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A Better Pay Scale Is the Best Source of Motivation

It is common in the working environment to rely on financial resources as a means of having the most substantial impact on employees' motivation. However, the fact of paying salaries itself has a low correlation with the degree of motivation. For this reason, there are different pay scales that are designed to have varying effects on the balance between the needs of a firm and employees. Although there is no best pay scale, there is a continuous search for a scale's improvements, and such developments as performance-based approaches prove to have a stronger impact on employees' motivation than other types of rewards.

Pay scale plays a critical role in any business, as it is the basis for the distribution of financial resources that are the ultimate goal in the economic system, and it is in the interests of the employer to seek ways for pay scale improvement. Rynes et al. (383) indicate in their study that even though employees may underestimate the value of money due to the so-called socially desirable responding effect, behavioral studies have demonstrated that financial resources have the most potent impact on employees' motivation. While pay scales differ across economies and

firms, the majority of them utilize conservative approaches. Audier et al. (8) explain that the conventional pay scale uses an index of base wages, which determines employees' salaries and operates such concepts as seniority, length of service, and specifics of work, while performance plays a minor role. Apparently, such an approach has little impact on employees' motivation because it focuses on bureaucratic aspects rather than the work process. Although the authors (Audier et al. 8) indicate that such a framework for wage determination is more attributable to the public sector, the use of the index-based pay scale or its analogs occurs in the private sector. The outstanding role of financial resources as incentives for employees and complexities with employment progression under the conventional pay scale conditions indicate that there exists a need for a better pay scale which would enhance employees' motivation.

Instead of the traditional approaches to wage determination that offer little incentive for employees, businesses have developed pay scales that have proved to be positively correlated with employees' motivation. To a great extent, the success of private sector firms depends on the performance of people working for them, as knowledge and skills are usually directly correlated with a corporate competitive advantage. It was found in a 2015 study that 81 percent of the best performing firms are those that have employed an improved pay scale, which is based on rewarding performance rather than determining factors in the conventional index-based approach (Low). Moreover, the financial success of such companies provides them with the ability to offer bonuses to their employees. Such a pay scale focuses on performance as the key determinant of wage, which means that employees feel that their work is valued and they have a financial incentive to work harder.

Employees' motivation can be enhanced using other rewards, too. Rynes et al. (383) have found that in laboratory settings, social rewards and feedback accounted for a 36% increase in productivity, while the increase in performance after the use of financial incentives was 48.8%. It is apparent that salaries have the strongest impact both on employees' performance and motivation. Thus, it is important to develop and implement a better pay scale that would focus on enhancing employees' determination to work, such as in the case of a performance-based pay scale, rather than exposing them to factors of time, seniority, and place of employment, such as in the case of an index-based wage framework.

Works Cited

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