Organizational Reward Systems:
Implications for Climate

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This study investigated the role of systematically different organizational reward structures upon individual perceptions of the reward climate. Nurses in a naval hospital worked for the same supervisors but were subject to either tenure-contingent (N = 73) or behavior-contingent (N = 50) reward systems. No differences in perceived reward climate were found between the two groups. In the tenure-contingent group, job attitudes reflected individual characteristics rather than perceived climate. The opposite relationship was found for the behavior-contingent group.

Since James and Jones (1974) identified the need for research specifically addressed to psychological climate, attention focused on the psychological and perceptual aspects of the work environment has led to a much clearer understanding of the nature of that construct. Several studies have helped to clarify the dimensions that underlie the concept, its influences on job-related attitudes and behavior, and, to a lesser degree, the role played by individual differences in the formation of climate perceptions (cf. Field & Abelson, 1982; James, 1982; James & Jones, 1980; Jones & Butler, 1980; Jones & James, 1979; Joyce & Slocum, 1979; Naylor, Pritchard, & Ilgen, 1980; Schneider, 1975).

While consensus on a precise definition of psychological climate has not yet emerged, there does seem to be general agreement that the concept

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refers to the individual's cognitively based description of psychologically meaningful influences in the work environment. For this reason, it has been argued that psychological climate is a form of cognitive map or higher order schema that is based on perceptions of specific events (Joyce & Slocum, 1979) or on cognitive associations among lower order, descriptively oriented perceptions (Jones & James, 1979). Thus, a primary purpose of psychological climate is to provide a cognitive structure that contains the individual's knowledge about the organizational environment, imposes meaning upon new information, and assists in adapting to that environment (cf. Alba & Hasher, 1983; Kelley, 1972; McArthur & Baron, 1983; Taylor & Crocker, 1981).

McArthur and Baron (1983) discussed this process of adaptation and suggested that the information available in events specifies "environmental affordances, which are the opportunities for acting or being acted upon by environmental entities" (p. 215). These authors call for a closer investigation of the "useful, structured information in the environment" but note that the actual perception of these affordances depends upon the particular stimulus invariants to which the individual attends.

While there appears to be considerable agreement that structured situational events provide essential information in the formation of climate perceptions (cf. Field & Abelson, 1982; James & Jones, 1976; Payne & Pugh, 1976), there is as yet little systematic evidence about the manner in which different organizational events are perceived and interpreted. Jones and James (1979) related a variety of subunit structure and context measures to psychological climate scores in a study of 3,726 U.S. Navy enlisted personnel and found significant but relatively low-level relationships. In a similar study involving 155 managers in 14 organizations, Sutton and Rousseau (1979) also found relatively low correlations between individual perceptions of job characteristics and measures of technology and structure.

In spite of the low magnitude of the empirical relationships found between job perceptions and measures of structure and technology, there is consistent evidence that external events at an organizational level are able to influence individual perceptions and behavior. For example, Hegarty and Sims (1978) found higher rates of ethical behavior when a clear organizational policy supported such behavior and discouraged unethical behavior. Similarly, Allen and Dyer (1980) reported greater effectiveness of organizational change efforts when the changes were consistent with the organization's normative expectations and value systems. Thus, a clearer understanding of the linkages between organizational events and individual perceptions may emerge if one focuses on organizational characteristics and policies that have relatively direct implications for the treatment of the individual employee. One of the most promising areas for such investigation