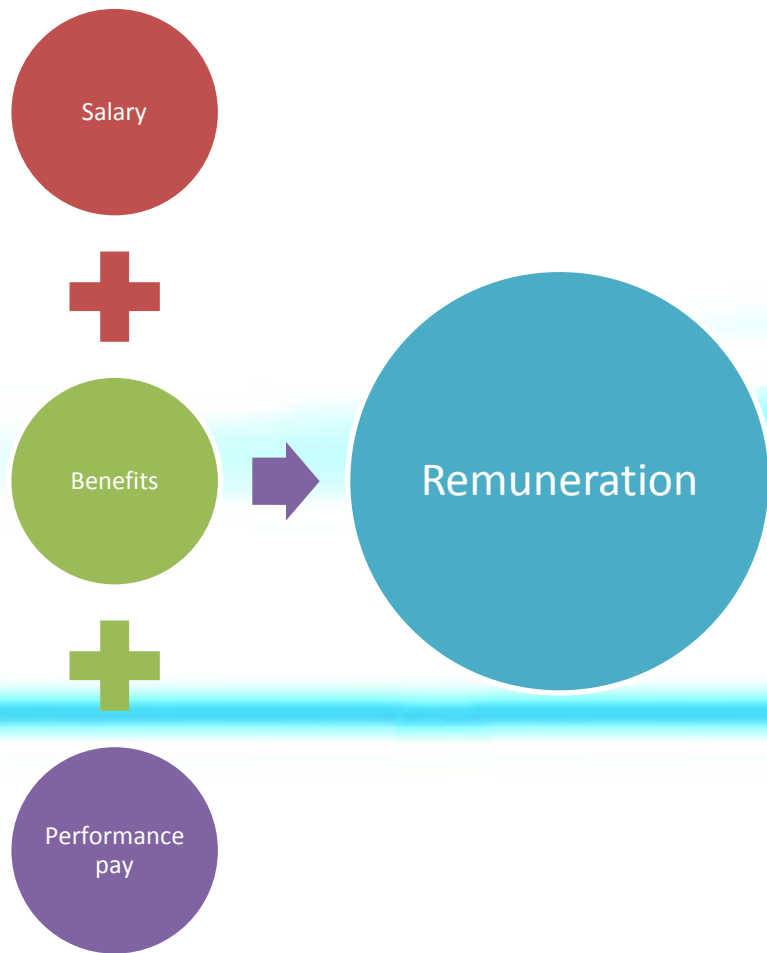


Remuneration Motivation: Rewarding Best Behaviour

Psych Press News



What is Remuneration?



“Financial incentives constitute employees’ payment when offering labour”

Gkorezis & Petridou, 2012: 3598

Remuneration as Reward



“Effort Reward Imbalance Model”

- Job stress comes when effort and reward are not balanced
- A problem in one area can result in complaints about another

Other Forms of Reward

Extrinsic

- Rewards that are outside of the actual role and team:
 - Financial
 - Advancement opportunities
 - Prestige

Intrinsic

- Rewards that are connected to the organisation, its mission and team:
 - Relationships
 - Achievement
 - “A job well done”



Classical Conditioning

Stimulus

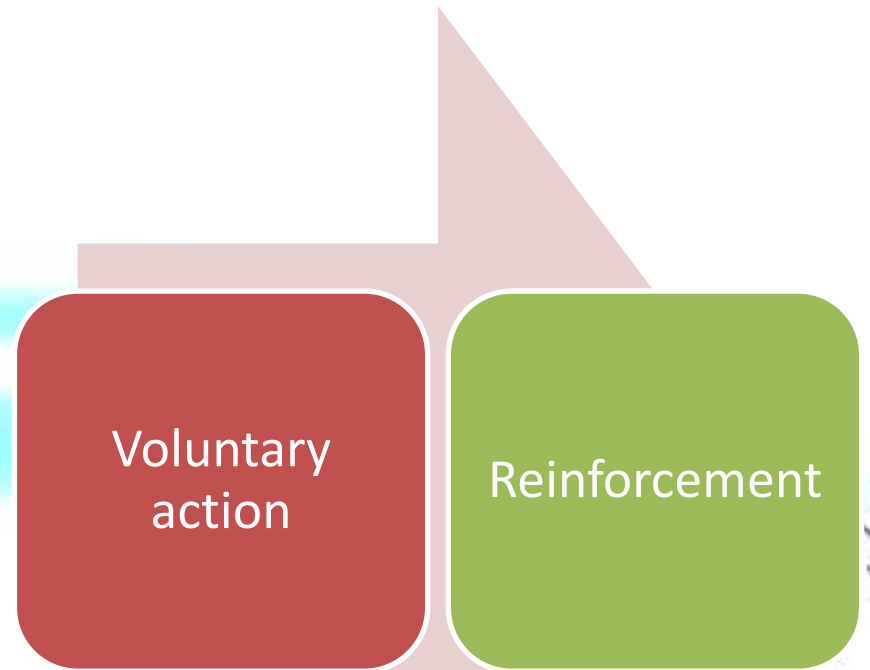
- Original
- Paired

Involuntary Response

- In Pavlov's famous experiment, a bell was rung at the same time as food was presented to a dog. The dog would salivate for the food, but eventually would salivate at the sound of the bell
- The paired stimulus, the bell, resulted in the involuntary response

Operant Conditioning

- A voluntary action is reinforced with reward or punishment
- Remuneration reinforces behaviours
- An unintended consequence is where the wrong behaviours are reinforced



Reinforcing the Right Behaviours

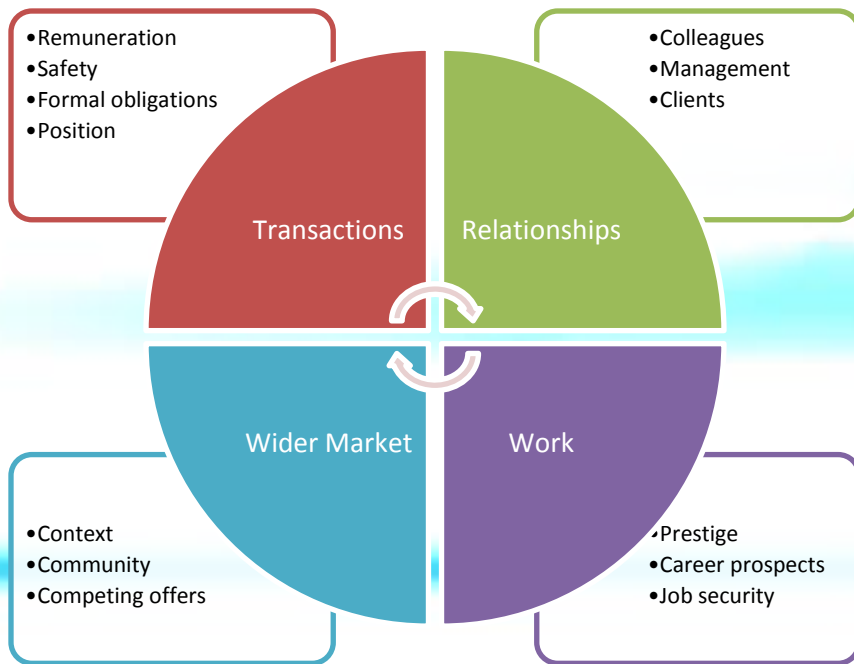
On Target

- Goal: to improve word-of-mouth referrals
- Reinforcement: 'finders fees' for successful referrals
- Result: staff motivated to generate referrals

Off Target

- Goal: to develop long-term relationships with clients
- Reinforcement: sales-based commission with no trailing commissions
- Result: sales staff focus on immediate revenue even if it loses clients longer term

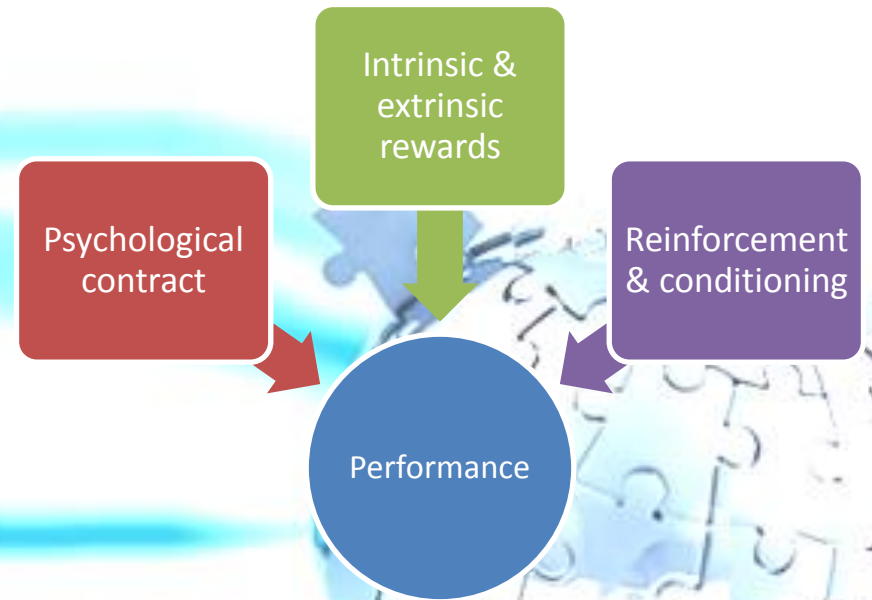
Psychological Contract



- The 'psychological contract' refers to the mutual obligations between an employee and employer
- Psychological contracts encompass formal and informal aspects of work
- It is mediated in comparative terms by what is available in the whole market

Designing Reward Systems

- Reward systems should take a holistic approach to achieving optimum performance
- Rewards can be monetary and non-monetary



Remuneration: Thought-Starters

The remuneration system...

- Has an overall objective and each component has a business case for it
- Is based on evidence and benchmarking from reliable sources
- Includes monitoring and regular review systems including employee feedback
- Encourages desirable behaviour and discourages undesirable behaviour
- Rewards the individual for their work and avoids rewarding or punishing them for others' actions
- Is transparent and easy to understand or calculate

– Adapted from Scott, 2008

References

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- Nelson, L., Tonks, G., & Weymouth, J. (2006). The Psychological Contract and Job Satisfaction: Experiences of a Group of Casual Workers. *Research and Practice in Human Resource Management*, 14(2), 18-33. Online: <http://rphrm.curtin.edu.au/2006/issue2/satisfaction.html>
- Scott, I.A. (2008). Pay for performance programs in Australia: a need for guiding principles. *Australian Health Review*, 32(4), 740-749.