

# A Comparison of the Effects of Incentive and Penalty Procedures on Work Performance

Friday, Oct. 23, 2015  
1910 Sangren, 2 p.m.



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This study consists of two experiments that compared the effects of incentive and penalty on work performance. In Experiment 1, 58 participants were randomly assigned to one of two experimental groups: incentive and penalty groups. Participants had to work on a computerized work task and follow safety rules while working on the task. Participants in the incentive group earned a base pay of 5,000 won (approximately US \$5) at the beginning of the experiment and could *earn* an additional 50 won for completing each task if they followed all the safety rules given. Participants in the penalty group earned 10,000 won at the beginning of the experiment and could *lose* 50 won for completing each task if they did not follow any of the safety rules. The results showed that the incentive and penalty procedures did not exert differential impacts on work performance. In experiment 2, 210 participants were randomly assigned to one of six experimental groups: incentive, penalty, and no reward groups under two different consequence delivery schedules (continuous and VR 5). Under the continuous condition, the payment was determined in the same way as in Experiment 1. Under the VR 5 condition, 250 won was either added to (for the incentive group) or deducted from (for the penalty group) the base pay for each correctly or incorrectly completed work task based on a VR 5 schedule, respectively. The results showed that the effects of the incentive and penalty procedures were comparable under the continuous condition, whereas those of the incentive procedure were more effective under the VR 5 condition. Future research needs to be conducted to replicate the present findings and deal with other relevant variables such as schedules of reinforcement and emotional responses of participants.

