

Translating Time to Cash: Monetizing Benefits Shifts Career Preferences



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Introduction

- Employees typically focus on salary when considering job offers
- However, money does not always translate into greater happiness (Kahneman & Deaton, 2010)
- Could monetizing non-financial benefits help employees recognize their value?

Demographics

	Study 1	Study 2
N	367	399
Gender (% female)	40.2	52.5
Modal age	25 – 34	25 - 34
Hours of work/week	40	40
Average income (USD)	40-49,999	50-59,999

Method

- MTurk participants (N=766)
- Asked to choose between two job offers
- Sample job offer:



James P. Harrington
Head of Human Resources

9 March 2017

On behalf of Vaughan International, I am pleased to offer you a regular full-time position as a Software Developer. Please take the time to carefully review our offer. This letter outlines the responsibilities you will have as part of your employment with Vaughan International, the specific details of your employment, and the benefits offered to you by the company.

Your base annual salary will be \$100,000. All employees are expected to work 40 hours a week.

A significant portion of total compensation for Vaughan International employees is comprised of fringe benefits. The average value of fringe benefits has been estimated to lie between approximately 15-25% of total compensation. Benefit plans offered by Vaughan International involve the following (value of benefit in parenthesis):

- Comprehensive health insurance coverage (\$6,500)
- Paid time off (\$8,800)
- Supplemental pay (\$4,850)

As a Software Developer, we expect you to review current systems, present ideas for system improvements, and produce detailed specifications and program codes. In addition, you will work closely with designers, analysts, and staff.

Should you have any more questions, please do not hesitate to contact us.

We look forward to welcoming you to the Vaughan International team and wish you a successful and rewarding career with us.

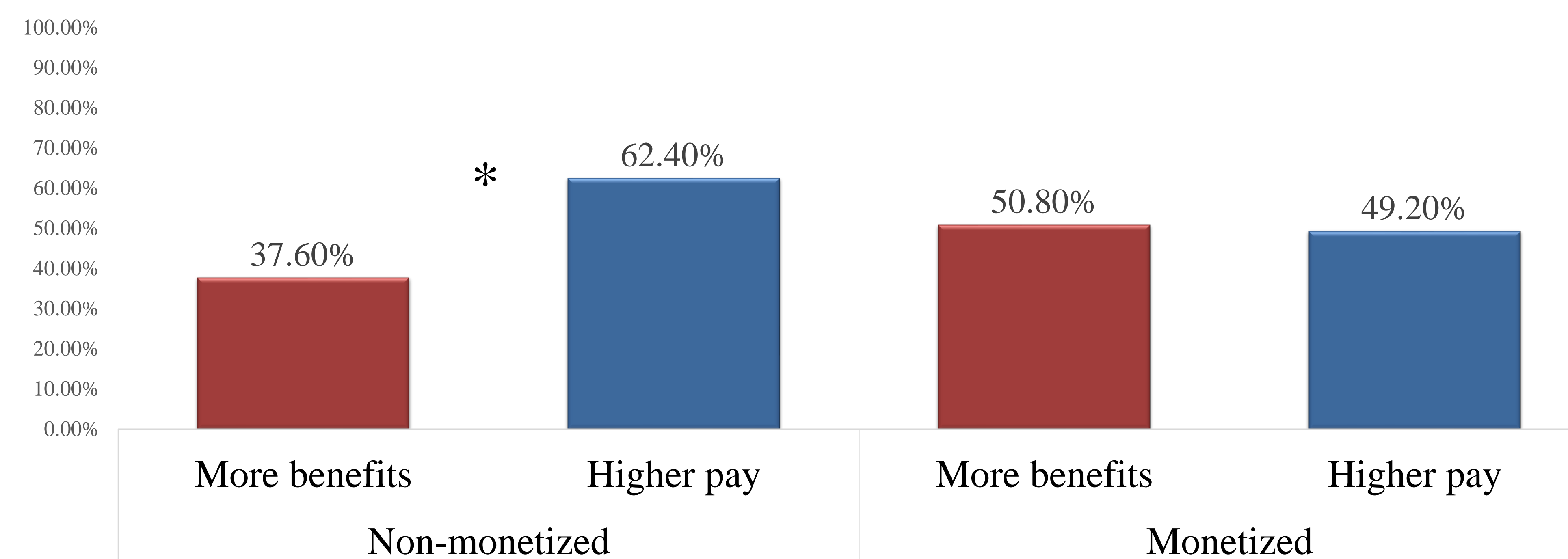
Sincerely

James P. Harrington

Study 1

- The benefits were not monetized in the control condition

More benefits	Higher pay
\$90k salary 21 paid days off (\$7,269)	\$100k salary 14 paid days off (\$5,385)

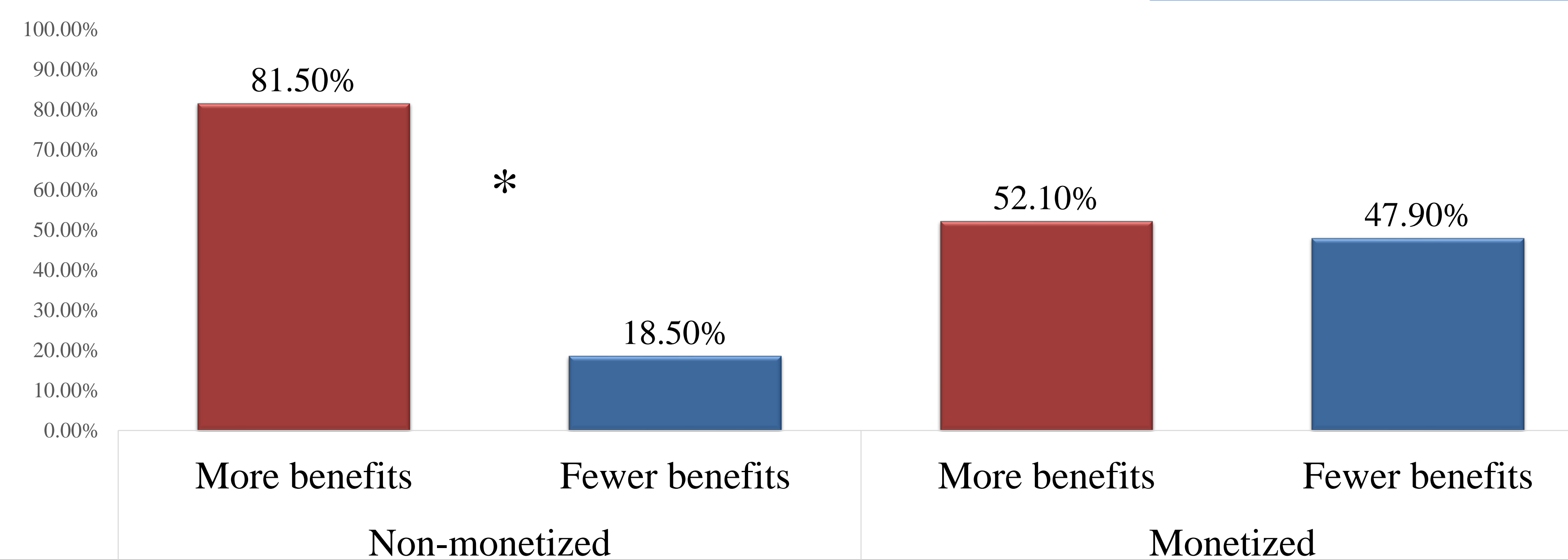


$\chi^2(1, 367) = 6.48, p=0.011$

Study 2

- No benefits were monetized in the control condition

More benefits	Fewer benefits
\$100k 4 benefits health insurance paid time off supplemental pay retirement & savings programs	\$100k 3 benefits health insurance (\$6,500) paid time off (\$8,800) supplemental pay (\$4,850)



$\chi^2(1, 399) = 39.25, p<0.001$

Individual differences

Participants who valued time over money were more likely to choose the job with additional benefits when the benefits were monetized

Discussion

- Placing a monetary value on non-financial benefits can shift preferences between job offers.
- Putting a monetary value on non-financial benefits increases subjective value placed on job offers with lesser salary but more benefits (Study 1).
- Employees almost always choose a job with more benefits over an equally paid job with fewer benefits, but are more likely to choose the job with fewer benefits if the benefits are monetized. (Study 2).
- Monetization of benefits may provide a method for helping prospective employees recognize the concrete value of non-monetary benefits.

Conclusion

Placing a monetary value on non-financial benefits enhances perceived value of job offers.

Reference

Kahneman, D., & Deaton, A. (2010). High income improves evaluation of life but not emotional well-being. *Proceedings of the national academy of sciences*, 107(38), 16489 - 16493.

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