Paying it forward? The mixed effects of organizational inducements on executive mentoring

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How might organizational inducements influence the mentoring behavior of senior executives? In a multisource study of senior executives \((n = 239)\) and their direct reports \((n = 1,098)\), the researchers found mixed results—relational inducements (e.g., investments in career development) were positively associated with mentoring whereas transactional inducements (e.g., compensation) were negatively associated. Results are explained from signaling and self-determination theory wherein inducements communicate organizational priorities that either uphold or undermine mentoring behavior. While prior research has examined the benefits of inducements on job performance, this study reveals that inducements can have differential and unintended consequence on prosocial and relational behavior such as mentoring. It is the first study to examine the unintended and differential consequence of inducements on mentoring behavior. In addition, the findings challenge assumptions about the trickle-down benefits of organizational rewards and suggest that the consequences of human capital investments extend far beyond the focal leader.

KEYWORDS
CEO compensation, leadership, mentoring, motivation, reward systems

1 | INTRODUCTION

Organizations make high-stakes investments in their executives through a range of inducements such as financial inducements, coaching, training, and development. How are leaders influenced by these inducements? While prior research has established the positive effects of inducements on executive performance (Combs, Liu, Hall, & Ketchen, 2006; Wowak, Gómez-Mejia, & Steinbach, 2017), the effects of inducements on relational outcomes, such as mentoring, have not been examined. This is surprising, given the importance of mentoring to executive effectiveness (De Janasz, Sullivan, & Whiting, 2003; McDonald, Keeves, & Westphal, 2017; McDonald & Westphal, 2013) and the salience of organizational inducements in reinforcing executive behavior (Devers, Cannella, Reilly, & Yoder, 2007).

This study examines the effects of organizational inducements on the mentoring behavior of senior executives—leaders that are highly influential within the organization (Hambrick & Mason, 1984), targets of strong organizational inducements (Larkin, Pierce, & Gino, 2012; Pissaris, Heavey, & Golden, 2017), and in positions where mentoring is valued and critical to leadership development (De Janasz et al., 2003; Groves, 2007; McDonald & Westphal, 2013). More specifically, the study examines if and how leaders reciprocate the benefits of organizational inducements indirectly through mentoring. The relationship between organizational inducements and executive mentoring represents an ideal phenomenon to examine the "pay it forward" effect of indirect reciprocity (Baker & Bulkley, 2014), where the benefits of an organization’s investment extend beyond the focal leader and have a positive and indirect benefit on others, through the outcome of executive mentoring. This relationship has not been examined in prior research.

Organizational inducements are central to employment relationships and the psychological contract between employees and the organization (Rousseau, 1995). March and Simon (1958) described inducements as both monetary and nonmonetary rewards to employees, associated with the organizational expectation that inducements would increase the recipient's "motivation to produce" and their "motivation to participate" in the organization (p. 83). In the context of work relationships, research on organizational inducements has focused primarily on how inducements influence employee citizenship behavior (Hui, Lee, & Wang, 2015). Although organizational...
inducements have been suggested to be instrumental in shaping the schemas people hold about mentoring (Ragins & Verboss, 2007), no empirical research has examined this further. In this study, we consider how transactional (i.e., compensation) and relational inducements (i.e., coaching, training, and development) can influence an executive's motivation to mentor and observed mentoring behavior.

Mentoring is a relational process wherein a senior person counsels, protects, and supports a junior person (Kram, 1985; Ragins & Cotton, 1999). In this study, we focus on the career mentoring provided by top executives to their direct reports, otherwise described as supervisory career mentoring (Haggard, Dougherty, Turban, & Wilbanks, 2011; Scandura & Schriesheim, 1994; Tepper, 1995). The focus on supervisor career mentoring is motivated by the critical role that senior executives play in succession management and developing future leaders for the organization. Mentoring scholars have established that most mentoring within organizations occurs informally between supervisors and their direct reports (Burke & McKeen, 1997; Fagenson-Eland, Marks, & Amendola, 1997; Kram, 1985; Ragins & McFarlin, 1990). More importantly, research on supervisory mentoring has established that the mentoring behavior of leaders uniquely predicts employee outcomes over and above transformational leadership behaviors (Scandura & Schriesheim, 1994). While research on transformational leadership is well established, we know less about the antecedents and outcomes of supervisory mentoring.

One consistent predictor of a person's willingness to mentor others is experience and satisfaction with prior mentoring received (Allen, Poteet, Russell, & Dobbins, 1997; Wang, Noe, Wang, & Greenberger, 2009). Mentoring relies on a reciprocal dynamic where past mentoring experience informs current mentoring behavior; those who have received more mentoring in the past are generally more likely to mentor others in the future. This cycle of reciprocity is popularly known as "paying it forward."

Although Kram's (1985) initial research on mentoring acknowledged the importance of organizational practices in shaping mentoring behavior, most research on mentoring examines individual-level or dyadic predictors of mentoring (Chandler, Kram, & Yip, 2011). Consequently, how inducements affect mentoring remains unexplored in organizational research. Further, the underlying assumption behind organizational inducements is that leaders reciprocate favorable treatment with hard work and dedication (Rousseau, 1995). Yet inducements may also yield behavior far from that which was intended. Employee behavior is especially responsive to financial reward systems. As one prominent review of compensation research notes, "Money is a very powerful motivator, indeed. In fact, it is so powerful that one of the main challenges for managers is to make sure that their compensation systems are not motivating the wrong kind of behavior" (Rynes, Gerhart, & Parks, 2005, p. 595). Determining the impact of rewards on executive behavior, and avoiding "the wrong kind of behavior," is critical because senior executives are highly influential individuals whose actions have repercussions throughout the organization (Hambrick & Mason, 1984).

This study examines if and how senior executives reciprocate organizational inducements with mentoring. In a multisource study of 239 senior executives, we tested the relationships between two different kinds of inducements on mentoring, as rated by leaders' direct reports. Specifically, we compared the effects of transactional (i.e., compensation) versus relational (i.e., training, coaching) inducements on mentoring. We integrate signaling theory with self-determination theory to explain how inducements can differentially signal self- and other-focused priorities, which in turn influence mentoring behavior. More specifically, we examine how transactional and relational inducements might have a differential effect on an executive's motivation to mentor and observed mentoring behavior.

This study contributes to the literature on human resources management and mentoring in several important ways. First, we provide new evidence and perspectives on the unintended consequences of transactional inducements and the downstream benefits of relational inducements. Second, this study contributes to the mentoring literature by taking an organization-level perspective on a process typically studied at the individual or dyadic level. This research adds a unique perspective to what motivates leaders to mentor. Research on why individuals mentor has traditionally focused on the intrinsic benefits mentors receive as a result of their mentoring (Ragins & Scandura, 1999). Yet this perspective neglects system-level factors, such as organizational recognition and rewards.

Third, we extend perspectives from signaling theory and self-determination theory to theorize the effects of organizational inducements on executive mentoring. By doing so, we provide a new theoretical lens to the understanding of mentoring behavior. In particular, we theorize and test how organizational inducements can signal organizational priorities that both underlie and undermine an executive's motivation to mentor. Current research on mentoring has focused primarily on theories of social exchange, and recent reviews have highlighted both the absence and need for more research on organizational influences on mentoring (Chandler et al., 2011).

Finally, our study includes a unique population of senior executives and CEOs—a population that is the target of high levels of inducements, looked up to as mentors, but has been difficult to access for research (Pettigrew, 1992). This study takes a step toward addressing that gap, with findings that suggest new avenues for understanding how organizational inducements can yield benefits that extend beyond the immediate recipient. With a focus on mentoring, this study furthers new understanding on how organizational inducements may have beneficial and also adverse effects on relational outcomes, including effects that extend beyond the inducement's intended target.

2 | ORGANIZATIONAL INDUCEMENTS AND MENTORING

Organizational inducements, what organizations offer employees to motivate and reward them, are powerful mechanisms for motivating employee behavior (Lee, Liu, Rousseau, Hui, & Chen, 2011; March & Simon, 1958). Although organizations have typically focused on transactional inducements (e.g., compensation) to reward and motivate performance, there is a growing body of work pointing to the unique role of relational inducements in shaping organizational outcomes (Hui et al., 2015). More specifically, transactional inducements are rewards for specific work performance. They are typically financial in
nature and satisfy self-interest. The instrumental and monetary nature of transactional inducements makes the recipient more vigilant about direct exchange and repayment (Morrison & Robinson, 1997; Rousseau, 2004; Rousseau & McLean-Parks, 1993).

The effects of transactional inducements in the workplace have been primarily examined through the lens of agency theory, which assumes people are self-interested actors (Davis, Schoorman & Donaldson, 1997; Pepper, 2017). More specifically, agency theory focuses on the exchange between principals and agents and the use of inducements to ensure that agents act in the principal’s interests. Social actors are viewed as rational maximizers of self-interest or utility. Compensation is seen as a mechanism utilized by principals to control agents who are in pursuit of their own self-interest. This perspective treats organizational inducements as an instrumental enforcement mechanism. The limitation with agency theory, however, is that it does not consider the role of meaning and intrinsic motivation.

With the fixed assumption of individuals as rational maximizers of economic self-interest, agency theory is limited in explaining the effects of inducements on mentoring—a prosocial behavior that is primarily driven by intrinsic motivation. With agency theory, individuals are viewed as self-seeking actors and inducements reduced to a mechanism for control. Lacking within agency theory is the notion of the meaning making agent who, among all things, may interpret inducements as symbols of organizational values. While rational considerations do play a role in decisions to act, other factors must also be considered, such as a manager’s intrinsic motivation. To understand the effects of inducements is to identify the range of meanings associated with it. Executives are not only rule followers but adaptors and meaning makers. As a result, executives may interpret the meaning of transactional and relational inducements differently.

Unlike transactional inducements, relational inducements foster mutual benefit and are less explicit about the type and time frame for repayment of benefits received. Relational inducements include training, development, and coaching. If an employee receives special training, they gain valuable skills and insider status (Hui et al., 2015). The expectation is that the employee will use the newly acquired knowledge or skills at some point to further his or her productivity, though the exact timing and mode of repayment need not be specified. With relational inducements, issues of trust and affect are more salient, compared to transactional inducements (Shore & Tetrink, 1994).

Inducements communicate information to employees about organizational culture, or the shared meaning, values, and assumptions organizational members hold (Schein, 1990). Organizational culture is opaque. It is held in unspoken and unquestioned, yet widely shared, beliefs. Culture represents the underlying operating principles in an organization, and reward systems reflect these principles. For example, in market-based cultures, rewards are given for objective performance and financial indicators, whereas in clan-based cultures, rewards are given according to a wider range of subjective performance factors (Kerr & Slocum, 1987). Compensation packages communicate to executives the nature of relationship the board expects to have with its leaders by either upholding or undermining ties of loyalty and goodwill. For example, compensation plans that focus on long-term outcomes can encourage leaders to pursue mutual gain, while plans that focus on short-term outcomes can encourage leaders to maximize self-interest even, perhaps, at the organization’s expense (Kidder & Buchholtz, 2002).

The latent nature of organizational culture, the fact that it is tacitly understood rather than explicitly stated, suggests the possibility for information asymmetry and a divergence in values. Individuals possess their own personal values, and organizations possess values in the form of culture. Neither the individual nor the organization has access to a complete picture of the others’ values and belief system. Boards can hire CEOs and executives who profess the importance of being a team player while simultaneously pursuing self-interest at the expense of shareholder value. Similarly, organizations can promote a team-oriented culture while simultaneously promoting individuals who undermine team performance for their own personal gain. Consequently, a need exists to communicate information across this divide. To do so, organizations enact latent cultural values through observable artifacts, such as inducements. Signaling theory (Spence, 1973) describes behavior under such conditions of information asymmetry.

Signaling theory has been widely applied in management and human resources literatures to describe the exchange of information between organizations and employees (Connelly, Certo, Ireland, & Reutzel, 2011), particularly in situations of imperfectly aligned goals (Bangertel, Roulin, & König, 2012). The theory was originally developed to describe how college graduates use difficult-to-attain degrees to distinguish themselves from non–college graduates in the labor market, thereby signaling their competence. The theory has since been applied to a wide array of contexts. Signaling theory holds that when two parties have unique information about something subjective such as organizational culture, both parties attempt to communicate latent qualities to the other via symbols.

In the context of organizations, signaling theory suggests that organizations constantly send information signals about what constitutes social value (Connelly et al., 2011; Spence, 1973). Employees rely on these signals to make sense of organizational culture and expectations. Within human resource management, organizational inducements send signals about valued organizational goals and directions. As a result of these signals, employees will draw conclusions about organizational leaders’ intentions, actions, and characteristics (Suazo, Martinez, & Sandoval, 2009).

Signals are particularly useful when there exists ambiguity about one party or another’s intentions (Connelly et al., 2011; Stiglitz, 2000). Because the signal fulfills a sensemaking function that can reduce the ambiguity. Signals are also useful in helping executives discern where they should direct their most scarce and precious resource: time. Therefore, signals are a primary means through which organizations can motivate desired executive behavior.

Examples of human resource signals include organizational policies and practices in the areas of compensation, benefits, performance review, and training. Such practices signal expectations of the organization regarding required behaviors of employees and communicating its own reciprocal promises to employees (Rousseau, 1995). For example, a firm might stack a board of directors with prominent individuals to signal firm legitimacy (Certo, Daily, & Dalton, 2001), maintain founder ownership to signal firm value (Busenitz, Fiet, & Moesel, 2005), or fill
recruitment materials with attractive inducements to signal a positive work climate to job applicants (Suazo et al., 2009). Each of these signals prompts a response from potential investors or employees. Signal recipients then use the information contained in the signal to determine how they will interact with the organization (e.g., invest or accept a job offer).

Human resource signals through inducements can help increase mentoring. For example, Aryee, Chay, and Chew (1996) suggest that positive reinforcement through an organizational reward system can enhance employees’ motivation to mentor, presumably by signaling mentoring as a desirable behavior. Similarly, Kram (1985) noted that "a reward system that emphasizes bottom-line results and does not place a high priority on human resource development objectives creates conditions that discourage mentoring" (p. 16). Furthermore, Guzzo and Noonan (1994) suggest that employees can interpret organizational signals in unintended ways. Ambiguity in signals leads to mixed perceptions of behavior–reward relationships as well as unstable judgments about appropriate behaviors.

Any employee, including an executive, lacks full information on employer expectations. As such, they rely on organizational inducements as a strong signal on actions toward or away from which they should move. Because signaling theory deals with the communication function of observable signs to convey unobservable information, it provides a useful framework for understanding how executives interpret the meaning of organizational inducements and how that interpretation impacts executive mentoring.

2.1 | Relational inducements

Relational inducements involve career support, mentorship, meaningful work, and skill development opportunities (Lee et al., 2011). Relational inducements signal goodwill, trust, and a willingness to invest in the long-term employer–leader relationship. Organizations provide relational inducements in the hope that developing better leaders will yield unspecified, long-term strategic advantage (Rousseau, 1995). Training and development opportunities are an investment in a leader’s future capabilities. Training produces more capable employees who, in turn, exert greater effort on the job (Sauermann, 2015). However, return on development investment occurs over a long time horizon, once the knowledge, skills, and abilities gained manifest in terms of enhanced performance. As a result, the long time horizon and up-front costs of development leave the organization that sponsored development activities vulnerable to employees who take the opportunity and subsequently quit. Leaders can vacate their roles at any time, taking their knowledge and skills with them. As a result, organizations that offer relational inducements must trust that their leaders will remain in the organization long enough to reap the rewards. Trust requires a willingness to be vulnerable (Mayer, Davis, & Schoorman, 1995), so when organizations offer career development resources to leaders despite the flight risk, organizations signal interest in maintaining a long-term relationship based on trust.

Relational inducements also signal the value and importance of mentoring. Signaling theory proposes that effective signals must be observable and appropriately costly (Connelly et al., 2011). That is, the price of a signal must be high enough to deter low-quality entities from cheating and sending out a false signal. Organizational inducements are costly investments. For instance, salaries and bonuses have direct financial costs. Training and development opportunities are also quite costly: executive coaches charge up to $335 per hour, mostly paid for by the client’s employer (Corbett & Kennedy, 2014). Given the high cost of relational inducements, only organizations that truly value employee development and trust their leaders to stay in the organization and reciprocate will invest in signals like coaching and training. Therefore, as shown in the conceptual model in Figure 1, we predict that relational inducements and mentoring will be positively related.

**Hypothesis 1:** Relational inducements will be positively related to mentoring.

The ultimate source of mentoring behavior may be found in a desire to engage in mentoring. Motivation to mentor is influenced, in large part, by a person’s previous mentoring experiences (Allen, Poteet, Russell, & Dobbin, 1997). People who have had positive mentoring experiences in the past and who are satisfied with the support they receive from their current mentor are generally more willing to mentor others (Allen, Russell, & Maetzke, 1997). Similarly, the greater support individuals get from their mentor, the more they express wanting to mentor others (Wang et al., 2009). Part of the reason for this link may be due to a mental schema for mentoring that develops via mentoring experience (Ragins & Verbois, 2007). A potential mentor can then apply this schema and set of positive expectations to a new relationship. In a similar fashion, leaders who are exposed to greater professional

![Conceptual model with hypotheses labeled](image-url)
development activities and opportunities may have a more robust and complex schema for employee development. Therefore, relational inducements in general may instill in leaders a desire to mentor.

**Hypothesis 2: Relational inducements will be positively related to motivation to mentor.**

Research consistently demonstrates that one of the primary drivers of behavior is motivation, or the desire and intention to perform certain activities (Ajzen, 1991; Bandura, 1986; Kanfer, 1990). Mentoring, specifically, requires motivation, as spending time with protégés involves time away from primary work activities. Listening to protégé concerns, offering insight and guidance, and intervening on behalf of protégés all take time, effort, and emotional investment. Those with specific motivation and intentions to perform such activities are more likely to engage in them. Therefore, we expect that leaders who are more motivated to mentor will more frequently engage in mentoring behaviors.

**Hypothesis 3: Motivation to mentor will be positively related to mentoring.**

Organizational inducements shape employee motivation by providing something valuable in exchange for employee contributions back to the organization (March & Simon, 1958). As was argued above, the type of inducement signals to employees the type of behavior valued and rewarded in the organization. In terms of determining mentoring behavior, motivation is likely more proximal, while inducements are likely more distal predictors. Inducements are applied generally to achieve a variety of outcomes, while motivation to mentor addresses a specific activity. Therefore, we anticipate that motivation to mentor will mediate the relationship between relational inducements and mentoring.

**Hypothesis 4: Motivation to mentor will mediate the relationship between relational inducements and mentoring.**

### 2.2 Transactional inducements

Compensation drives employee performance through two avenues: incentive effects and sorting effects (Gerhart & Fang, 2014). Incentive effects work by motivating current employees to perform and attain valued rewards. In a meta-analysis of 31 studies and 8,156 employees, Combs et al. (2006) found a corrected $r = .15$ between incentive compensation and organizational performance. In contrast, sorting effects work by attracting high-quality employees to the organization. High pay signals to high-performing job candidates that they are likely to be rewarded handsomely for their work in this organization. We propose that these transactional inducements also send signals about organizational priorities in ways that might affect mentoring behavior.

Because money is the means through which people provide for themselves and their families as well as the means through which society measures material success, transactional inducements carry important instrumental and symbolic meaning (Gupta & Shaw, 1998). More importantly, transactional inducements can influence workplace behaviors in a way that “goes beyond the purely economic value created by the transaction” (Gomez-Mejia & Wiseman, 1997, p. 302).

Research on executive compensation points to the importance of carefully designing transactional inducements to align executive and organizational interests and prevent executive shirking (Jensen & Meckling, 1976). One particularly challenging task of executive compensation involves incentivizing behaviors necessary for long-term organizational success. For instance, long-term focused executive compensation (e.g., compensation plans with more restricted stock options) promotes overall firm value (Flammer & Bansal, 2017), is associated with more pollution prevention strategies (Berrone & Gomez-Mejia, 2009), and increases CEO disclosure of useful but potentially embarrassing information to investors (Nagar, Nanda, & Wysocki, 2003). Nonetheless, the problem of misalignment between long-term organizational goals and short-term CEO self-interest remains a consistent issue (Devers et al., 2007).

Although pay is a powerful and effective motivator of individual performance (Garbers & Konradt, 2014), particularly performance quantity (Cerasoli, Nicklin, & Ford, 2014), compensation scholars recognize that rewards like pay can motivate (or demotivate) behaviors other than what was intended (Shaw & Gupta, 2015). In fact, rewards can sometimes be too effective (Kerr, 1975). That is, they can engender a myopic focus on only the narrow range of behaviors recognized by the reward system. Rewards are effective because they concentrate individual effort on certain activities. However, rewards, or rather, poorly designed reward systems that fail to account for subjective and less observable performance criteria, do so at the expense of other, equally important performance outcomes (Shaw & Gupta, 2015). We hypothesize that mentoring is one such behavior that is adversely affected by attention to transactional concerns. This is because mentoring is generally viewed as a prosocial behavior with an orientation toward someone else’s professional development. The direct, personal benefits of mentoring are not instrumental in nature. Therefore, the effects of transactional inducements on mentoring are likely to differ from other, more instrumental outcomes.

Transactional inducements may reinforce performance-oriented behavior as a signal of the recipient’s competence (Ho & Kong, 2015). However, we argue that the signaling effect on mentoring is different than other types of performance due to the nature of mentoring as a prosocial behavior. More specifically, we suggest that while transactional inducements, through competence signaling, would direct an executive’s attention toward task-oriented behaviors, they can also undermine an executive’s motivation to mentor. While this line of reasoning has not been examined in prior research, related evidence points to the negative effects of transactional inducements on the intrinsic motivation necessary for prosocial behavior (Ariely, Bracha, & Meier, 2009; Gubler, Larkin, & Pierce, 2016). In addition, transactional mechanisms can be perceived as a mechanism for control and may result in the undermining of felt autonomy (Balkin, Roussin, & Werner, 2015) and generalized reciprocity (Belmi & Pfef fer, 2015)—conditions that are important for mentoring.

The social dynamics of reciprocity (Gouldner, 1960) would suggest that transactional inducements signal the importance of transactional concerns or short-term, highly observable, objective behaviors. Yet by pointing executives in a singular, exchange-focused direction,
transactional inducements can also obscure the importance of relational concerns. Frey and Oberholzer-Gee (1997) describe this as a motivational crowding-out effect—when financial inducements focus employee attention on instrumental concerns, at the cost of noninstrumental motivation and behaviors. More specifically, by reinforcing extrinsic rewards and shifting the focus toward instrumental gains, transactional inducements “crowd out” intrinsic motivation and the value of an activity in and for itself. Frey and colleagues developed this framework based on the social psychological effect known as overjustification, an attributional process whereby people infer the source of their motivation based on the most salient explanation available (Greene, Sternberg, & Lepper, 1976; Lepper & Greene, 1976; Lepper, Greene, & Nisbett, 1973). Much of Lepper and colleagues’ research was conducted on elementary-age children with nonmonetary awards (e.g., award certificates). The crowding-out effect extended this research to adults and is relevant to understanding the effects on monetary inducements at work.

The unintended effects of transactional inducements on mentoring can be further explained through the lens of self-determination theory. According to self-determination theory (Deci & Ryan, 1985), a person’s motivation toward relationships is enhanced in autonomy-supportive situations but undermined in autonomy-restrictive situations. In other words, when people are treated in an instrumental way, their motivation to engage in relationships is diminished. This suggests that transactional inducements could undermine a person’s felt autonomy due to the control mechanism of conditional rewards tied to financial inducements (Frey & Oberholzer-Gee, 1997; Ryan & Deci, 2000). It is important to note that autonomy is an important condition for other-oriented motivation and behavior (Deci & Ryan, 1991). Transactional inducements, as a control mechanism, can be instrumental signals that undermine relational motivation, such as the motivation to mentor.

**Hypothesis 5:** Transactional inducements will be negatively related to motivation to mentor.

Further, motivation to mentor is likely to mediate the relationship between transactional inducements and mentoring. Emphasis on transactional, exchange-based affairs may undercut motivation to spend time developing subordinates. Mentoring relationships require mentors’ sacrifice of time and energy. At times, a mentor may put his or her credibility on the line to vouch for a mentee. This requires motivation and intentional effort. If transactional inducements reduce motivation to mentor, this may yield lower mentoring behavior.

**Hypothesis 6:** Motivation to mentor will mediate the relationship between transactional inducements and mentoring.

### 3 | METHODS

#### 3.1 | Procedure

Data were collected from 239 leaders participating in a five-day leadership development program in the United States at the Center for Creative Leadership (CCL). During the program, 242 participants were asked to take a survey as part of a larger study. The average age of participants was 48. Eighty-four percent of participants were men, and 66% were white. Participants were leaders on senior management teams who have 15 or more years of experience and responsibility for leading 500 or more people. Fifty-nine percent of participants were at the executive level, and 31% were at the very top of their organization (e.g., CEO). A majority of participants (70%) worked in the private sector. To reduce common method bias (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003), the outcome measure, mentoring, was obtained from the leader’s direct reports ($n = 1,098$). Responses were collected from the direct reports of 239 of the total 242 surveyed leaders (98.8%).

#### 3.2 | Measures

##### 3.2.1 | Organizational inducements

Transactional and relational inducements were measured with seven items from Lee et al. (2011). Participants answered the question “To what extent has your organization fulfilled the following obligations to you?” on a 5-point scale from 1 (not at all) to 5 (to a great extent). Relational inducements included three items for “training,” “coaching,” and “career development.” Transactional inducements included four items for “a fair salary,” “a competitive salary,” “pay tied to my level of performance,” and “bonus based on performance.” A principal axis factor analysis with oblique rotation demonstrated a two-factor structure (all factor loadings $>.62$). One item from the original measure ("job security") did not load onto either factor, so it was dropped. The resulting scales exhibited good reliability estimates ($\alpha_{\text{relational}} = .81$, $\alpha_{\text{transactional}} = .80$).

##### 3.2.2 | Motivation to mentor

Motivation to mentor was measured with a four-item scale developed by Ragins and Scandura (1994). Respondents indicated level of agreement on a 7-point scale from 1 (strongly disagree) to 7 (strongly agree). An example item is “I would like to be a mentor.” One item was reversed coded. The reliability estimate was strong ($\alpha = .80$).

##### 3.2.3 | Mentoring

Executive mentoring behaviors were examined as supervisory career mentoring—mentoring that leaders provide to their direct reports (Scandura & Schriesheim, 1994; Tepper, 1995). Direct reports ($n = 1,098$), people who are directly supervised by the target leader, rated executives on mentoring behavior using six items from a validated 360° assessment called Executive Dimensions (CCL, 2009; Nilsen & Hallam, 2000). Each participant was rated by an average of 4.6 direct reports whom participants nominated before attending the leadership development program. Raters were instructed that their responses to questions would be anonymous to the respondent and used for developmental and research purposes. An example item includes "Acts as a mentor, helping others to develop and advance their careers." Rather than averaging items across raters, we employed multilevel structural equation modeling analysis techniques, described in further detail below.
3.2.4 | Control variables
Organizational level (1 = upper middle, 2 = executive, 3 = top) and gender (0 = male, 1 = female) were included as control variables on the dependent variable, since level was significantly correlated with mentoring ($r = -0.24, p < .01$) and gender has been associated with differences in response to organizational inducements (Freese & Schalk, 1996) and with differences in mentoring behavior (O’Brien, Biga, Kessler, & Allen, 2010).

4 | RESULTS

Variables were first inspected for violation of assumptions. Natural log transformations were applied to motivation to mentor and transactional inducement, which exhibited nonnormal distributions and skew and/or kurtosis above the absolute value of one (raw motivation to mentor skew = -1.60 and kurtosis = 3.65; posttransformation motivation to mentor skew = -0.87 and kurtosis = -0.87; raw transactional inducement skew = -1.04 and kurtosis = 0.64; posttransformation transactional inducement skew = -0.27 and kurtosis = -0.96). After these procedures, all study variables satisfied the assumptions of the statistical tests below. Skew and kurtosis for all transformed variables were below the absolute value of one. Results of hypothesis tests were consistent before and after transformations, except for Hypothesis 4, which was not significant using untransformed motivation to mentor. We proceeded with using the transformed variable since it better satisfied the assumption of univariate normality. All means, standard deviations, and correlations can be found in Table 1.

4.1 | Analysis technique

We tested hypotheses using multilevel mediation in Mplus version 7.4 (Muthén & Muthén, 1998–2015). Multilevel modeling (MLM) is justified when sufficient variance can be explained by cluster membership. In this instance, clusters are marked by leaders or, rather, raters nested within leaders. Variance explained by cluster membership is determined with an intraclass correlation coefficient (ICC; Bliwise, 2000), more specifically, an ICC(1). Reliability among raters is determined with an ICC(2). There are no established cutoff values for ICCs, though, in general, an ICC(1) higher than zero is desirable, as is an ICC(2) greater than .60 (Shen, 2016). ICC(1) for direct report ratings of mentoring behavior was 0.28 ($F = 2.77, p < .001$) Further, ICC (2) for direct report ratings of mentoring behavior was 0.64. Based on the high within-cluster variability, this data structure was a good candidate for MLM procedures.

We used hybrid multilevel structural equation modeling (MSEM) mediation procedures from Preacher, Zyphur, and Zhang (2010). Shen (2016) notes that this approach has several advantages. Unlike traditional multilevel mediation, MSEM tests direct and indirect effects simultaneously. It also reduces bias in the estimation of the indirect effect by separating out between effects from within effects and by treating the between-level part of within-level variables as latent. We followed Preacher et al.’s (2010) procedures for 2-2-1 designs, wherein mentoring is a within-persons (Level 1) variable and inducements and motivation to mentor are between-persons (Level 2) variables. In our model, mentoring was a latent variable. Inducements and motivation to mentor were measured variables. Thus, it is a hybrid MSEM approach with some measured variables and one latent factor.

See Figure 2 for a depiction of the statistical model’s treatment of within- and between-person variance. As our model contains at least one between-persons (Level 2) variable, all estimated effects are at the between person level (Preacher et al., 2010). The indirect effect is calculated as the product of two direct effects: (a) inducements on motivation to mentor and (b) motivation to mentor on mentoring. In Figure 2, the indirect effects are represented as $ab$. The models are random intercepts and fixed slopes models, as random slopes are not possible in 2-2-1 designs (Preacher et al., 2010).

Fit indices can be used to evaluate overall model fit in fixed slopes MSEM models, though not in random slopes models (Muthén, 2008). As the current models included fixed slopes only, we first assessed overall model fit before interpreting the significance of relationships among hypothesized variables. Good model fit is indicated by comparative fit index (CFI) and Tucker–Lewis index (TLI) greater than .95, standardized root mean squared residual (SRMR) equal to or less than .05 (Hu & Bentler, 1999), and a root mean square error of approximation (RMSEA) less than .05 (Foster, Barkus, & Yavorsky, 2006). An RMSEA between .08 and .10 is also acceptable (MacCallum, Browne, & Sugawara, 1996).

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<th>Variable</th>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Mentoring$^a$</td>
<td>3.79</td>
<td>0.53</td>
<td>--</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>2. Relational Inducements</td>
<td>3.30</td>
<td>1.08</td>
<td>0.07</td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3. Transactional Inducements$^b$</td>
<td>2.06</td>
<td>0.44</td>
<td>-0.23*</td>
<td>0.20**</td>
<td>0.80</td>
<td></td>
<td></td>
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<tr>
<td>4. Motivation to Mentor$^b$</td>
<td>1.72</td>
<td>0.22</td>
<td>0.27*</td>
<td>0.19**</td>
<td>0.08</td>
<td>0.80</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>5. Sector</td>
<td>1.37</td>
<td>0.67</td>
<td>0.08</td>
<td>0.12</td>
<td>-0.20**</td>
<td>0.15*</td>
<td>--</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Gender</td>
<td>0.16</td>
<td>0.37</td>
<td>-0.01</td>
<td>-0.03</td>
<td>-0.03</td>
<td>0.03</td>
<td>0.01</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>7. Organizational Level</td>
<td>2.21</td>
<td>0.60</td>
<td>-0.24**</td>
<td>-0.05</td>
<td>0.02</td>
<td>-0.05</td>
<td>0.18**</td>
<td>-0.08</td>
<td>--</td>
</tr>
</tbody>
</table>

Notes: $n$ ranged from 224 to 239.

$^a$ Correlations with mentoring as a multilevel latent variable.

$^b$ Natural log transformed variables. Sector coded 1 = private, 2 = public, 3 = nonprofit. Gender coded 1 = female, 0 = male. Organizational level coded 1 = Upper middle, 2 = Executive, 3 = Top. Cronbach’s alpha on diagonals.

$p < .05; ** p < .01; *** p < .001.$
4.2 | Model fit

All hypotheses were tested in a single model that simultaneously specifies the direct and indirect relationships among variables. Fit indices suggest the model fit the data well ($\chi^2(45) = 126.80$, $p < .001$; $\chi^2/df = 2.82$; CFI = .97; TLI = .96; RMSEA = .041; SRMR within = .023, SRMR between = .045). Based on this good fit, we proceeded to interpret parameter estimates.

4.3 | Relational inducements

Hypothesis 1 stated that relational inducements would be positively related to mentoring; Hypothesis 2 stated that relational inducements would be positively related to motivation to mentor; Hypothesis 3 stated that motivation to mentor would be positively related to mentoring; and Hypothesis 4 stated that motivation to mentor would mediate the relationship between relational inducements and mentoring.

As indicated in Table 2, the direct effect of relational inducements on mentoring (path $c_1^1$) was not significant ($B = .02$, SE = .03, $p = .53$); therefore, Hypothesis 1 was not supported. As expected, the direct effect of relational inducements on motivation to mentor (path $a_1^1$) was positive and significant ($B = .04$, SE = .01, $p = .007$), supporting Hypothesis 2. Additionally, motivation to mentor was positively and significantly related to mentoring (path $b$, $B = .55$, SE = .17, $p = .001$; path $b$), supporting Hypothesis 3. Finally, the indirect effect of relational inducements on mentoring via motivation to mentor (path $a_1^1b_1$) was positive and significant ($B = .02$, SE = .01, $p = .04$). Thus, Hypothesis 4 was supported.

4.4 | Transactional inducements

Hypothesis 5 stated that transactional inducements would be negatively related to motivation to mentor. Hypothesis 6 stated that motivation to mentor would mediate the relationship between transactional inducements and mentoring.
inducements and mentoring. As indicated in Table 2, transactional inducements were not significantly related to motivation to mentor \((B = .02, SE = .03, p = .51; path a^2)\) and the indirect effect of transactional inducements on mentoring via motivation to mentor \((path a \times b^2)\) was not significant \((B = .01, SE = .02, p = .52)\). Therefore, neither hypothesis was supported. Although not hypothesized, we observed in this model that the direct path from transactional inducements to mentoring \((path c^2)\) was negative and significant \((B = -.27, SE = .08, p < .001)\). This finding will be explored in the discussion section.

### 4.5 Alternative model

As the data used in this study are cross-sectional, it is necessary to test alternative explanations to rule out competing models. We have argued in this article that transactional inducements affect mentoring behavior via motivation to mentor. Though we did not find support for a mediation effect, we did find a negative direct relationship between transactional inducements and mentoring. Due to the cross-sectional nature of the data, causality cannot be determined conclusively, although the implied direction of results (and the direction of effects tested) is that rewards influence mentoring. However, it is also possible that executives who mentor more are rewarded differently than those who mentor less. More specifically, perhaps mentoring depletes an executive's resources, leading to lower compensation as a result.

We tested the direct effect of mentoring on transactional inducements with no mediating variable and without relational inducements in the model. We employed hybrid MSEM in Mplus with mentoring as a latent factor and transactional inducements as a measured variable, controlling for gender and organizational level \((\chi^2(35) = 124.80, p < .001; \chi^2/df = 3.57; CFI = .97; TLI = .96; RMSEA = .048; SRMR within = .023, SRMR between = .094; Akaike information criterion [AIC] = 14,344.73). The direct effect of mentoring on transactional inducements was negative and significant \((B = -.27, SE = .11, p = .01)\). For comparison, we tested the direct effect of transactional inducements on mentoring using identical procedures and controls \((\chi^2(33) = 118.46, p < .001; \chi^2/df = 3.59; CFI = .97; TLI = .96; RMSEA = .049; SRMR within = .023, SRMR between = .05; AIC = 14,043.59). The direct effect of transactional inducements on mentoring was also negative and significant \((B = -.24, SE = .08, p = .002)\). A direct test of significance in model fit change cannot be calculated because the models are not nested. However, the alternative model (mentoring \(\rightarrow\) transactional inducements) yielded a higher AIC than a model testing the theorized direction, indicating worse fit. Therefore, we concluded that the theorized direction (transactional inducements \(\rightarrow\) mentoring) fits best.

### 5 DISCUSSION

The findings of this multisource study reveal the mixed effects of organizational inducements on mentoring behavior. More specifically, relational inducements were found to positively predict a leader's motivation to mentor and actual mentoring, as reported by the leader's direct reports. In contrast, transactional inducements were negatively related to mentoring behavior. The negative association between transactional inducements and mentoring suggests that financial inducements have an unintended consequence on mentoring—a finding that has not been established in prior research.

Results extend the organizational communication processes predicted by signaling theory (Spence, 1973). Like all signals, inducements possess informational value and communicate across situations of information asymmetry. In the present study, we found support for two kinds of inducements—relational and transactional—as signals of underlying organizational culture and priorities. We found executive mentoring behavior to be consistent with the values emphasized in the inducements offered. We extend prior signaling theory research in organizations by studying a relative insider as the recipient of the signal's message. Signaling theory research in organizations primarily investigates recipients who are outsiders, such as job applicants (Connelly et al., 2011). Indeed, outsider status drives the information asymmetry that is central to signaling theory. Nevertheless, our study suggests that internal employees, even executives, can at times be just as much outsiders as insiders when attempting to decipher organizational culture and align their behavior with it.

Our results suggest that human resource practices can have a role in fostering greater levels of mentoring from top executives. This is through the provision of relational inducements, more specifically, through training and developmental opportunities for executives, which we found to predict greater levels of mentoring from executives. This finding is novel and particularly salient, considering the current literature on mentoring antecedents—prior research on mentoring antecedents have focused primarily on trait-level differences or social exchange dynamics between the mentor and protégé and not on the role of organizational practices (Chandler et al., 2011). The organizational antecedent that we have identified in this article, relational inducements, suggests that mentoring can be an outcome of indirect reciprocity. More specifically, executives who are beneficiaries of relational inducements from their organization reciprocate these benefits indirectly through mentoring behavior.

The negative association between transactional inducements and mentoring suggests that financial inducements have an unintended consequence on mentoring. This finding has not been established in prior research. More importantly, our results reveal that transactional inducements do not predict a person's motivation to mentor, but instead, predict lower ratings on mentoring effectiveness. This finding is interesting in that transactional inducements do not undermine a person's motivation to mentor but rather result in mentoring behaviors that are perceived as less effective. The negative relationship between transactional inducements and mentoring effectiveness has not been examined in prior studies and suggests that financial inducements can have an adverse effect on mentoring.

It is possible that a social distancing effect could explain these findings. High transactional inducements can create a greater perceived status differential between the recipient (the leader) and direct reports, potentially hindering the leader's mentoring behaviors and effectiveness. The experience and perceived status differential on the part of a leader can undermine the leader's effectiveness as a mentor. Mentoring research points to the benefits of mutuality in mentoring relationships and the negative effects of instrumentality and

Building on relational mentoring theory (Ragins, 2012; Ragins & Verbos, 2007), we propose that transactional inducements influence executives to mentor in a more transactional way, which direct reports perceive as less effective. More transactional mentoring focuses on a direct exchange of advice or favors with less attention paid to the mentoring relationship itself. This creates a strain on the mentoring relationship. Relational mentoring theory identifies mutual property as a characteristic of high-quality mentoring relationships and instrumentality as a barrier to effective mentoring. The theory also suggests that organizational practices, such as transactional inducements, can influence recipients toward a more transactional and less effective approach to mentoring. This perspective is consistent with mentoring scholarship and differences identified between instrumental mentoring and psychosocial mentoring (Kram, 1985). Whereas instrumental mentoring focuses on transferring job knowledge, providing challenging assignments, and other forms of career development, psychosocial mentoring involves the provision of friendship, support, acceptance, and role modeling. Highly paid executives may lean more heavily on the instrumental/transactional side. This could be due to high job demands in highly paid positions (Hambrick, Finkelstein, & Mooney, 2005), leaving less time and energy for the psychosocial forms of mentoring. It could also be due to predispositions of executives who are likely to make it into highly paid (and highly selective) positions.

Also noteworthy is the finding that motivation to mentor did not mediate the relationship between transactional inducements and mentoring. This suggests that although transactional inducements are negatively linked to mentoring, it does not seem to be due to a lack of motivation. This is particularly interesting given that mentoring is often seen as a professional activity that relies on mentors’ intrinsic motivation, such as desires for revitalization (Levinson, Darrow, Klein, Levinson, & McKee, 1978) and generativity (Erikson, 1963).

We theorized that transactional inducements might undermine the intrinsic motivation necessary for effective mentoring. Our findings do not support this hypothesis, and we reason that this may be a result of our generalized measure of a person's motivation to mentor. In our study, we relied on an established measure of a person’s motivation to mentor. The measure, however, does not differentiate between intrinsic and extrinsic motivation. For that matter, the measure also does not distinguish between relatively autonomous forms of extrinsic motivation and relatively controlled forms of extrinsic motivation. For further research, we suggest including a differentiated measure of a person’s motivation to mentor, preferably developed based on self-determination theory, that could tap the full continuum of both extrinsic and intrinsic motivation (Gagné & Deci, 2005). More specifically, we suggest that an intrinsic motivation or integrated extrinsic motivation toward mentoring might yield the results that we hypothesized but needs to be examined through further research.

It is also possible that the undermining effect of transactional inducements is conditional. Motivational crowding theory suggests that the effects of transactional inducements on motivation are contingent on how the inducements were perceived by the recipient (Frey & Jegen, 2001). In conditions where the inducement is perceived as controlling, recipients are more likely to experience a decrease in intrinsic motivation. When inducements are perceived as supportive of the recipient’s self-directed goal, motivation is likely to be enhanced. Further research is required, with the addition of a moderating variable (perceptions of inducements), to examine how financial inducements might have both a positive and negative effect on a person’s motivation to mentor.

According to self-determination theory, competence feedback is associated with greater levels of intrinsic motivation (Gagné & Deci, 2005; Sheldon, Turban, Brown, Barrick, & Judge, 2003). High compensation may be perceived as competence feedback, but, as we have suggested, it could also be perceived as controlling. In a review on inducements and executive behavior, Wowak et al. (2017) recommend further research into social pecuniary motives—individual differences in how people respond to transactional inducements. In the case of transactional inducements, a potential moderator could be the perceptions of transactional inducements as a form of competence feedback. Executives who perceive high transactional inducements as more informational than controlling may respond more favorably to financial rewards.

More broadly, the findings of the study challenge existing perspectives on the norm of reciprocity in organizations. While the results suggest that leaders do in fact “pay it forward” in the pathway from relational inducements to mentoring behavior, the findings also suggest that not all inducements produce the same result.

5.1 Limitations and further research

This study has a number of limitations that highlight opportunities for future research. First, the study applied a cross-sectional design to examine psychological mechanisms, which involve hypotheses about the causal relationships between variables. Although the use of multi-source methods reduces threats to validity from common method bias (Podsakoff et al., 2003), we cannot test for causal relationships with cross-sectional data. It is plausible that organizations reward those who mentor differently than those who do not mentor. Also, inducements were measured only subjectively. That is, there were no objective ratings of compensation or the amount of training, development, and coaching opportunities available to leaders in this study. Instead, we used the leader’s perception of inducements they received relative to what they felt they were owed. While we have used an established self-report measure of transactional inducements (Lee et al., 2011; Robinson & Rousseau, 1994), further research is needed to examine differences between a leader’s actual compensation and the differential effects of fixed and variable pay on mentoring.

Additionally, although leaders may feel they have plenty of development opportunities such as training and coaching, this does not guarantee that leaders take advantage of these resources, nor does it mean the training interventions are effective. Therefore, this study could be followed by a longitudinal study that tracks the dynamic nature of the variables. Alternatively, an experimental design might
be useful to isolate causal mechanisms by which organizational inducements influence mentoring.

An additional limitation of the study is the possibility of unmeasured variables that might influence the results of the final model. This is a general limitation in empirical research and an avenue for future research. In particular, personality and behavioral variables could be added to test for the robustness of the model. Personality variables such as other-oriented empathy (Allen, 2003) and relational self-construal (Lapierre, Naidoo, & Bonaccio, 2012) would be useful individual differences to examine, as they have been found to predict differences in mentoring behaviors from leaders. Additionally, factors that drive pay differences across firms would also be useful to control. For example, firm size and profitability are consistent predictors of compensation (Gerhart & Rynes, 2003).

Although we did not control for firm size and profitability in this study, measuring executives’ subjective assessment of the extent to which their employer fulfilled its pay obligations somewhat accounts for these factors. For instance, market forces are implicit in the notion of “fair” and “competitive” salary (two items from the transactional inducements measure used). Executives are likely to adjust their expectations based on the size and profitability of their employer. For example, an executive in a not-for-profit would likely have lower expectations of a fair and competitive salary than would an executive in a Fortune 100 company. Nevertheless, both executives could feel equally satisfied that an employer has fulfilled its pay obligations.

Finally, caution is required when attempting to overgeneralize the findings of this research, especially to other levels in the organization. While the heterogeneous sample of leaders across different organizations should increase the generalizability of findings, the study uniquely focused on the effects of organizational inducements within the upper echelons of organizations. One factor distinguishing executive compensation from other levels includes the high degree of non-market-based control that executives can exert over the process of setting their own pay (Van Essen, Otten, & Carberry, 2015). Due to the uniqueness of executive compensation, generalizability of these findings to other levels would require further research.

Within our sample of upper-echelon leaders, we found that organizational level was negatively correlated with mentoring behavior. Contrary to what would be desirable, leaders who hold higher positions of authority tend to mentor less than their counterparts at lower positions. Perhaps this is because CEOs have many more demands and less time available to mentor others. Conversely, perhaps CEOs are isolated from development themselves, making it difficult to engage in developmental relationships with others. It is reassuring that, controlling for level, relational inducements present an avenue for potentially increasing mentoring behavior among top executives. Further research could involve replicating the hypothesized relationships, with a more diverse organizational sample, by level, and to examine how organizational position and status might moderate the relationship between organizational inducements and mentoring.

Future research can investigate alternative mediating mechanisms that explain the relationship between inducements and mentoring. In particular, a more direct investigation of organizational culture would help clarify the extent to which differences in both mentoring behavior and inducements can be explained by shared norms and values in the organizational culture. It would be especially interesting to test Ragins and Verbo’s (2007) assertion that relational mentoring schemas, or mental models for mentoring, are shaped by wider organizational cultural forces. Additionally, research might further investigate social distancing as a potential barrier to mentoring for highly paid executives and other high-level leaders. Are the lower mentoring ratings of highly paid executives a function of neglectful mentoring from the executive or different expectations from subordinates?

5.2 | Implications

The findings from our study suggest three primary implications for human resources management. First, our findings suggest that there are unintended consequence to the use of transactional inducements to reward executives. We found that transactional inducements can have a negative relationship with an executive’s relational engagement, in the form of mentoring behavior. This suggests caution. On the one hand, financial inducements are ubiquitous and, in many cases, effective means of motivating performance (Lawler, 1990). On the other hand, our results surface potential unintended consequences that warrant further attention.

The interpretation of this unintended consequence calls for prudence. Our results do not disprove the economic rationalist hypothesis of agency theory, but rather, point to its limitations. To condemn financial inducements would be misguided. Indeed, strong empirical evidence suggests that financial inducements are effective (Cerasoli et al., 2014; Garbers & Konradt, 2014). Transactional inducements per se are likely not the problem. Rather, the issue may stem from strong signals sent by transactional inducements, particularly when these strong signals are not counteracted by alternative signals suggesting the importance of relational matters. Thus, as signaling theory would suggest, the issue may be more about the meaning of rewards and how that meaning is communicated and interpreted. Reward system administration and messaging from the top management team are likely important drivers of this signal communication process (Fay & Thompson, 2001). To avoid oversignaling the importance of transactional outcomes at the expense of relational outcomes like mentoring, human resource practitioners might consider designing reward systems that strike a balance between transactional and relational inducements.

Second, the positive relationship between relational inducements and mentoring suggests a virtuous cycle exists, in which career investments in leaders are reciprocated by leaders mentoring others. Employee development, particularly leadership development, occurs gradually over a long time period. The return on investment in this development can be opaque if the right assumptions are not clarified (Avolio, Avey, & Quisenberry, 2010). This study points to mentoring as one clear benefit of providing development opportunities for leaders. This is important, given the positive effects of supervisory mentoring on employee performance (Scandura & Schriesheim, 1994). As our results suggest, the dividends of human capital investments extend beyond the focal leader, and include downstream benefits, with the outcome of leaders mentoring others.
Third, our findings imply that a stewardship approach to performance management could be relevant for top executives. A stewardship approach assumes that organizational and member interests can be inherently aligned and, therefore, leaders can be entrusted with carrying out organizational objectives without the need for strict oversight to prevent shirking (Davis et al., 1997). This means that executives can be entrusted to carry out organizational interests and share their expertise and knowledge with others via mentoring. However, because trust begets more trust (Serva, Fuller, & Mayer, 2005), it also means that for a virtuous cycle of trust to work, organizations must also extend trust via offering relational inducements. Executives are highly capable individuals whose knowledge and expertise is a key resource. To encourage executives to share their wisdom with others, executives might benefit from reminders or signals that their intrinsic motivation to develop others is a valued organizational priority. Without clear cues that ongoing employee development is important, executives may not be likely to expend their precious time developing others, an activity that is not immediately visible or quantifiable.

Overall, this study contributes to ongoing investigation into how organizational inducements shape individual motivation and behavior. While research on organizational inducements and compensation is substantive, studies on the psychological effects of inducements have been conducted primarily in experimental settings and focused on either the benefits or negative consequence of compensation. Our study reveals that inducements can have mixed and unintended consequence on valued executive behaviors that may not be the direct target of inducements. More specifically, we focus on mentoring behavior—a valued leadership behavior that is critical for executive effectiveness and yet distinct from task-oriented job performance. To our knowledge, this is the first study that examines the effects of organizational inducements on mentoring behavior and the first study to document the mixed effects of inducements on mentoring.

This study surfaces the benefits and limitations of organizational inducements. Researchers and practitioners interested in fostering more generative, developmental behavior among their highest-level leaders should consider the characteristics of organizational inducements and how leaders reciprocate them differently.

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NOTES

1Self-determination theory views intrinsic motivation as invariantly self-determined, meaning one’s motivation is completely autonomous and driven purely by the inherent enjoyment of the task itself. The theory also specifies a continuum of extrinsic motivation that ranges from relatively controlled to relatively autonomous (Gagné & Deci, 2005). Due to the potential mixed motives inherent in any paid work activity, executives’ motivation to mentor may be best conceptualized as integrated extrinsic, the most autonomous possible form of extrinsic motivation. A full discussion of this distinction lies beyond the scope of this paper. However, it should be noted that although we use the term intrinsic for the sake of clarity, we are referring to a range of autonomous motivation, as described in SDT, and in contrast to externally regulated motivation (referred to as extrinsic motivation).

2We are grateful to an anonymous reviewer for suggesting this alternative explanation.

3It did not seem theoretically defensible that mentoring behavior would affect motivation to mentor; therefore, we removed it as a mediator from this analysis.

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