

Individual vs. Team-Based Incentives: How To Choose

TIGHT TEAM?

Is the team's work highly-interdependent: like a volleyball team or a restaurant crew? Do they rely heavily on each other to get their work done and achieve their goals?

A growing body of research offers compelling evidence that where teams engage in highly-interdependent work, team-based rewards can drive better communications and cohesion leading to improved performance and outcomes.



LOOSE TEAM?

Is the team more like a gymnastics team or like an assembly line team whose work is serially-interdependent (team members get their part of the job done and then hand it off to others)?

Where the work does not require a great deal of communication or cohesion, don't force it through incentives or other measures. Use individual rewards instead.

SMALL TEAM?

Does the team have ten or fewer members? According to research and the direct experience of many managers, team-based rewards become less effective as the size of the team increases. The maximum size differs though, depending on factors such as the complexity of the work involved and whether members have worked together previously. For more complex work involving larger, newer teams, consider hybrid incentives that target both individuals and teams.



LARGE TEAM?

Does the team have more than ten members? As a general rule of thumb, and especially where a large team is engaged in complex work, individual rewards prove more effective. However, if the larger team is engaged in highly-interdependent work, consider hybrid incentives.



TEAM?

HYBRID?

INDIVIDUAL?

Increasingly, work in teams is complex and features broad and deep interdependencies. Leaders have learned that smaller, familiar teams often communicate better and are more cohesive. Team incentives can help to amplify team communications and cohesiveness.

On the other hand, the work of teams ranges widely; teams require varying degrees of communications and cohesiveness to function at their best. Sometimes "loose team" structures and individual incentives may be more effective.

Reward program designers can assist their organizations and clients in building better-functioning, higher-performing teams by recognizing when individual rewards work best, and where team or hybrid rewards can be applied to generate better citizenship within teams to improve outcomes.