

## Some Teams Perform Better When Paid Less, According to New Research

A new study suggests that sometimes higher productivity results from a smaller carrot and a bigger stick.



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If you want top talent, you'd better be ready to [pay top dollar](#), right? Not so fast. According to research recently conducted at the [University of Illinois and Oregon State University](#).

It turns out that sometimes employees who are being [paid below-market wages](#) get *more accomplished* than those who are paid [above-market wages](#), even if they're doing *the exact same job*.



Previous research showed people will accept a lower salary if they believe they're having a positive impact on the world. What's different about this research is that it revealed that in such organizations paying people less gets them to work harder. Here's how:

First, a below-market wage acts as a recruiting filter, scaring away employees for whom money is the prime motivator. Being willing to accept a below-market wage marks a job candidate as somebody whose personal goals are aligned with the organization's.

Second, a below-market wage becomes a badge of how committed an employee is to the organization's goals; employees feel that they're sacrificing for the greater good, thus freeing up money to be used to help the organization's mission in other ways.

Finally, a below-market wage can foster a band-of-siblings/us-against-the-world attitude that causes teams to "cooperate more effectively" according to the [American Accounting Association](#), which vetted the research.

So, then, how can companies use this research to reduce labor costs? Well, based upon the research, the following criteria must be satisfied to get employees to work harder for less pay:

1. *A REAL social mission.* High-fallutin' inspirational mission statements (which even [evil organizations](#) spout) aren't going to cut it. Your employees must see and believe that your organization is making the world a better place.
2. *Salary transparency.* Unless everyone knows what everyone else is making, some employees will naturally assume that they're making less than their peers. Such transparency must include managers' salaries, naturally.
3. *Shared pain.* It can't just be the line employees who take the financial hit. Nobody will work hard for lower pay when the CEO, for example, rakes in huge compensation and jaunts around on a private jet.
4. *A living wage (at least).* If the below-market salary you're offering doesn't cover your employees' basic needs, they'll bail as soon as they find another job that will.

So it's a paradox: if your primary motivation is to increase profits, this technique will flat. It only works when everyone knows, in their heart of hearts, and can see with their own eyes, that the organization's goal is worth the shared sacrifice.