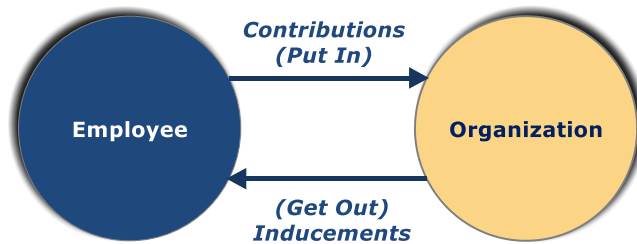


# Employee Contributions-Inducements Relationship

Few things can have as profound an impact on employee performance as a meaningful conversation about the relationship between the employee and the organization, in particular, the contributions the employee makes to the organization and the inducements the employee receives in return. The nature and balance of that exchange are at the heart of an employee’s decisions to participate and produce.

This paper presents a tool that managers and employees can use to examine the contributions-inducements relationship between the employee and the organization. The “tool” in this case is a job aid based on the framework depicted below. The job aid and instructions for its use can be found at the end of this paper.



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Some typical contributions from employees and inducements provided by the organization are listed in the table below.

Contributions	Inducements
<ul style="list-style-type: none"> <li>• Knowledge/Skills</li> <li>• Time/Energy/Effort</li> <li>• Ideas/Innovations</li> <li>• Outcomes/Results</li> <li>• Compliance</li> <li>• Loyalty/Reliability</li> <li>• Commitment</li> </ul>	<ul style="list-style-type: none"> <li>• Compensation</li> <li>• Benefits</li> <li>• Recognition</li> <li>• Opportunities</li> <li>• Meaningful Work</li> <li>• Career</li> <li>• Security/Safety</li> </ul>

Both parties to the relationship must be satisfied or adjustments will be made. Employees might scale back their contributions or leave for a different employer and employers might cut back on the inducements they provide or cut back on employees.

It is important, then, for managers to periodically (and/or situationally) hold conversations with employees that focus on both parties’ view of the contributions made by the employee and the inducements provided to that employee by the organization. Employees can take the initiative, too.

# Employee Contributions-Inducements Relationship

These discussions can examine several aspects of the contribution-inducements relationship:

- the “as is” or current take on the relationship
- what should be or what is desired (by both parties)
- impending or required changes
- promised versus delivered
- level of satisfaction/dissatisfaction

Opportunities to hold such conversations abound. Consider the partial list below:

- As part of the onboarding process
- As part of the appraisal process
- As part of a coaching/counseling session
- As part of an employee development effort
- By a new manager getting familiar with new direct reports
- As a periodic exercise on its own, aimed at clarifying and understand the relationship or simply to take stock of matters as they stand

## Job Aid

A job aid for use in holding these discussions can be found on the next page.

## References

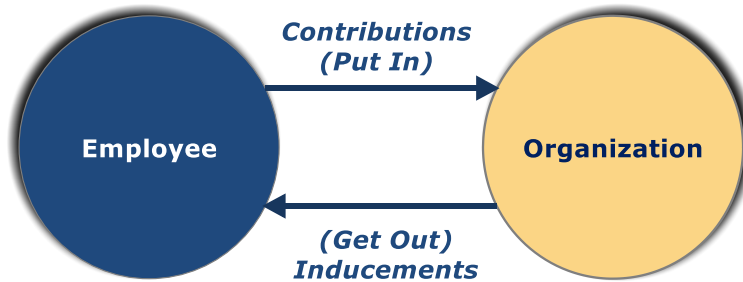
The contributions-inducements framework was first articulated by Chester Barnard and later expounded upon by several others. In some circles, it is referred to as the Barnard-Simon Theory of Equilibrium. The two terms are also frequently used in reverse order; that is, the inducements-contributions framework or theory. Despite its age, the framework is as valid and useful as when it was first set forth. Moreover, it is universally applicable; it can be used at any level of the organization with any category of employee. A list of references for those who want to explore this framework in more detail is provided below.

1. Barnard, C. I. (1938). *The Functions of the Executive*. Harvard University Press: Cambridge
2. Cyert, R.M. and J.G. March (1963). *Behavioral Theory of the Firm*. Prentice-Hall: Englewood Cliffs
3. March, J.G. & H.A. Simon (1958). *Organizations*. John Wiley & Sons: New York
4. Thompson, J.D. (1967). *Organizations in Action*. McGraw-Hill: New York
5. Tosi, H.L. (2009). *Theories of Organization*, Chapter 7. Sage Publications: Los Angeles

# Employee Contributions-Inducements Relationship

Employee: \_\_\_\_\_

Manager: \_\_\_\_\_



Contributions	Inducements

# Employee Contributions-Inducements Relationship

## Instructions for Using the Contributions-Inducements Job Aid

1. Provide the employee with a copy of the job aid.
2. Explain the contributions-inducements framework.
3. Inform the employee that the framework will serve as the focal point in an upcoming discussion.
4. Ask the employee to list in the appropriate column on the job aid what he or she sees as his or her contributions and the inducements he or she receives from the organization. In simple terms, what do they put in and what do they get out?
5. Fill out the contributions-inducements table on your copy of the job aid, indicating what you see as the contributions made by the employee and the inducements provided by the organization.
6. Schedule a conversation.
7. Exchange the completed job aids beforehand, allowing time to review and make notes.
8. Meet, compare and discuss. Focus on (a) the extent to which the contributions and inducements are seen as balanced or equitable, (b) any significant differences between the employee's list and your list and (c) any glaring gaps or discrepancies (i.e., what either party views as missing contributions or inducements).
9. Document any conclusions, agreements or disagreements, decisions and follow-on actions.