

Offering employees rewards that pay it forward can help motivate them to achieve more

April 6 2023, by Kaitlin O'Brien



Credit: Pixabay/CC0 Public Domain

As workplace practices continue to shift, organizations are finding inventive ways to keep their employees motivated and committed to

reaching their goals. According to a new study, researchers at the University of Waterloo and Wilfrid Laurier University have found that employees who are rewarded for achieving their goals by having a donation made to charity perform at a higher level than those who are rewarded with cash.

"We found that rewarding [employees](#) with prosocial rewards, that is rewards that employees donate to charity once received, can be a win-win-win: employees win because they feel good about themselves, shareholders win because of the increased performance and reputation, and society wins because of the increased support for charity," said Adam Presslee, associate professor at the School of Accounting and Finance at Waterloo.

Two experiments examined the motivational effects of goal-based prosocial rewards versus [cash](#) rewards. When employees were assigned an easy or a very difficult goal and rewarded for goal attainment, prosocial [goals](#) led to greater motivation than cash rewards. However, employees' motivation was similar between the two reward types when presented with a difficult goal. This is one of the first times research has shown that the type of reward and the difficulty of the goal interact to affect employee effort. Presslee conducted these experiments with Leslie Berger and Lan Guo, both associate professors in accounting at Wilfrid Laurier University.

These findings are now contributing to the growing literature examining the motivational effects of prosocial rewards such as donations to charity. "We developed a theory which posits that, different from a calculative approach, which is a deliberate and rule-based outlook that produces a relatively accurate assessment of probabilities, an affective approach to valuation where an anticipated emotional response is associated with a potential outcome, results in insensitivity to the probability of goal attainment," Presslee said. "Furthermore, we find that

employees who are rewarded with prosocial (vs. cash) goal-based rewards are more likely to adopt an affective valuation approach."

The interaction between the type of reward an employee is to receive, and the difficulty of the assigned goal is caused by employees using different valuation approaches, which affects their reaction to rewards when faced with uncertainty. This research underlies the importance of looking at employees' calculative and affective approaches to understand how affect-rich goal-based rewards motivate employees. Significantly, organizations are increasingly using affect-rich, noncash rewards, such as [gift cards](#) and merchandise to motivate employees.

The research findings can inform strategy when determining how incentives are given. In the experiment, goal-based prosocial rewards prompted greater effort than goal-based cash rewards when individuals were assigned either a stretch goal or an easy goal, but not when they were assigned a difficult but attainable goal.

"In practice, goal difficulty varies depending on an organization's departments, and from one employee to another. As organizations look to future-proof their businesses, being mindful of the type of reward type being offered to employees—either cash or affect-rich prosocial rewards—is crucial to the productivity of the workforce and should factor in the difficulty level of the goal," Presslee said.

The study, "Motivating Employees with Goal-Based Prosocial Rewards," appears in the journal *Contemporary Accounting Research*.

More information: Leslie Berger et al, Motivating Employees with Goal-Based Prosocial Rewards*, *Contemporary Accounting Research* (2022). [DOI: 10.1111/1911-3846.12821](https://doi.org/10.1111/1911-3846.12821)

Provided by University of Waterloo

Citation: Offering employees rewards that pay it forward can help motivate them to achieve more (2023, April 6) retrieved 27 July 2024 from <https://phys.org/news/2023-04-employees-rewards-pay.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.