

Research Paper

Clarence V. Kimbrell Jr.

Old Dominion University

IDS 300W Introduction to Interdisciplinary Theory and Concepts

Dr. Jeanie Kline

April 22nd, 2023

Interdisciplinary Approach to Workplace Incentives and Motivation

Abstract

This interdisciplinary research paper focuses on workplace incentives and motivation. It begins by describing perceived problems and then delves into potential solutions available in the fields of psychology, sociology, and finance. The paper discusses how an interdisciplinary approach, combining the fields of each discipline, can better create a more productive workplace. It provides viewpoints from each discipline, including the drawbacks and possible strengths of each. By incorporating many points of view on this topic, the paper helps readers understand and see the whole picture. The research conducted and analyzed will demonstrate the benefits of its effects on employees. The paper will then provide ideas, solutions, and suggestions on workplace incentives and motivation that can be implemented. Finally, the paper summarizes the main points and paints a broad picture. It is important to note that this research project is not exclusive to the current environment but also includes perspectives about the future.

Keywords: incentives, motivation, psychology, sociology, finance

Understanding the Disciplines

Having motivated and engaged employees who feel valued and essential to a company's success is crucial for any workplace. Many businesses worldwide use incentives to motivate their employees, and the reasons for doing so can vary due to a vast number of factors. By taking an interdisciplinary approach that draws on sociology, psychology, and finance, managers can better understand what motivates employees and how incentives can be used to create a better, more efficient, and more productive working environment. Numerous studies have supported the idea

that motivated employees contribute to increased productivity, job satisfaction, and business success.

Sociology in the Workplace

Sociology is the social science that studies human societies, their interactions, and the processes that preserve and change them (Faris, 2022). In 2004, Professor A.D. Amar, Chair of Management at Seton Hall University, conducted a study that aimed to answer the question of how incentives motivate employees in the workplace. According to Amar (2004), to address this question, one must first identify the sources of motivation in a modern workplace environment. The management team would then analyze how employees would respond to these motivators. One of the study's key findings was that individuals have evolved in the last seventy-five years to adopt a new value system that centers around the self and family (Amar, 2004). The study also revealed that people now prioritize family and personal life over work, unlike previous generations.

The information gathered from the study suggests that work is not the primary focus of many individuals' lives (Amar, 2004). Amar argues that involving employees' minds in their work is more crucial than their commitment to the effort. A solution that incorporates a sociological viewpoint would propose that productivity increases as employees' knowledge and engagement in activities increase (Amar, 2004). Studies such as this one shed light on the importance of sociology in understanding employee values and their impact on workplace motivation.

In April 2010, an article was published in *The Review of Economic Studies* which took a similar approach to the one mentioned above. "Social Incentives in the Workplace", written by

Oriana Bandiera, Iwan Barankay, and Imran Rasul, suggests that social incentives could serve as an alternative to financial incentives. This ties into sociology because it focuses on employee behavior with one another. The main social incentive discussed in the article was recognition and praise (Bandiera et al., 2010). The authors suggest that recognition and praise from peers and managers can be great motivators in the workplace. They recommend implementing programs in the workplace that encourage employees to acknowledge each other's work (Bandiera et al., 2010). If this were to be implemented in a workplace environment along with other incentives, it could potentially create more motivated employees.

The article "Creating a Just and Democratic Workplace: More Engagement, Less Hierarchy" by Joyce Rothschild discusses how a democratic and just workplace can increase employee engagement and motivation. The author argues that a hierarchical workplace can create power imbalances, and limit employee input and decision-making (Rothschild, 2000). This can result in decreased motivation and job satisfaction among employees. The article suggests a more democratic workplace, where employees have a voice and are involved in decision-making (Rothschild, 2000). Rothschild suggests this can create a sense of ownership and investment in the company's goals (2000). The author also suggests that a just workplace, where employees are treated fairly and with respect, can lead to increased motivation for the company (Rothschild, 2000). This article is a great demonstration of sociology because the relationship between employees and managers is crucial.

Sociology plays a significant role in understanding employee values and their impact on workplace motivation. Studies and journal articles like, "Social Incentives in the Workplace," and "Creating a Just and Democratic Workplace" demonstrate that employees' knowledge, engagement in activities, recognition, and involvement in decision-making are essential

motivators (Bandiera et al., 2010). Therefore, creating a sociologically aware work environment that encourages trust, openness, and fairness can lead to increased motivation, performance, and job satisfaction among employees (Rothschild, 2000). By acknowledging and addressing these factors, managers can create a healthier work environment.

Psychology in the Workplace

One of the motivators identified in the study mentioned earlier is rooted in psychology. Research in this discipline may involve examining employees' mental and emotional factors. According to Amar's findings, traditional work relationships were based on positive reinforcement, including incentives such as pay and benefits. However, managers and businesses have shifted towards factors such as self-esteem when assigning jobs to employees (Amar, 2004). This shift has been shown to increase productivity and innovation. Interestingly, Amar's study found that employees working under tenuous conditions were still motivated because their accomplishments gave them a sense of self-regard (Amar, 2004). Another study conducted in 2008 recorded an increase in motivated performance in team-oriented scenarios (Condly et al., 2008). The researchers found a staggering increase of up to 22% in team-directed incentives compared to individual ones (Condly et al., 2008). Their research suggests that organizing employees into teams can increase workplace motivation, which can be further enhanced by providing them with a sense of self-esteem and potentiality (Amar, 2004). By examining the issue from a psychological perspective, adaptations to employee incentives can ultimately impact drive, motivation, and performance.

Some studies have gone as far as implementing psychological theories into the workplace. Marylène Gagné and Edward L. Deci are authors of a journal article titled "Self-Determination Theory and Work Motivation," which was posted in the Journal of Organizational

Behavior and studied employee satisfaction and needs in the workplace (Gagné & Deci, 2005). The self-determination theory of motivation, commonly referred to as SDT, is a psychological theory that takes three things into account: autonomy, competence, and relatedness (Gagné & Deci, 2005). For example, providing employees with opportunities to make choices and have control over their work can increase autonomy satisfaction. The authors found that providing feedback and training could increase competence satisfaction (Gagné & Deci, 2005). Lastly, to increase relatedness satisfaction, they suggested building positive relationships between co-workers and supervisors (Gagné & Deci, 2005). The authors suggest that understanding these psychological needs and how they can be satisfied in the workplace is essential for creating motivated employees.

Another behavioral trait that is found in the workplace that contributes to psychology is hiding information from co-workers and supervisors. A journal article published in 2012 researched this in great detail. This article was created by Catherine E. Connelly, David Zweig, Jane Webster, and John P. Trougakos. These authors found that hiding knowledge can have negative consequences for both the individual and the organization (Connelly et al., 2012), which can decrease trust, lower motivation, and reduce satisfaction.

The journal article talks about several psychological factors that can contribute to hiding information (Connelly et al., 2012), one of which is a desire to protect one's position with a company. The authors suggested a few things that can reduce hiding information and boost workplace motivation, such as creating an environment of trust and openness, rewarding knowledge sharing, and encouraging social relationships between everyone in the workplace (Connelly et al., 2012).

Gagné and Deci (2005) mentioned that understanding employee motivation from a psychological perspective is crucial for organizations to increase productivity, innovation, and job satisfaction. Factors such as self-esteem, team-oriented incentives, autonomy, competence, and relatedness are key motivators for employees (Gagné & Deci, 2005). By providing opportunities for employees to satisfy these needs, organizations can create motivated employees. Creating a workplace of trust, openness, and positive social relationships can encourage knowledge-sharing and boost motivation (Connelly et al., 2012). In general, incorporating psychological theories into the workplace can increase motivation and improve employee well-being.

Finance in the Workplace

Finance, as a discipline, also plays a significant role in motivating employees. Simple tweaks to the way monetary incentives are structured can have hidden impacts. Steven J. Condly, editor of "The Effects of Incentives on Workplace Performance: A Meta-analytic Review of Research Studies," found that money resulted in higher performance gains than tangible incentives. Later in the study, they found that long-term monetary programs lead to better performance gains than short-term ones (Condly et al., n.d.). This is because employees would have to continuously be motivated to reach the incentive to achieve short-term monetary goals.

However, Jason N. Itri's article titled "The Incentive Dilemma: Intrinsic Motivation and Workplace Performance" argues that intrinsic motivators drive the best workplace satisfaction (Itri et al., 2019). The earlier study examined above by A.D. Amar arrived at a similar conclusion. The salary of an employee is a dissatisfier or an extrinsic motivator and, therefore, not an effective tool to improve motivation and performance for knowledge work activities (Itri et al., 2019). Incentives can be tricky, depending on the workplace, so to combat this, businesses

need to find sustainable incentives that will achieve employee motivation. Money may work as an incentive in some fields, but not in others. Thus, businesses need to research and understand the topic of motivation to effectively adjust incentives to achieve the desired outcomes. Upon researching these studies, managers should also consider allowing employees to choose between money or tangible items, as it could produce a more motivated working environment. It is crucial to look at different viewpoints on a situation like this because it allows everyone to get a better understanding from many perspectives and make productive choices.

In the journal article "Compensation and Incentives in the Workplace" by Edward P. Lazear, he argues that compensation packages are essential tools in motivating employees to work more productively. Firstly, he describes how aligning incentives with company goals to maximize productivity is the initial step (Lazear, 2018). Then, a company must bring in principles of finance to design these incentives (Lazear, 2018). For example, a company must consider the time value of money, such as a bonus payout over a long period, which could be more effective than a large one-time payment (Lazear, 2018). As it creates longer-lasting motivation for employees. Later in the article, Lazear discusses how the concept of risk, in the financial sense, can also be applied to workplace incentives. He suggests that incentives should be created in a way that balances risk and reward (Lazear, 2018). Incentives that are too risky may discourage employees from taking action. On the contrary, if incentives are too low, they may not motivate employees to take risks at all.

Lazear also discusses another financial principle, the idea of compensating differentials. It suggests that employees may be willing to accept lower wages or other tradeoffs in exchange for larger benefits (Lazear, 2018). This can include things like flexible working hours, job security, and better working conditions. These financial incentives can be used to boost

employee motivation in the workplace for certain companies. Lastly, the journal article mentions human capital, which is a staple in the finance discipline (Lazear, 2018). Human capital refers to the skills, knowledge, and experience that employees bring to the workplace. Lazear suggests that investing in employee training and development can be a powerful way to increase employee motivation and productivity as it helps build human capital and makes employees feel more valued and invested in their work (Lazear, 2018).

Several studies have been discussed to support the importance of motivation in the workplace. Steven J. Condly's research on the effects of incentives on workplace performance found that long-term monetary programs lead to better performance gains than short-term ones (Condly et al., n.d.). Jason N. Itri's article "The Incentive Dilemma: Intrinsic Motivation and Workplace Performance" argues that intrinsic motivators drive the best workplace satisfaction (Itri et al., 2019). A.D. Amar's study demonstrated that salary is a dissatisfier and not an effective tool to improve motivation and performance for knowledge work activities (Amar, 2005). Edward P. Lazear's "Compensation and Incentives in the Workplace" argues that aligning incentives with company goals, considering the time value of money, balancing risk and reward, compensating differentials, and investing in employee training and development can all be effective tools to increase employee motivation and productivity (Lazear, 2018). Therefore, incorporating financial principles can lead to a work environment that supports motivation, and increases productivity.

Drawbacks of Incentives

In "When and Why Incentives (Don't) Work to Modify Behavior," Uri Gneezy, Stephan Meier, and Pedro Rey-Biel argue that some incentives can potentially create problems in the workplace, such as making employees act irrationally to reach a desirable incentive. Later in the

article, the authors suggest that task complexity can contribute to decreased motivation because if a task is too large or complicated, it can be discouraging and there could be no drive for the employee to attempt it. Secondly, another factor in how effective incentives are in the workplace is social preferences. The authors discussed how individuals with a strong sense of fairness and cooperation may be less motivated. In these scenarios, employees could perceive this as an attempt to control their behavior. This is why businesses and companies need to select incentives and motivational concepts that are tailored to the company and all employees included and understand the potential unintended consequences that can come with them.

In conclusion, taking an interdisciplinary approach to workplace incentives and motivation is crucial for businesses to develop custom techniques that align with their specific needs and goals. Motivation and incentives are fundamental factors that influence a business's success. Therefore, companies must prioritize them. By incorporating family values, self-regard, and monetary incentives into their workplaces, employers can address employee motivation issues. Using sociology, studies suggest that productivity increases when employees are engaged and knowledgeable about their work. Psychology highlights the importance of factors such as self-esteem, autonomy, and relatedness in the workplace. Which can significantly increase productivity and innovation. Finally, finance plays a crucial role in motivating employees, and by designing sustainable incentives, businesses can improve performance, job satisfaction, and employee retention. It is important to note that there is no one-size-fits-all solution when it comes to motivation and incentives, and businesses should consider various approaches to determine what works best for their organization. All things considered, by understanding the interdisciplinary approach of motivation and incentives, businesses can design incentives that are

effective, systematic, and sustainable. Which can lead to a motivated and higher-performing workforce.

References

- Amar, A.D. (2004), "Motivating knowledge workers to innovate: a model integrating motivation dynamics and antecedents", *European Journal of Innovation Management*, Vol. 7 No. 2, pp. 89-101.
- Bandiera, O., Barankay, I., & Rasul, I. (2010). Social Incentives in the Workplace. *The Review of Economic Studies*, 77(2), 417–458. <http://www.jstor.org/stable/40587635>
- Condly, S. J., Clark, R. E., & Stolovitch, H. D. (2008, October 22). *The effects of incentives on Workplace Performance: A meta-analytic ...* Wiley Online Library. Retrieved March 18, 2023, from <https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1937-8327.2003.tb00287.x>
- Connelly, C. E., Zweig, D., Webster, J., & Trougakos, J. P. (2012). Knowledge hiding in organizations. *Journal of Organizational Behavior*, 33(1), 64–88.
<http://www.jstor.org/stable/41415737>
- Faris, R. E.L. and Form, William (2022, August 22). sociology. *Encyclopedia Britannica*.
<https://www.britannica.com/topic/sociology>
- Gneezy, Uri, Stephan Meier, and Pedro Rey-Biel. 2011. "When and Why Incentives (Don't) Work to Modify Behavior." *Journal of Economic Perspectives*, 25 (4): 191-210.
- Jason N. Itri, Michael A. Bruno, Neeraj Lalwani, Reginald F. Munden, Rafel Tappouni, The Incentive Dilemma: Intrinsic Motivation and Workplace Performance, *Journal of the American College of Radiology*, Volume 16, Issue 1,2019, Pages 39-44

Lazear, E. P. (2018). Compensation and Incentives in the Workplace. *The Journal of Economic Perspectives*, 32(3), 195–214. <https://www.jstor.org/stable/26473070>

Marylène Gagné, & Deci, E. L. (2005). Self-Determination Theory and Work Motivation. *Journal of Organizational Behavior*, 26(4), 331–362.
<http://www.jstor.org/stable/4093832>

Rothschild, J. (2000). Creating a Just and Democratic Workplace: More Engagement, Less Hierarchy. *Contemporary Sociology*, 29(1), 195–213. <https://doi.org/10.2307/2654944>