

Putting a dollar value on how much employees are willing to put their own interests first

Written by The Conversation



Employees in the study were willing to put their own interests before their employers for money. www.shutterstock.com

Up to 95% of employees in our study put their own interests before those of their employer. This was even true even if the employee stood to gain just a small fraction of what the company could have – some workers would forgo A\$1 million for their employer to gain as little as A\$500 personally. But there are some simple steps that employers can take to align their interests with those of their employees, to stop this playing out in their workplaces.

During our study we conducted decision experiments with 159 managers studying postgraduate business. They had to choose between an activity that would benefit their employer but not themselves, or one that would lead to a gain for themselves but nothing for their employer.

Our scenario was based on tradeoffs that occur regularly – in banking and finance, board directorship activities, consulting firms and universities, and even on factory floors.

For example, in consulting firms and universities, partners and academics can sometimes choose to do a piece of work inside and through their employer, or independently. Another example is in a bank, where employees can make decisions on doing deals or pricing that might be good for the bank and risky for their personal reputation, or vice versa.

We sought to see what choices are made when the interests of employer and employee are not perfectly aligned.

Tradeoffs

There is great variation in the minimum amount required for workers to foresake their employer's interest. Understandably, some people are very selfless and loyal to their employer, while others are exactly the opposite.

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Approximately 60% of our test subjects weighed up how much in money terms they would gain, in deciding the tradeoff between their employers and their own personal gains. The amount varied widely, as these managers said they would forsake their employers gaining a significant amount of money, if they could personally gain anywhere between one fifth and one twentieth of that amount.

The tradeoff also depended on the monetary quantities involved. For example, most employees would choose an action that resulted in their employer forgoing A\$10 million if they personally gained at least A\$15,000. But there were a few outliers – some employees would forsake their employer making A\$10 million if they could personally gain just a few thousand dollars, and in one case, A\$500.

We also found that about half of those surveyed would be prepared to take decisions where the employer experienced a monetary loss if they could achieve a relatively small personal gain. One manager said:

There is no sincere loyalty here: we do what is good for ourselves, which is only sometimes what's best for the business.

Only 8% of respondents were purely selfless, being prepared to always make decisions purely in the best interests of their employer. For example, another manager said:

I wouldn't dream of doing anything other than what is best for the firm, in exchange for my salary: its a given with me!

What can employers do about it?

Employers should try to avoid putting their employees in a situation where they have to choose between doing what benefits themselves personally, and what benefits the organisation. This is best done by fully aligning the benefits for employees at all levels with the very things that helps the organisation to achieve its goals.

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Our research shows that remuneration systems should be designed with great care, expecting a good proportion of employees to apply the “what’s in it for me?” approach to making decisions with organisational resources.

This phenomenon should be assumed to [apply to people at all levels](#) . Directors and managers should also find the right balance between trusting employees and verifying/ measuring actions and outcomes.

In our experiments, we told participants that there would be no ramifications from their decisions beyond the immediate outcomes. [Many other studies have shown](#) that a combination of trust, managerial oversight, measurement and verification of actions and outcomes does impact on how most people work.

It’s also important that employers know their employees as individuals. Some employees have a strong moral streak while at work and will not “dud” their employer for a few dollars, while others have no such compulsion. Our ongoing research has shown that some elements of personality such as conscientiousness is related to how such decisions are made.

Employers can also try to select and recruit people who have a strong internal sense of integrity, and remunerate them sufficiently so as they don’t want or need to “do the wrong thing” by the firm. This can be prioritised when reference checking and [with other tests](#) that ask prospective employees how they would deal with ethical dilemmas.

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