k and more than \$75k. In fact, people driven by financial success tend to enjoy less well-being than others, including less vitality, and more behavioral problems, including depression.
- Other research says money can be a positive motivator provided it is pursued for intrinsic reasons (e.g., to help others, gain freedom to do what one wants to do, or even to feel satisfied). But not if the pursuit is for extrinsic reasons (e.g., to achieve status or impress a parent).

A holistic examination of the motives for pursuing money was developed by Srivastava et al in 2001. The Motives for Making Money Scale (MMMS) considers 10 intrinsic and extrinsic categories of drivers.

PRACTITIONER SUMMARY:

Why Individuals Want Money is What Matters

- This research groups the 10 categories based on Deci and Ryan's Self-Determination Theory. SDT may represent the "gold standard" in human motivational theory. It asserts that all humans need competency, autonomy, and relatedness. When satisfied, these needs lead to higher performance at work, greater job satisfaction and well-being.

The researchers classified the MMMS further into three categories: The basic drivers, termed "Family & Security" (e.g., shelter, food, college education for kids, etc.); "Self-Integrated" (aka: intrinsic) drivers – those that promote personal growth, (e.g., leisure, freedom and charity, pride and earning fair compensation) and "non-integrated" drivers (extrinsic), which include status, striving for respect, and ability to make impulse purchases.

The researchers surveyed 538 employees from a variety of firms who self-rated the ten money motivators on a scale of 1 to 10 (totally unimportant to extremely important). They also surveyed 748 professionals concerning their financial motivators and their well-being.

Key Findings:

- "Self-integrated" (intrinsic) motives map to better fulfilment of competence, autonomy and relatedness, which in turn leads to greater well-being and higher performance at work.
- "Non-integrated" (extrinsic) motives lead to frustration (as they can never be met) and thus, cause "ill-being," leading to "sub-optimal functioning" including burnout and exhaustion at work, and thus, lower performance.
- Experiential rewards map to "self-integrated" (intrinsic) motivators and lead to greater happiness (~engagement) and "vitality" (~performance).

Actionable Take-Aways:

- In your employer branding and employer value proposition initiatives, target candidates who are intrinsically-motivated (by purpose, mission, and the opportunity to learn, connect, enjoy work-life balance, and earn fair compensation).
- Assess for the same things (e.g., find appropriate psychometric tests and build questions into interviews that probe for intrinsic vs. extrinsic motivators).
- Use incentives, rewards and recognition to nudge employees toward the intrinsic, self-integrated motives. For example, use experiential rewards that satisfy the drive to spend on leisure and charity, which enhances well-being and performance.
- Cash rewards are not necessarily a poor choice to motivate, if they are used to promote self-integrated (intrinsic) motives.
- In building the business case for IRR, point out that well-selected non-cash rewards are more likely to align with self-integrated (intrinsic) motives than cash. Keep in mind also that cash rewards can be effective if recipients desire them for the right (intrinsic) reasons.

Q&A:

We asked lead author Anais Thibeault-Landry whether she believes that any form of incentive or combination of incentives with appreciation, etc., might nudge a person who leans to the non-integrated (extrinsic) motives, toward the self-integrated (intrinsic) motives? In other words, are people fixed in this regard?

Author Response:

"I believe, based on other similar research about spending for example, that it is possible to help people and educate them as to why holding certain types of money motives may be more detrimental to their health. Jacques [Forest] has been working on developing & testing workshop interventions, in which he explains, based on SDT [Self Determination Theory] postulates, why some motives are healthier and why others may add to the psychological pressure/burden/uneasiness that people experience. Hence in that regard, I like to believe that people are malleable, and can be moved towards adopting more self-integrated [intrinsic] motives if they are given guidance and time to reflect on their reasons for wanting more. I think it's more a matter of 'education' in the sense of raising awareness & understanding, and then identifying possible alternative course of actions (or in that case, of motives & reconsidering/shifting one's perspectives)."

More Questions?

Anais Thibeault-Landry and Dr. Forest are members of the IRF's Academic Network. They welcome your questions about their research



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[Bio & Other Related Research](#)



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[Bio & Other Related Research](#)

RECENT & RELEVANT:

Academic Research Summary: Cash vs. Non-Cash in Sales Contests



Citation: This summary is based on a journal article by Khim Kelly (University of Central Florida), Adam Presslee (University of Pittsburgh), and Alan Webb (University of Waterloo) in the journal: *The Accounting Review* (Vol 92, No. 6, 2017)

Full Title: *The Effects of Tangible Rewards Versus Cash Rewards in Consecutive Sales Tournaments: A Field Experiment*

Availability: The full text of this article is available in the journal: *The Accounting Review* in November 2017 (<https://doi.org/10.2308/accr-51709>).

Overview: Though tangible (non-cash) rewards are sometimes considered more motivating than cash rewards, more research – especially field experimentation – is needed to explore their impact on performance in actual work settings. This new and directly applicable research, uses consecutive sales competitions in a large-scale (“real-life”) field experiment. It breaks new ground by comparing the motivational effects of cash vs. tangible rewards over a longer time horizon than in past research. It adds to the growing body of evidence regarding the conditions under which tangible rewards would generate greater resilience and sustained effort than cash rewards. It offers new evidence that performance can be improved through serial use of tangible rewards versus cash in sales incentive contests. In other words, it demonstrates that weaker performers in initial sales incentive contests can significantly improve their performance in subsequent contests provided a tangible incentive is used rather than cash.

Summary

Do cash or tangible rewards drive greater performance in sales incentive programs? In other words, if you’re hoping to drive greater sales, should you use cash or tangible rewards (in this case gift cards for a range of goods/experiences that employees would enjoy)?

- The use of tangible (non-cash) rewards is a growing practice.
- Economic theory indicates that cash will have greater value to a person than an equivalent non-cash (tangible) reward because cash can be spent on anything, while the tangible reward is restrictive.
- Psychology theory suggests that cash will have less impact than hedonic tangible rewards because cash is spent on practical needs versus emotional wants.

PRACTITIONER SUMMARY:

Cash vs. Non-Cash in Sales Contests

- The gift cards used in this research, which allowed the purchase of a wide range of goods or experiences that are fun and pleasurable, should partially negate the economic benefits of cash (due to the wide choice – i.e., near-cash equivalency – provided by the cards) and they should create positive, memorable images and associations (i.e., more “affect”), resulting in greater effort to earn them relative to cash.
- Finally, people overestimate their odds of earning tangible rewards vs. cash because tangible rewards create more positive emotions, and hence are more attractive. This should result in greater perseverance in their pursuit.

The researchers tested these theories in a field experiment involving 54 retailers (part of a North American home furnishings chain) selling specialty area rugs. The researchers ran two consecutive three-month sales incentive contests over a 6-month period. A sales-instruction (training) video was made available to all subjects. Winners (the top ~40% in each contest) won about \$200 each per contest.

Key Findings:

- Median sales results in the second contest were significantly better among those incentivized and rewarded with gift cards than cash. There was no significant difference in the first sales contest.
- Tangible reward eligible contest one underperformers (i.e., contest losers) did significantly better in the second contest than cash eligible contest one underperformers. This supports the theory that tangible rewards generate greater perseverance and more sustained effort.
- Subjects in the tangible reward group used the training video twice as much as those in the cash group.

Actionable Take-Aways:

- Consider using tangible (non-cash) rewards in competitive incentive programs to better motivate employees – especially average and low performers – over the long run. Expect performance to increase only gradually.
- High performers seem to perform as well regardless of whether they are incentivized with tangible rewards or cash rewards.
- When incentivizing employees to leverage training, try linking performance to tangible rewards rather than cash. Observe the results and adjust accordingly.

Q&A

We asked the researchers why, from the company’s perspective, wouldn’t they simply look at gross sales for cash reward eligible versus tangible reward-eligible salespeople over the two tournaments and go with the reward type that did better by that measure? We understand the issues with outliers and the need for aggressive regression techniques, but how do you explain it to a business owner in a simple, convincing way? In other words, why should straight up cash group vs tangible group not be the ultimate measure?

Author Response:

“Mean sales in the cash condition are slightly better or similar to the mean sales in the tangible rewards condition during the competition period. However, this is not an indication that the cash condition performed better or similarly to the tangible rewards condition in response to the competitive incentives. This is because although we made an effort to ensure that the retailers in the two conditions are similar prior to the start of the competition period in terms of annual sales performance, there may still be seasonal differences between the two groups as well as unpredictable events that affect one group but not the other group during the competition period. By using robust regression analysis we reduce the effects of any such unpredictable events that affect one or two retailers in one group but not the other group, that may have masked the effects of the competitive incentives.”

More Questions?

Professors Kelly, Webb and Presslee are members of the IRF’s Academic Network. They welcome your questions about their research.



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[Bio & Other Related Research](#)



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[Bio & Other Related Research](#)

RECENT & RELEVANT

Translating Time to Cash: Monetizing Non-salary Benefits Can Shift Employment Preferences

Whillans, A.V.
Dwyer, R. J.
Perojic, M.



Academic Working Paper: Translating Time to Cash: Monetizing Non-Salary Benefits Can Shift Employment Preferences (2018)

Citation: This summary is based on a forthcoming journal article by Ashley Whillans (Harvard University), R.J. Dwyer (University of British Columbia), and M. Perojic (University of Leiden).

Availability: The full text of this article is available free from Harvard Business School at: [http://www.hbs.edu/faculty/Publication%20](http://www.hbs.edu/faculty/Publication%20Files/18-059_b1ad4e31-808f-4012-a413-3c9d61ea7dd4.pdf)

[Files/18-059_b1ad4e31-808f-4012-a413-3c9d61ea7dd4.pdf](http://www.hbs.edu/faculty/Publication%20Files/18-059_b1ad4e31-808f-4012-a413-3c9d61ea7dd4.pdf)

Overview: Reward and recognition professionals know that non-cash rewards often drive greater employee satisfaction and performance than cash rewards, yet employees often state a preference for cash. This research offers designers new and practical insight into how to make non-cash rewards and benefits more appealing – by converting them to cash.

Summary

Many decades of research show that people believe having more money will make them happier. Recent research says it is true, but only up to a point, after which money makes you no happier. Unfortunately, even highly-paid people over-emphasize salary and under-estimate non-cash benefits when considering job options.

In this paper, the researchers hypothesize that if employers were to do a better job of explaining the monetary value of non-cash benefits, people would be more attracted to their employment offerings. After all, when comparing job options, it is easy to measure and compare salaries but often confusing and difficult to compare benefits. Neuroscience research tells us that when confronted with complexities we will often default to the “easy.” When choosing between jobs, in other words, we will take the one with the higher salary.

To test their hypotheses (each of which was registered prior to the experiments) the researchers recruited over 3,000 participants from Amazon’s Mechanical Turk service (contractors). Four randomly-controlled experiments were run using paid time off as the non-cash benefit. The key results are summarized as follows:

- In experiment one, in which a job paying \$100k with two weeks of vacation is offered against another paying \$90k with three weeks vacation, two-thirds select the higher paying job.
- When the same scenario is offered, but the paid vacation is monetized (\$2,650 per week), preference changes dramatically. 50 percent choose the position with an extra week of paid vacation.

PRACTITIONER SUMMARY:

Translating Time to Cash: Monetizing Non-Salary Benefits

- In experiment two, participants are offered the choice of two jobs each paying \$100k. However, job A includes four benefits and Job B, only three. Not surprisingly, over 80 percent choose job A. Yet when Job B's benefits are monetized and A's aren't, 50% choose job B – the job with fewer benefits and equal pay.
- In both experiments, when participants are asked why they chose the job with monetized benefits, they talk about those employers caring more about their employees and being considerate of work-life balance.
- In experiments three and four, when participants are offered the same scenarios except the jobs pay about half (\$45-\$50k). None of the above findings hold true.

Key Findings:

- People appear to be significantly influenced by the inclusion of information about non-cash benefits, namely, their cash value. Knowing the value of benefits appears even to cause people to make decisions contrary to logic and their own well-being.
- By monetizing non-cash benefits, employers may be able to change employee and job-seeker perceptions about the company. Even where a job offers less benefits than another, including the cash value of benefits causes a significant number of people to choose that job over equal or even clearly superior offers.
- This effect appears to work for high-paying jobs but erodes entirely for low-paid positions.

Actionable Take-Aways:

- Though the research focused on job offers and only one non-cash benefit (paid vacation), it suggests that all or at least some other non-cash benefits, including rewards, should be explained better in terms of their monetary value.
- Other research suggests that recipients (potential or actual) place greater value on non-cash rewards than they are actually worth. This new evidence presents a paradox. Should you aim for the benefits suggested in this research and share the cash value, or hope for the “higher-attribution” benefit put forward in other research?
- Consider running an experiment of your own in which you share the monetary value of non-cash benefits in a program. Record the results versus a similar program run recently. Are more people attracted to the program?
- Consider sharing this information with your HR, compensation and recruiter teams. These insights might make it easier to attract, retain and engage talent, perhaps especially women, who, according to the researchers, “often see high-powered jobs as equally attainable but less desirable” than other jobs. If monetizing benefits shifts perceptions of employers as profoundly as this research suggests, more women should apply

Q&A

We asked the researchers whether there might be other factors influencing participant's decisions. After all, why would a person choose a job of equal pay but worse benefits simply because the employer shares the cash value of the worse benefits? We also asked the researchers their opinion (speculation) as to whether we would see the same results if we showed the value of other non-cash rewards and benefits? Finally, we asked the researchers for their thoughts on the implications for Reward & Recognition professionals.

Authors' Response:

- "We have to rule out the idea that they are considering the health and happiness benefits on non-cash benefits. Some participants said they felt the 'benefits-monetized' employers offered better career paths but this response wasn't sufficient to make it significant. The only reasons given that reached a level of statistical significance were participants felt the 'benefits-monetized' employers were more caring and more respectful of work-life balance. But these are important findings. They suggest that by simply stating the cash value of non-cash benefits, you can change peoples' perception of your company in a very positive way."
- "We believe so but it remains to be tested. We can say that we've demonstrated that monetization encourages people to think about these benefits."

More Questions?

Professor Ashley Whillans is a member of the IRF's Academic Network. She welcomes your questions about her and her colleagues' research.



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[Bio & Other Related Research](#)

R.J. Dwyer (University of British Columbia)

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RESEARCH ABSTRACTS



Incentives and Cheating (Agne Kajackaite, Uri Gneezy, 2016)

Uri Gneezy is a member of the IRF Academic Network: ugneezy@ucsd.edu

We study how cheating behavior is affected by incentives. After replicating the finding in the cheating game literature that lying does not increase with incentives, we show that this insensitivity is not a characteristic of the intrinsic lying cost, but rather a result of concern about being exposed as a liar. In a modified “mind” game in which this concern is eliminated, we find that people lie more, and in particular lie more when the incentives to do so increase. Thus, our results show that for many participants, the decision to lie follows a simple cost–benefit analysis: they compare the intrinsic cost of lying with the incentives to lie; once the incentives are higher than the cost, they switch from telling the truth to lying.

Full paper available free at: <http://rady.ucsd.edu/docs/incentives-and-cheating.pdf>



Tangible and Intangible Rewards and Employee Creativity: The Mediating Role of Situational Extrinsic Motivation

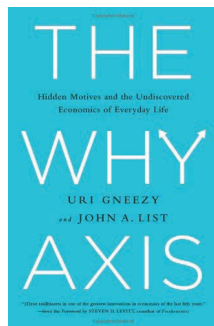
(Hye Jung Yoon, Sun Young Sung, Jin Nam Choi, Kyungmook Lee, and Seongsu Kim, 2015)

This study examined the effects of tangible and intangible forms of creativity-contingent rewards on employee creativity. Situation-specific intrinsic and extrinsic motivations were proposed as mediators of the reward-creativity link. Based on data collected from 271 employees and their supervisors, results revealed the following:

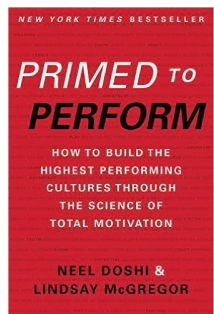
- (a) intangible rewards for creativity are positively related to intrinsic and extrinsic task motivations;
- (b) tangible rewards for creativity are negatively related to extrinsic task motivation; and
- (c) employee creativity, as rated by the supervisor, is positively related to extrinsic motivation, but not to intrinsic motivation. Results indicate the significance of differentiating the two types of creativity-contingent rewards, and highlight the need to reconsider the roles of intrinsic and extrinsic motivation in promoting creativity in organizations.

For full paper send email to: allans@tmlu.org

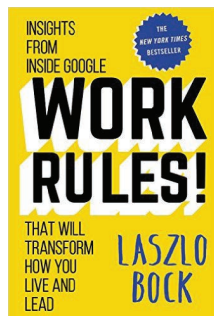
BOOKS REVIEWED & RECOMMENDED



Professors Uri Gneezy and John A. List, pioneers in behavioral economics, share a belief in alternative experimentation. Their real-world field tests produce surprising outcomes in varied and unlikely arenas such as business, charitable giving, health, crime, student test results, mechanics' estimates, and other societal scenarios. Gneezy and List hold that organizations and individuals should continually, purposefully experiment to find the most effective methods to achieve their goals. You may have often heard their experiments cited without knowing the source. We recommend their approach to anyone seeking original, functional methods to increase performance in all social and business endeavors.



Primed to Perform brings everything worthwhile about employee engagement, motivation, and workplace performance together. The authors back up everything they say with data and evidence. They use real, entertaining and expertly chosen case studies throughout to explain and illustrate three essential motivators every company should use to build long-term success. Though long and repetitive in places, we simply cannot recommend this work too highly. For leaders at every level, HR professionals, compensation executives, consultants, entrepreneurs and students, no better book exists in the fields of leadership and performance. Period.



Can any company do what Google has done in attracting, motivating, developing, and retaining a share of the world's top talent? In *Work Rules!*, author Laszlo Bock answers with a resounding "Yes!" You don't have to pay obscenely well in fact, that might even harm your chances. Instead, apply nine universal rules that will transform your organization from one that controls employees to one that sets them free to innovate, make improvements, and inspire each other to unheard of heights.

Learn why Google pays some junior employees more than executives; why you can be fired for leaking information but never for telling it like it is; why managers at Google can't hire, fire, or promote, and why Google invests deeply in its lowest performing employees. Of course, you'll get a fair dose of cheerleading for Google, but whatever your role in your organization, we suggest you get a copy as soon as you can. By describing Google's unusual but entirely rational approach to "People Operations" in great detail, and by explaining how it all fits together, Bock has created an immensely valuable tool for leaders in all industries and at every level.



When people delight and surprise you, you remember. Whether your boss praises you out of the blue, your spouse does something unexpected and remarkable, or a company treats you like a special human being, the feeling triggers emotion which gives he experience meaning and burns it into memory. In being reminded of the power of appreciation, surprise, courage and social connectivity, you can't help but recall all the moments and opportunities you let slip by. That's right – you can change ordinary moments into remarkable ones and you can also create magical moments. Best of all, you can do these things fairly easily in many cases. The Heaths' advice can change your life, business, and career for the better – mainly by delighting those around you.