

Case Study 3- Pros and Cons of Using Incentives to Motivate Employees  
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## Pros and Cons of Using Incentives to Motivate Employees

Incentives represent an important method by which employers and managers motivate their employees and subordinates [ CITATION Sch12 \l 1033 ]. The use of incentives can be considered both ethical and unethical depending on the motive and purpose behind the incentive. Schermerhorn et al. (2012) explain that “incentives are considered ethical only when their purpose is legitimate and when they do not affect the character of the individual being offered the incentive” (p. 269). Leaders should be careful in using incentives as in some cases they may be beneficial while in other cases they may not result in any change in behavior or even worse they may lead to detrimental effects on the success of an organization [ CITATION Cam99 \l 1033 ].

### **Pros of Using Incentives**

Incentives can significantly cause an improvement in employee performance provided the incentive program is properly implemented [ CITATION Con03 \l 1033 ]. Incentives sensitize employees and often result in better performance from them [ CITATION Pet06 \l 1033 ]. An efficient way to utilize incentives is to offer incentives based on group performance rather than based on individual performance. Employees are encouraged to work as a team to improve performance when incentives are offered based on group performance [ CITATION Yuk12 \l 1033 ]. Monetary incentives have been found to be more effective in improving performance among employees [ CITATION Pet06 \l 1033 ]. In relation to case study 7.1 by Scandura (2016), an offer of incentives to the employees of the retail stores would be beneficial in that it would create a sense of motivation for the employees. The knowledge that they stand to gain some extra bonuses is likely to result in an increased effort to sell the products to customers. The incentives would serve as a motivation for better performance on the part of the employees resulting in better sales of the products.

### **Cons of Using Incentives**

Incentives can only motivate people to a certain level. Yukl (2013) explains that the use of incentives can result in compliance as opposed to the desired commitment. This happens when the incentive no longer motivates an employee to make any extra effort than what is required to earn the incentive; the employee may even begin to neglect other activities that are not included in the performance criteria [ CITATION Yuk12 \l 1033 ]. In the case study under review, there is a possibility that the employees may become complacent over time such that there is no further increase in sales. The sales representative should also be aware that competitors may also begin to offer incentives to the employees. In such a situation, the employees would naturally tend to respond better to the company that pays a higher incentive. The store manager also needs to be careful with allowing the use of incentives because, in situations where incentives are used very frequently to motivate workers to perform optimally, the workers reach a point where they always expect to get a reward when they are required to do any new or unusual task [ CITATION Yuk12 \l 1033 ].

Incentives are a good way to motivate employees however it is good to note that the success of an incentive program in adequately motivating people to improve performance hinges greatly on the worth of the incentive to the person being offered the incentive[ CITATION Yuk12 \l 1033 ]. The incentive has to be valuable enough for the target person to desire it and thus put efforts into earning the incentive. The implementation of a good incentive program would help improve the sales of the company's construction products in the retail store.

## References

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