

## AN ABSTRACT OF THE THESIS

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Title: The Role of Framing and Cognitive Dissonance in Incentives.

Abstract approved: Michael R. Hays

The present study was designed to determine whether the framing of incentives is a major contributing factor to incentive attractiveness as well as determining whether cognitive dissonance is the underlying motivating factor in attractive incentive programs. Subjects were 30 civil service employees (17 male and 13 female). Subjects were administered a questionnaire consisting of two sections. In section one, subjects were asked to choose between an incentive framed as a loss and an incentive framed as a gain. Section two asked subjects to rate each of the twelve incentives in section one on a Likert type scale.

Three hypotheses were tested. Hypothesis one: an incentive framed as a gain will be preferred over an incentive framed as a loss. Hypothesis two: if an incentive framed as a loss was chosen

over the same incentive framed as a gain, cognitive dissonance would be greater. Hypothesis three: if an incentive framed as a loss was chosen over one framed as a gain, in the first section of the questionnaire, the incentive framed as a loss would be rated significantly higher in attractiveness compared to other incentives in section two.

Proportions were reported for hypothesis one. Multiple regression analysis was utilized to test hypothesis two and three. In general, support was found for hypothesis one and hypothesis three, but not hypothesis two. These findings indicate that incentives framed as a gain are preferred over incentives framed as a loss. They also suggest that incentives framed as a gain are rated significantly higher on attractiveness than incentives framed as a loss.

THE ROLE OF FRAMING  
AND COGNITIVE DISSONANCE  
IN INCENTIVES

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A Thesis

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## CHAPTER 1

### INTRODUCTION

Incentive plans are an important tool in business today, and as such, have been under scrutiny. Some studies have examined the motivational effects of incentive plans (Kelley, 1992b; Lovio-George, 1992), while others have investigated which incentives are most attractive and why (Kelley, 1992b; Dodson, 1992). However, little research exists on the construction of incentive programs. Therefore, incentives have generally been created post hoc through trial and error.

In the present study, an incentive is defined as a policy which successfully attracts and retains employees (Christensen-Szalanski, 1978,1980; Elliot & Archibald, 1989; Henderson & Petterson, 1992; Hershey & Schoemaker, 1980; Kahneman & Tversky, 1962; Shetzer & Bobdo, 1992; Svyantek, DeShone & Siler, 1991; Tversky & Kahneman, 1974, 1981). An incentive is successful when it becomes internalized by an employee due to its attractiveness. Incentive attractiveness is directly related to how it is constructed. Therefore, employers must understand how to construct an attractive incentive.

Although there are a number of factors contributing to the attractiveness of an incentive, the present study will present the framing of an incentive plan as the major contributing factor to incentive attractiveness and cognitive dissonance will be presented as an underlying, motivating factor in attractive incentive programs. Framing refers to the manner in which an incentive is worded (Tversky & Kahneman, 1974). On the other hand, cognitive dissonance (Festinger, 1957) states when an individual has two inconsistent cognitions, some amount of anxiety will be experienced (Adams, 1961; Brehm, 1959; Festinger, 1957; Festinger & Carlsmith, 1959; Hendrick, 1966; Rosen, 1961). Since anxiety is unpleasant, an individual will try to eliminate the unpleasantness by making the two cognitions more compatible. The present study will utilize the combination of these two theories in an attempt to demonstrate the importance of attractive incentives.

### Incentives

Although researchers have been praising the influence of incentive programs on employee morale since the 1970s, many organizations are just now discovering the power of incentive programs for a number of reasons (Kelley 1992a, 1992b; Lovio-

George, 1992). First, very little information exists on the construction of incentives (Lovio-George, 1992). The few articles addressing incentive programs tend to be no more than general overviews (Kelley, 1992a). Second, the information which is available to the corporate world offers very little information on how to construct an effective program.

On the basis of sparse scientific evidence, incentives have been credited for being able to do everything from focus workers on specific goals to saving corporations millions of dollars in operating costs (Kelley, 1992a). Lovio-George (1992) presented findings from a survey conducted by the Society of Incentive Travel Executives Foundation, indicating 89% of United States workers believe their companies would perform better if employees were given meaningful incentives to improve quality and productivity. The Foundation also found that 93% of United States workers felt United States products could compete better against Japanese products if American management improved employee incentive programs. However, for a corporation beginning an incentive program, research based guidelines to construct such a program are absent and the available material is vague. For example, although Kelley (1992c) states all

worthwhile incentives share three key elements 1) total commitment from management, 2) clearly stated goals that are understood by employees and 3) tangible rewards, he does not attempt to offer any helpful suggestions as to how to achieve these elements.

Other research has listed incentives that seem to be most motivating to United States employees (Lovio-George, 1992). These incentives include: 1) special training, 2) stock options, 3) trips to vacation hot spots, 4) recognition and 5) cash/merchandise. Although these specific incentive options provide more of a base on which to construct a program, knowing how to form this into an incentive package that will be desirable to employees is difficult.

Other research on the attractiveness of incentives present similar conclusions, but none give any type of instruction on how to develop an incentive program. Therefore, the present study is an attempt to integrate current incentive research with research from decision making and cognitive dissonance theories. If a plan can be constructed for developing incentive programs, the corporate world could better understand and implement incentives to improve productivity.

## Cognitive Dissonance

The theory of cognitive dissonance was first presented by Festinger in 1957. Cognitive dissonance is a sense of internal anxiety that is experienced when a person holds two inconsistent cognitions. One of two things will typically happen when an individual experiences cognitive dissonance. The individual will either 1) reject the new inconsistent information or 2) modify the existing cognition in light of the new information. The reason behind doing one of these two actions is a desire to be and appear consistent. In most cases, dissonance occurs between a cognition about the self and a behavior (Aronson & Carlsmith, 1962; Festinger, 1957).

A study by Festinger and Carlsmith (1959) presents the magnitude of dissonance effects. In this study, subjects were asked to perform a monotonous task. After task completion, they were either 1) paid \$1 to tell the next subject that the task was very interesting, or 2) paid \$20 to tell the next subject that the task was very interesting. This study demonstrated that dissonance increases with small rewards/punishments and decreases with large rewards/punishments. This finding is significant in determining

how individuals deal with dissonance.

Other researchers have suggested the amount of psychological dissonance experienced is dependent on what is gained compared to what is lost. In a 1959 study, Brehm and Cohen concluded, "An approximate statement of the fundamental hypothesis, as it applies to the choice situation, is that the magnitude of psychological dissonance is a direct function of what one has to given up compared to what one obtains" (p. 373). In this study, primary school age children were asked to rank order toys by their appeal. A greater difference in ranking from time one to time two accrued when the toys were dissimilar. The number of alternatives also affected overall rankings. The results of this study form the basis for the construction of incentives used in the present study.

These findings indicate, all other things being equal, the greater the qualitative dissimilarity of alternatives, the greater is the magnitude of dissonance created by choice, and the greater the consequent re-evaluation of alternatives. Brehm & Cohen (1959) also suggest that the greater the number of alternatives, the greater the magnitude of dissonance and the consequent re-evaluation of these alternatives. The implications of these findings can be seen in

the fields of marketing and economics as well as psychology.

Critics of dissonance theory, such as Bem (1966, 1967), have suggested alternative interpretations of dissonance research as well as replicating some dissonance results in forced-compliance, free-choice and exposure-to-information studies. Alternative interpretations (Chapanis & Chapanis, 1964) of dissonance findings claim that external cues are very important in dissonance research. These interpretations claim that what is termed cognitive dissonance may actually be the result of external stimulus conditions or public events (Bem, 1967). However, advocates of dissonance theory are quick to point out concealed errors in this research, including poor experimental designs and faulty logic (Mills, 1967).

A study by Zanna and Cooper (1974) suggested another property of dissonance that had not been investigated in prior research. Festinger (1957) had said the dissonance had arousal properties, however it was not until the Zanna and Cooper study that support was found for Festinger's claim.

The Zanna and Cooper study consisted of two experimental and one control condition. Experimental subjects were told a pill they

had ingested would either cause them to feel tense or relaxed.

Control subjects were told there would be no effect from the pill.

Dissonance was manipulated by varying the degree of freedom subjects had in writing an attitude-discrepant essay. Subjects experiencing high-dissonance who could attribute their arousal to the pill had a lower tendency of changing their attitudes, while high-dissonance-relaxation subjects had to deal with their arousal by changing their opinion.

Results of this study suggest dissonance does have strong arousal properties. This finding is significant in dissonance theory. The concept that dissonance can produce a state of arousal is what Festinger's theory of dissonance is based on. However, it was not until Zanna and Cooper's study in 1974 that support was found for the arousal property of dissonance.

In an early study on performance expectancy, it was found that individuals had a desire to do well even when their expectancy to do so was very low (Aronson & Carlsmith, 1962). In this study, subjects were asked to choose which one of three persons was schizophrenic. Subjects given positive feedback indicated little dissonance. Subjects given negative feedback indicated a larger



amount of dissonance regardless of expectancy to do well.

These findings suggest some underlying characteristics which are common to all people. The importance of understanding why people perceive the same situation in different ways is clear from a theoretical standpoint. A possible explanation for this is put forth in the theory of framing. In fact, a study by Rosen (1961) found that the dissonance reducing tendency entails a certain amount of risk avoidance, which is a basic premise of framing.

### Prospect Theory and Framing

Prospect theory was a development from decision making research. However, in-depth information in this area can be found in a number of articles (Christensen-Szalanski, 1980; Hershey & Schoemaker, 1980; Kahneman & Tversky, 1962). This paper will only summarize the background of prospect theory in order to offer an explanation and provide foreground for a theory of framing.

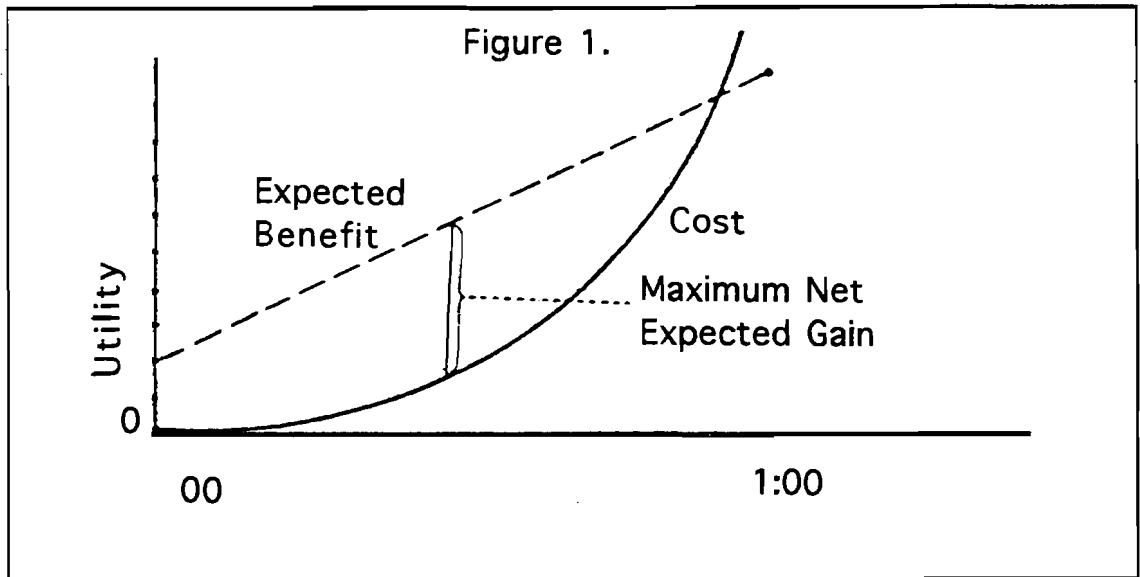
Prospect theory, which offers an explanation for decision making processes, was formally introduced by Kahneman and Tversky (1962). In essence, this theory postulates a set of psychological editing operations that people perform prior to evaluating a prospect's attractiveness. A prospect is defined as a particular

outcome. This implies that all outcomes are either coded as losses or gains depending on the editor or decision-maker (Hershey & Schoemaker, 1980).

Christensen-Szalanski (1980) suggested that a cost curve represents these psychological costs to the decision maker in time, energy and use of strategies. This cost curve indicates that when costs exceed benefits, an individual will generally seek the lowest cost available and the highest gain. However, when the gain appears too good to be real, an individual will decide that a small loss is the best choice. This cost curve is represented in Figure 1. This cost curve indicates the attractiveness of a decision depends on what is gained compared to what is lost. If losses become excessive, attractiveness of the decision increases, which could be an indicator of the existence of cognitive dissonance. Other research shows people tend to be rational in decision making (Christensen-Szalanski, 1978, 1980) and research from dissonance theory ties in by suggesting highly involved subjects tend to make (Zimbardo, 1960). It has also been postulated that confidence in correctness of decision making increases with the amount of time spent on decision making processes (Christensen-Szalanski, 1980).

Figure 1

Cost Curve Representing Psychological Costs to a Decision Maker



Note. From "A further examination of the selection of problem solving strategies: The effects of deadlines and analytic aptitudes" by J.J. Christensen-Szalanski, 1980, Organizational Behavior and Human Performance, 25, p. 108.

Prospect theory involves two stages: framing and the formulation of a choice (Elliot & Archibald, 1989). The first stage, framing, is based on psychological coding of outcomes. The second stage is accomplished when a decision is made and carried out.

Framing states any situation can be defined in accordance with basic principles that will affect and control the ways in which people involve themselves with and experience a situation. Although research on framing is somewhat limited, existing research indicates that framing is an important factor in decision making (Elliot & Archibald, 1989; Tversky & Kahneman, 1981). According to this theory people tend to be conservative in regard to costs and risk-seeking in regard to gains (Tversky & Kahneman, 1981).

Research indicates people tend to rely on representativeness in decision making (Tversky & Kahneman, 1981). Representativeness refers to how closely an unknown event reflects a known event or representative population. In using representativeness, an individual evaluates the probability of an uncertain event based on how well it conforms to this representative population and how closely the event reflects stable features of the process it

represents. It is important to understand that representativeness and probability do not share the same logic. The evaluation of probability is a very complex process, which includes, an internalized interpretation of the problem, a determination of relevant material and finally, an appropriate response.

Representativeness is used in coding, retrieval, interpretation and evaluation of information, but is not a specific step in the process. However, it has been highly influential in intuitive predictions (Tversky & Kahneman, 1981).

Research on framing has indicated that because outcomes are coded as either losses or gains, wording of alternatives is very important. In one study (Tversky & Kahneman, 1981), nine scenarios were presented. The scenario for problem 3 was as follows:

"Imagine that you face the following pair of concurrent decisions. First examine both decisions, then indicate the options you prefer.

Decision (i). Choose between:

A. a sure gain of \$240 (84%)

B. 25% chance to gain \$1000

75% chance to gain nothing. (16%)

Decision (ii). Choose between:

C. a sure loss of \$750 (13%)

D. 75% chance to lose \$1000

25% chance to lose nothing (87%) (p. 454)."

The percentage in parentheses indicates the percentage of subjects choosing this option. The inference which can be drawn from problem 3, as well as the other eight problems in this study, is that the framing of alternatives is an important factor in decision making. It is from this study and its findings that the questionnaire used in the present study was constructed.

Based on the findings from this study, preferences among negative prospects seem to be mirror images of those among positive prospects. However, research has indicated that this reflection hypothesis has very little support (Hershey & Schoemaker, 1980). Therefore, researchers must understand and acknowledge the fact that the example above indicates the existence of two different processes which as such deserve equal consideration.

A number of implications can be drawn from the previous research on incentives, cognitive dissonance and framing theory that lend support to the research questions of the present study.

Research from framing theory indicates how an individual frames an alternative is a major factor in decision making. In the present

study, incentives will be framed in terms of gains, where the employee is receiving a reward and in terms of losses, where the employee must make a sacrifice. Framing theory says people tend to be risk-seeking in regard to gains and risk-averse in regard to costs. Hypothesis one: An incentive worded as a gain will be preferred over one worded as a loss.

Research from dissonance theory indicates that when an individual has two inconsistent cognitions, some amount of anxiety will be experienced (Festinger, 1957). Since anxiety is unpleasant, the individual will try to eliminate the unpleasantness by making the two cognitions more compatible. Therefore, if an individual chooses an incentive framed as a loss, anxiety will be created since the individual has chosen to lose something (this is inconsistency between a cognition and a behavior, the most common context for cognitive dissonance) (Brehm, 1959). Hypothesis two: If an incentive framed as a loss is chosen over the same incentive framed as a gain, the difficulty of the decision will be greater.

The present study will conceptualize this difficulty as representative of cognitive dissonance. Therefore, if the individual chooses an incentive framed as a loss, the individual should

consequently rate the incentive as being more attractive in an attempt to eliminate anxiety. Hypothesis three: If an incentive framed as a loss is chosen over one framed as a gain, in the first section of the questionnaire, the incentive framed as a loss will be rated significantly higher in attractiveness compared to other incentives in section two. Hypotheses two and three provide a check for one another and if both are supported in the present study, it can be assumed that cognitive dissonance has a role in the framing and attractiveness of incentive plans.



## CHAPTER 2

### METHODS

#### Subjects

Thirty civil (17 male and 13 female) service employees were selected as subjects. All subjects were drawn from the same service delivery area in the Midwest. Subjects were selected from job service offices only.

#### Instrument

Data was collected in the form of a questionnaire (Appendix A), based on a 1981 study by Tversky and Kahneman. The questionnaire was evaluated by three Masters students to determine validity. A pilot study was run using 17 civil service employees to determine the questionnaire's reliability.

The questionnaire consisted of two sections. The first section included six groupings of incentives. These groupings consisted of an incentive worded as a gain and the same incentive worded as a loss (Appendix A). Subjects were asked to indicate which was most preferred in each grouping.

After each grouping of incentives, questions designed to measure decision difficulty were presented. These questions were

used to assess whether cognitive dissonance was induced by choosing between alternatives. Decision difficulty was measured on a five-point Likert type scale.

The second section consisted of all 12 incentives randomly organized using a random number chart. Each incentive was rated, by subjects, for desirability on a five-point Likert type scale. A short demographic section was included at the end of the questionnaire.

### Procedure

Before completing the questionnaire, all subjects read a short paragraph describing the purpose of the study (Appendix B). After signing this document, subjects were given the questionnaire which contained standardized instructions on how to complete the questionnaire (Appendix A). There was no time limit placed on completing the questionnaire. The researcher answered questions asked by subjects. However, the researcher did not answer questions regarding the equality of incentive alternatives.

### Data Analysis

Regression analysis was used on the Likert ratings from section two in order to determine if subject, framing and choice have an effect on the amount of dissonance experienced. This

analysis was also used to determine if subject, cognitive dissonance, framing and selection have an effect on the attractiveness ratings in section two.

Proportions of subjects choosing incentives framed as gains and incentives framed as losses were determined. An overall ratio of these two alternatives was calculated. This allowed the researcher to determine if incentives framed as gains were proportionally chosen over incentives framed as losses.

## CHAPTER 3

### RESULTS

Hypothesis one stated that incentives framed in terms of a gain would be chosen over incentives framed in terms of a loss. A analysis of the results indicated that 79% of subjects chose an incentive framed as a gain over the same incentive framed as a loss (see Table 1). Only 21% of subjects chose an incentive framed as a loss over an incentive framed as a gain. This is approximately a 1 to 4 ratio. Therefore, support is provided for hypothesis one.

Hypothesis two stated that if an incentive framed as a loss was chosen over an incentive framed as a gain, the difficulty of the decision would increase. A multiple regression was run with subject, framing and choice as predictors of cognitive dissonance to test this hypothesis. The multiple R for the equation was .149 with  $F=2.678$ ,  $p < .047$ . The results of this analysis are summarized in Table 2. Since significance was set at .01 in this study, there was no support for hypothesis two.

However, subject was significant at the .01 level. This indicates there is a significant difference in how individuals determine the difficulty of decision making. This could be due to

Table 1

Chosen Incentives, by Pair


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	Framing		Percentage	
	Gain	Loss	Gain	Loss
Pair 1	25	05	83%	17%
Pair 2	14	16	47%	53%
Pair 3	27	03	90%	10%
Pair 4	23	07	77%	23%
Pair 5	23	07	77%	23%
Pair 6	30	00	100%	0%

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Table 2

Multiple Regression Summary for the Variables Subject, Framing and  
Choice on Difficulty Rating

<u>VARIABLE</u>	<u>B</u>	<u>SE B</u>	<u>BETA</u>	<u>T</u>	<u>SIG T</u>
Subject	.016	.006	.148	2.818	.005
Framing	6.518-04	.118	3.573-04	.006	.996
Choice	-.030	.118	-.017	-.256	.798
(Constant)	1.702	.190		8.967	.000

personal characteristics of the subjects. Some individuals will believe making decisions is more difficult in general. Therefore, this finding is not significant to this study.

Hypothesis three stated if an incentive framed as a loss was chosen over an incentive framed as a gain in section one, the incentive framed as a loss would be rated significantly higher in attractiveness compared to other incentives in section two. A multiple regression was run with subject, framing, dissonance and choice as predictors of rating to test this hypothesis. The multiple R for the equation was .504 with  $F=30.124$ ,  $p < .000$ . The results of this analysis, summarized in Table 3 do lend support for hypothesis three.

Beta values for each of the significant variables, framing and choice are negative. This indicates a inverse relationship between the each variable and the ratings from section two of the questionnaire. This inverse relationship indicates that when a negatively framed incentive is chosen in section one, its rating in section two is higher and vice versa for a positively framed incentive.

This analysis indicates that there is a negative relationship

Table 3

Multiple Regression Summary for the Variables Subject, Framing,  
Choice and Difficulty on Attractiveness Rating

<u>VARIABLE</u>	<u>B</u>	<u>SE B</u>	<u>BETA</u>	<u>T</u>	<u>SIG T</u>
Subject	.004	.007	.026	.560	.576
Framing	-.653	.150	-.246	-4.362	.000
Difficulty	.039	.067	.027	.578	.564
Choice	-.841	.150	-.317	-5.618	.000
(Constant)	5.025	.267		18.793	.000



between the framing of an incentive and rating. It also indicates a negative relationship between choice and rating. No other results are significant at the .01 level.

## CHAPTER 4

### DISCUSSION

The present study was concerned with determining whether the framing of incentives is a major contributing factor to attractiveness as well as determining whether cognitive dissonance is the underlying, motivating factor in attractive incentive programs. Three hypotheses were presented and tested. Hypothesis one stated that an incentive worded as a gain would be significantly preferred over an incentive worded as a loss. Hypothesis two stated that if an incentive framed as a loss was chosen over the same incentive framed as a gain, the difficulty of the decision (cognitive dissonance) would be greater. Hypothesis three stated that if an incentive framed as a loss was chosen over one framed as a gain, in the first section of the questionnaire, the incentive framed as a loss would be rated significantly higher in attractiveness compared to other incentives in section two. In general, the results of this study supported hypothesis one and hypothesis three, but not hypothesis two.

Support for hypothesis one corroborates previous findings by Tversky and Kahneman (1981). It comes as no surprise that framing

is an important factor in decision making (Elliot & Archibald, 1989). Although only proportions were reported for hypothesis one, clearly support was established.

Pair two seems to contradict this finding. However, it is possible this incentive was easily distinguished as the same incentive. It may also be important that this incentive closely matched an existing policy which was in use in the office the subjects were drawn from.

The multiple regression run to test hypothesis two indicated that only subject was significant. This suggests that subject differences are an important factor in difficulty of decision making. This could be due to a number of factors such as personal differences and familiarity with decision making.

Although it was hoped that cognitive dissonance would be predicted by framing and choice, no support was found for this hypothesis. Results did indicate a negative relationship between choice and cognitive dissonance which was predicted in hypothesis two. Also, very little variance was accounted for in this analysis (.149).

Hypothesis three was tested and supported in the second

multiple regression analysis. Framing and choice significantly ( $p < .000$ ) influence rating of an incentive. Although hypothesis three was intended as a check for hypothesis two and vice versa, only hypothesis three was given support in this study. This suggests that cognitive dissonance is not the underlying motivating factor in attractive incentives.

The implications of this study for future research include concentrating on framing of incentive packages. The present study also suggests that allowing an individual to choose one incentive (especially if framed as a loss) over another will increase the chosen incentive's attractiveness. However, further research needs to be conducted in this area.

Additional research on the attractiveness of incentives in general is needed in order to construct a proper theoretical model. At present, there is no encompassing theory on incentive programs. However, the present study provides an excellent foundation from which to build. The present study offers a number of suggestions for incentive administrators. Offering a incentive menu, where employees pick and choose incentive packages may result in more attractive incentives. Also, the wording of incentives may increase

attractiveness and thus employee commitment.

The results of this study indicate incentives framed as gains are preferred over incentives framed as losses. They also suggest when an incentive framed as a loss is chosen over an incentive framed as a gain, subjects rate the chosen incentive significantly higher on attractiveness. Future incentive researchers should begin by determining why this second finding is supported as well as determining what other variables contribute to incentive attractiveness.

Incentive theory, or lack of it, demands additional research on the effectiveness of incentive programs. To the best of the researcher's knowledge, no scientific study has ever been conducted on the motivational factor of incentive programs. However, the business world continues to spend millions of dollars each year on employee incentive packages (Kelley, 1992a, Dodson, 1992).

The present study suggests it is important to understand why incentives are attractive, not just which incentives are attractive. Until groundwork has been constructed for incentive theory, it is foolish to invest too heavily in the motivating power of incentives.

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## APPENDIX A

I. Please choose the incentive you would prefer from each of the following groups of incentives. Circle the upper case letter located next to the one you wish to choose. If you have any questions about the incentives feel free to ask the interviewer. Do not spend too much time thinking about each incentive. Read it through carefully one time and then make your selection.

1. Which of the following bonus packages would you prefer?
  - A. For each sick day taken, beyond the permitted 6, you will be docked \$1.50 from your yearly attendance bonus of \$510.
  - B. For each day you attend work \$1.50 will be put into your yearly attendance bonus.

How difficult was it for you to choose between these two packages?

1	2	3	4	5
very	somewhat	moderate	somewhat	very
easy	easy		difficult	difficult

2. The following are proposed insurance terms. Please indicate which you prefer.

- A. The company will cover 1/3 of all medical expenses up to the first \$600.
- B. Claimants must pay all expenses under \$200.

How difficult was it for you to choose between these two packages?

1	2	3	4	5
very	somewhat	moderate	somewhat	very
easy	easy		difficult	difficult

3. Which of the following travel expense accounts do you prefer?
  - A. Business travelers will be reimbursed up to \$150 per day (excluding air fare) according to the following percentages: 50% of expenses must come from lodging, 33% must come from meals and 17% from travel.
  - B. Business travelers are responsible for all expenses incurred which exceed \$100 per day by at least 1/2.

How difficult was it for you to choose between these two packages?

1	2	3	4	5
very	somewhat	moderate	somewhat	very
easy	easy		difficult	difficult

4. Which of the following do you prefer?

- A. Employees will be reimbursed for insurance and gasoline expenses incurred on personally owned autos being used for company business of \$.25 on the dollar.
- B. Employees are responsible for 75% of all insurance and gasoline expenses incurred on personally owned autos being used for company business.

How difficult was it for you to choose between these two packages?

1	2	3	4	5
very	somewhat	moderate	somewhat	very
easy	easy		difficult	difficult

5. Which of the following vacation policies do you prefer?

- A. New employees will be provided with 10 days of paid vacation each year. Employees will gain 1 day of paid vacation each year. (Vacation days can not exceed 30 days.)
- B. Employees with 20 years with the company are allowed 30 days of paid vacation. One day is deducted for each year less than 20.

How difficult was it for you to choose between these two packages?

1	2	3	4	5
very	somewhat	moderate	somewhat	very
easy	easy		difficult	difficult

6. The following insurance plans are being considered. Please indicate which you prefer.

- A. New employees can choose 3 of 9 insurance policies from a cafeteria format offered by the company.
- B. New employees are excluded from 2/3 of the insurance policies offered by the company.

How difficult was it for you to choose between these two packages?

1	2	3	4	5
very	somewhat	moderate	somewhat	very
easy	easy		difficult	difficult

II. Please rate the following incentives on attractiveness. Circle the number which corresponds to the description which you feel best represents your attitude toward the incentive. Again, please do not spend too much time analyzing the incentive. Read it through carefully one time and then make your selection.

- A. Business travelers are responsible for all expenses incurred which exceed \$100 per day by at least 1/2.

1	2	3	4	5
dislike	dislike	indifferent	like	like
very much				very much

- B. For each sick day taken, beyond the permitted 6, you will be docked \$1.50 from your yearly attendance bonus of \$510.

1	2	3	4	5
dislike	dislike	indifferent	like	like
very much				very much

- C. New employees are excluded from 2/3 of the insurance policies offered by the company.

1	2	3	4	5
dislike	dislike	indifferent	like	like
very much				very much

- D. Employees with 20 years with the company are allowed 30 days of paid vacation. One day is deducted for each year less than 20.

1	2	3	4	5
dislike	dislike	indifferent	like	like
very much				very much

- E. Claimants must pay all expenses under \$200.

1	2	3	4	5
dislike	dislike	indifferent	like	like
very much				very much

- F. For each day you attend work, excluding your 6 allowed sick days, \$1.50 will be put into your yearly attendance bonus.

1	2	3	4	5
dislike	dislike	indifferent	like	like
very much				very much

- G. Business travelers are responsible for all expenses incurred which exceed \$100 per day by at least 1/2.

1	2	3	4	5
dislike	dislike	indifferent	like	like
very much				very much

- H. Employees are responsible for 75% of all insurance and gasoline expenses incurred on personally owned autos being used for company business.

1	2	3	4	5
dislike	dislike	indifferent	like	like
very much				very much

- I. New employees can choose 3 of 9 insurance policies from a cafeteria format offered by the company.

1	2	3	4	5
dislike	dislike	indifferent	like	like
very much				very much

- J. The company will cover 1/3 of all medical expenses up to the first \$600.

1	2	3	4	5
dislike	dislike	indifferent	like	like
very much				very much

- K. Employees will be reimbursed for insurance and gasoline expenses incurred on personally owned autos being used for company business of \$.25 on the dollar.

1	2	3	4	5
dislike	dislike	indifferent	like	like
very much				very much

- L. New employees will be provided with 10 days of paid vacation each year. Employees will gain 1 day of paid vacation each year. (Vacation days can not exceed 30 days.)

1	2	3	4	5
dislike	dislike	indifferent	like	like
very much				very much

Please provide the following information.

Age: \_\_\_\_

Time with civil service (in years): \_\_\_\_

Current line status: \_\_\_\_\_



## APPENDIX B

## INFORMED CONSENT DOCUMENT

The Department/Division of Psychology and Special Education supports the practice of protection for human subjects participating in research and related activities. The following information is provided so that you can decide whether you wish to participate in the present study. You should be aware that even if you agree to participate, you are free to withdraw at any time, and that if you do withdraw from the study, you will not be subjected to reprimand or any other form of reproach.

The present study is an attempt to identify which incentives are most effective in corporate settings and why. This study consists of a questionnaire. The questionnaire is divided into two sections. The first asks which of two similar incentives is most desirable. This section also includes a question for each of the groupings which is designed to determine how difficult it was for you to choose between the two incentives. The second section asks you to rate each of these incentives on desirability. This study is designed to further current understanding of effective incentives in corporate settings. It is hoped that gaining knowledge on which incentives are most desirable will further the benefits of incentive programs for both employees and employers. No personal discomfort or distress is anticipated in completing this questionnaire.

When completing this questionnaire, it is important that you go with your initial impression. Do not spend time analyzing a grouping of incentives. Your first instinct is what is most important.

If you have any questions regarding this questionnaire, feel free to contact me at the following address and phone number.

Jolene O'Brien  
400 W. 15th Apt. 13  
Emporia, KS 66801  
(316) 342-8763

"I have read the above statement and have been fully advised of the procedures to be used in this project. I have been given sufficient opportunity to ask any questions I had concerning the procedures and possible risks involved. I understand the potential risks involved and I assume them voluntarily. I likewise understand that I can withdraw from the study at any time without being subjected to reproach."

-----  
Subject and/or authorized representative

-----  
Date

TO: All Graduate Students Who Submit a Thesis or Research Problem/Project as Partial Fulfillment of the Requirements for an Advanced Degree

FROM: Emporia State University Graduate School

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Jolene O'Brien  
Signature of Author

7-29-93  
Date

The Role of Framing and  
Cognitive Dissonance in Incentives  
Title of Thesis/Research Project

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