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COMPENSATION

Theory. Evidence. and Strategic Implications

**Barry Gerhart
Sara L. Rynes**

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Introduction to the Series

The title of this series, *Foundations for Organizational Science (FOS)*, denotes a distinctive focus. FOS books are educational aids for mastering the core theories, essential tools, and emerging perspectives that constitute the field of organizational science (broadly conceived to include organizational behavior, organizational theory, human resource management, and business strategy). Our ambitious goal is to assemble the “essential library” for members of our professional community.

The vision for the series emerged from conversations with several colleagues, including Peter Frost, Anne Huff, Rick Mowday, Benjamin Schneider, Susan Taylor, and Andy Van de Ven. A number of common interests emerged from these sympathetic encounters, including enhancing the quality of doctoral education by providing broader access to the master teachers in our field, “bottling” the experience and insights of some of the founding scholars in our field before they retire, and providing professional development opportunities for colleagues seeking to broaden their understanding of the rapidly expanding sub-fields within organizational science.

Our unique learning objectives are reflected in an unusual set of instructions to FOS authors. They are encouraged to (a) “write the way they teach,” framing their books as extensions of their teaching notes rather than as expansions of handbook chapters; (b) pass on their “craft knowledge” to the next generation of scholars, making them wiser, not just smarter; (c) share with their “virtual students and colleagues” the insider tips and best bets for research that are normally reserved for one-on-one mentoring sessions; and (d) make the complexity of their subject matter comprehensible to nonexperts so that readers can share their puzzlement, fascination, and intrigue.

We are proud of the group of highly qualified authors who have embraced the unique educational perspective of our *Foundations* series. We encourage your suggestions for how these books can better satisfy

"Gerhart and Rynes provide a thorough, comprehensive review of the vast literatures relevant to compensation. Their insights regarding the integration of economic, psychological, and management perspectives are particularly enlightening. This text provides an invaluable tool for those interested in advancing our understanding of compensation practices."

—Alison E. Barber, *Broad College of Business, Michigan State University*

How important is money in motivation? Can it help explain why some organizations succeed and others fail? Compensation is a complex and often misunderstood topic.

Compensation: Theory, Evidence, and Strategic Implications provides a comprehensive, research-based review of both the determinants and effects of compensation. Combining theory and research from a variety of disciplines, authors Barry Gerhart and Sara L. Rynes examine the three major compensation decisions—pay level, pay structure, and pay delivery systems.

Revealing the impact of different compensation policies, this interdisciplinary volume examines:

- The relationship between performance-based pay and intrinsic motivation
- Implications of individual pay differentials for team or unit performance
- The consequences of pay for performance policies
- Effect sizes and practical significance of compensation findings
- Directions for future research

Compensation: Theory, Evidence, and Strategic Implications considers why organizations pay people the way they do and how various pay strategies influence the success of organizations. Critically evaluating areas where research is inconsistent with common beliefs, Gerhart and Rynes explore the motivational effects of compensation.

Primarily intended for graduate students in human resource management, psychology, and organizational behavior courses, this book is also an invaluable reference for compensation management consultants and organizational development specialists.

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