Non-Financial Recognition
The Most Effective of Rewards?

Michael Silverman
## Contents

1. Non-Financial Recognition: The Most Effective of Rewards?  \hspace{1cm} 1
   1.1 Introduction  \hspace{1cm} 1
      1.1.1 Theoretical background  \hspace{1cm} 1
   1.2 What is non-financial recognition?  \hspace{1cm} 3
      1.2.1 Defining the concept  \hspace{1cm} 3
      1.2.2 What different forms does it take?  \hspace{1cm} 4
      1.2.3 Which behaviours should be recognised?  \hspace{1cm} 7
      1.2.4 Prevalence  \hspace{1cm} 7
   1.3 Organisational benefits  \hspace{1cm} 8
      1.3.1 Encouraging strategic behaviours  \hspace{1cm} 8
      1.3.2 Cost-efficiency  \hspace{1cm} 9
      1.3.3 Immediacy of impact  \hspace{1cm} 9
      1.3.4 Employer branding  \hspace{1cm} 10
      1.3.5 Retention  \hspace{1cm} 10
      1.3.6 High street credibility  \hspace{1cm} 10
   1.4 Problems and potential pitfalls  \hspace{1cm} 11
      1.4.1 Value of the scheme  \hspace{1cm} 11
      1.4.2 Credible assessment process  \hspace{1cm} 12
      1.4.3 Cultural fit  \hspace{1cm} 12
      1.4.4 Tax and small print  \hspace{1cm} 12
      1.4.5 Fraudulent nominations  \hspace{1cm} 13
      1.4.6 Maintaining momentum  \hspace{1cm} 13
      1.4.7 Economic situation  \hspace{1cm} 13
   1.5 Conclusion  \hspace{1cm} 14

2. References  \hspace{1cm} 15
1. Non-Financial Recognition: The Most Effective of Rewards?

1.1 Introduction

For today’s organisations, the problem of how to effectively motivate staff is becoming an increasingly important issue. However, despite over 50 years of organisational research that demonstrates that employees are motivated by more than just money alone, many organisations continue to rely solely on financial rewards. It is perhaps understandable for organisations to make simplistic assumptions about the ability of financial rewards to influence employee motivation. Financial rewards are important as a mechanism to aid recruit and retain talent, and as a means of providing tangible recognition of effort or contribution. And after all, people generally want more money, don’t they? Yet, the consequence of such an assumption has been to overemphasise the importance of financial reward. As this background paper will illustrate, there are a whole host of alternative motivators that can act to influence employee behaviour and enhance employee motivation. As many organisations are beginning to realise, competitive difference may ultimately be made by non-financial factors. As Gratton (2004) notes:

‘…while motivation is determined by both monetary and non-monetary factors, money has come to play an overly important role in our thinking about the causes of behaviour. In most companies, very limited time and effort are spent on considering non-monetary sources of motivation.’ (Gratton, 2004)

Before we go on to discuss these non-financial sources in more detail, it will be helpful to clarify some of the concepts involved and to take a brief look at the theoretical background behind the topic of motivation that underpins the issue of non-financial recognition.

1.1.1 Theoretical background

It is easy to get confused when discussing the concepts of reward and recognition because of the large overlap that exists between them. Dictionary definitions of reward typically centre around the
idea of something given in return for good done; recompense, remuneration, or compensation for services. In line with this, performing certain behaviours becomes a means by which to obtain the reward, so the reward acts as an incentive. In this way, an employee does something *in order to* obtain the reward.

In contrast however, the concept of recognition concerns special notice or acknowledgement of something done. A common example of recognition may be an individual receiving a reward for bravery. So, although recognition may encourage and support certain behaviours, it does not have the same *in order to* relationship as reward. As Hansen *et al.* (2002) note:

> 'We would never think of promising a cash bonus for every act of courage under fire. In fact, the thought of remuneration for such deeds actually cheapens them. On the other hand, try to get a teenager to clean his room without some clear contract about what is in it for him.'

(Hansen *et al.*, 2002)

The central tenet of the distinction is that rewards are promised from the outset, whereas recognition is afforded in a *post hoc* manner. This difference is crucial because reward and recognition can impact employee motivation in different ways. As Hansen *et al.* (2002) report, many organisations fail to make an adequate distinction between recognition and reward. The consequence is that organisations often make the false assumption that all that is needed to enhance employee engagement and motivation is to find the right incentive. However, the problem with this line of thinking is that recognition and reward represent two distinct mechanisms of human motivation:

> 'It plays out across the corporate landscape everyday: Organisations attempt to motivate employees but disregard the essential nature of human motivation. Businesses implement motivation programs that are not only ineffective but end up sabotaging the very goals they are trying to achieve.' (Hansen *et al.*, 2002)

The great early motivational thinkers such as Maslow (1954), Herzberg (1966) and Deci (1975), despite differences in their approach, generally described two distinct motivational subsystems: *Intrinsic* and *extrinsic* motivation. Intrinsic motivation can be thought of as internal thoughts or feelings that feed one's desire to achieve, perform or become involved in activities. Intrinsically motivated behaviours are those which are motivated by the underlying need for competence and self-esteem which may be performed in the absence of any apparent external stimulus. In contrast, extrinsic motivation is that which stems from the work environment external to the task, it is usually stimulated by external rewards.

Whereas financial reward clearly influences extrinsic motivation, it has little impact on intrinsic motivation. Recognition is needed to enhance intrinsic motivation. As Pfeffer (1998) notes, emphasising pay as the primary reward encourages people to join
and remain with organisations for the wrong reasons, meaning that intrinsic motivation is undermined. Organisations’ emphasis on financial rewards neglect and ignore other, non-financial, aspects of motivation:

‘People do work for money – but they work even more for meaning in their lives...Companies that ignore this fact are essentially bribing their employees and will pay the price in a lack of loyalty and commitment.’ (Pfeffer, 1998)

1.2 What is non-financial recognition?

1.2.1 Defining the concept

Non-financial recognition is a method of identifying either individual employees or teams for particular praise or acknowledgement. The size, scope and formality of non-financial recognition schemes vary tremendously. In terms of a definition, non-financial recognition can be thought of as:

‘...a non-cash award given in recognition of a high level of accomplishment or performance such as customer care or support to colleagues, which is not dependent on achievement of a pre-determined target.’ (Rose 1998)

The most significant part of this definition concerns the term ‘non-cash.’ It is important to be aware that the concept of non-financial recognition does not necessarily mean that the recognition provided should have no financial value, it simply means that whatever is given, it should not be just money. Money is certainly valued, however as discussed earlier, its impact on intrinsic motivation is limited at best. A report by IDS (2002) contends that it is the act of recognition itself and the esteem it gives to employees that is the heart of the motivation provided by non-financial recognition. Moreover, this method of conveying appreciation is also likely to be considerably more memorable than a cash award which is simply subsumed into an employee’s salary. Instead, in non-financial recognition schemes, the organisation can offer a gift, an experience or the means to purchase material goods of their own choice.

Employees’ expectations are much higher these days and they want to do things as well as have things. In this way, non-financial recognition schemes provide employees with something tangible that they can remember: a special day out or a great meal can instil much more positive effect than a sum of money paid into a bank account, net of tax and national insurance. Even the cliched carriage clock may be a source of pride and link the employee even more to the employer. Organisations can also offer a degree of choice for their employees if the scheme allows their participation in the selection of the recognition item.
1.2.2 What different forms does it take?

There is a wide variety of ways in which non-financial recognition can work in practice. Schemes range from those that are informal and impromptu to more formal structured schemes. For example, in its most basic form, non-financial recognition may be concerned with acknowledging the efforts of employees by:

- the manager saying thank you
- the manager writing formally to record thanks
- a more senior manager in the organisation writing to the individual
- public appreciation of the effort in a team meeting, in an organisational newsletter or at a special dinner
- declaring the individual ‘employee of the month or year’.

In other words, there is a hierarchy: recognition becomes more formal and public commensurate with the perceived value of the action. Some organisations would use all these steps, or just a few of them.

Alternatively, the employee may be given the chance to enjoy a ‘present’ of some kind away from the office or factory. This can be achieved by providing:

- retail or travel vouchers
- use of recreational facilities
- meals for the individual and partner
- theatre or cinema tickets
- reserved car parking space
- rewards based on points, accumulated ‘air-miles’ style
- provision of ‘red letter days’ — a special experience, eg an outdoor activity (hot air balloon flight) or pampering (a day in a beauty salon)
- domestic goods, etc.

Types of recognition are many and various. According to research conducted by IDS (1999), there is no standard approach to non-financial recognition. Schemes vary with the size and sector of the employer, and the objectives of the approach (eg what behaviours are to be encouraged). However, the IDS report argues that the most influential factor determining the nature of the scheme is organisational culture. This dictates which form of recognition will be most appropriate to the organisation concerned. In reviewing the evidence, the following methods appear to be the most widely used in non-financial recognition schemes. These will be discussed in turn:
Praise

At the most fundamental level, non-financial recognition can be as simple as personal acknowledgement by managers to employees that they have performed well. Perhaps the most obvious benefit of this approach is that a simple, informal ‘thank you’ doesn’t cost anything. However, good management practice suggests that this should occur anyway, regardless of any scheme.

Vouchers

An increasing number of organisations are finding voucher schemes to be highly effective and popular with employees. Voucher schemes are particularly liked because they give employees a certain element of choice. Moreover, unlike a cash award, vouchers cannot be absorbed into the employee’s salary and quickly forgotten. Vouchers can also be seen as a double reward, that is, one reward when they receive the voucher, and another when they spend it.

In actually selecting a voucher scheme, there are several issues for organisations to consider. It is all too easy for organisations to simply opt for the voucher which provides the most competitive discount without really considering the wishes of employee who will receive it. Organisations should aim to suit individual taste and provide enough choice to do this. In addition, the organisation must take account of the utility of the voucher, eg the time frame employees have to use their vouchers and employees’ ability to spend it (for example, whether there is a branch/store in the local vicinity). As an article in People Management magazine explains:

‘Others [organisations] think they have chosen the best scheme for their employees, but, in fact, are choosing what the marketing or HR director would like to receive, not what is most welcome to the staff.’ (People Management, 2004)

It is sensible therefore for organisations to involve employees in the design of the scheme. This can be done through employee surveys and focus groups to ascertain employee preferences.

Attention also needs to be paid to the internal promotion and marketing of the scheme. There are various vouchers available on the market. Some of these are specific to a particular store and these offer the advantage of associating the organisation and its employees with aspirational brands that are held in high regard. Alternatively, there are some vouchers on the market which are

- praise
- vouchers
- nomination-based schemes.
much more flexible. For instance, some voucher companies offer vouchers that can be redeemed in over 50 different high street stores.

**Nomination-based schemes**

Organisations that do not wish to offer something that has a monetary value can offer a memento, trophy or certificate to denote the employee’s contribution. This may be based on nomination by colleagues. ‘Staff achievement awards’, as they are sometimes called, allow employees to nominate one of their colleagues in a number of award categories. The latter will reflect the types of behaviours/actions that are seen as worthy of recognition. This could be teamworking, customer service, individual contribution, *etc.* The winner typically receives some sort of prize, which is commonly presented by a senior figure in the organisation, either in private or at a special award ceremony (discussed in more detail later).

Methods for nominating employees range from completing a basic ballot card to presenting detailed information and supporting evidence via web-based forms. Although it seems the most common arrangement is nominations by work colleagues, in some organisations nominations may be received from customers, service users, or clients.

In organisations with multiple sites across the country or with a large number of employees, a more complex, tiered scheme may be used. Tiered schemes are typically structured so that the first tier represents the employee of the month in each region/location; from these winners, the second tier represents the employee of the year from each of the individual regions/location; and the third tier represents the overall employee of the year from the regional finalists.

Recognition can also be for teams as well as for individuals with the same, or similar, process and award categories. For example, the London Borough of Brent has the following award categories:

- service improvement
- supporting colleagues
- delivering the corporate strategy
- leadership and motivation
- personal achievement
- delivering services to a diverse community.

The following awards will be open to team/service units:

- improvement in performance
- consistently high achievement
• achievement in adversity
• delivering the corporate strategy
• delivering services to a diverse community.

One of the most debated questions for award schemes is whether they should be presented publicly or privately. The answer will depend upon the extent to which the organisation wishes to celebrate the achievement of employees as opposed to just simply acknowledging their contribution. Where the focus is on celebration, it is likely that an annual formal ceremony will be held at which the awards will be presented. Again there is choice over whether the award should be a surprise for the individual or whether the winner is informed in advance. An Organisation should decide this in the light of the views of its employees.

1.2.3 Which behaviours should be recognised?

The behaviours or actions which are reflected in the recognition scheme criteria should be based on those behaviours or actions that the organisation wishes to emphasise. This could be the demonstrating organisational values or offering a role model for other employees. Empirical research by Rose (1998) suggests that non-financial recognition schemes usually fall into four categories:

1. delivering excellent customer service
2. actions above and beyond the call of duty
3. generating ideas for performance improvements and innovation
4. exceptional contributions and teamwork

This is supported by evidence produced by Thomson and Milsome (2001) who note that it is common for the criteria in non-financial recognition schemes to centre around outstanding customer service or dedication to the job.

What this suggests is that there is a distinction in recognition schemes between those that acknowledge inputs (ideas or effort) and those that reflect outputs (service delivery or successful contribution). In somewhat similar vein there are schemes that emphasise pro social behaviours (teamwork, communication, etc.) and those that concentrate on business benefits (internal — performance improvement; external — customer satisfaction).

1.2.4 Prevalence

Various surveys have gauged the prevalence of non-financial recognition schemes in the UK over recent years. Rose (1998) contends 75 per cent of organisations surveyed had in place some form of non-financial recognition scheme. The survey also illustrated that such schemes were much more common in
industries that rely on high levels of customer contact. In contrast, organisations based in the property, engineering and construction sectors seldom implemented non-financial recognition schemes. Another study by Brown and Armstrong (1999) estimated that 50 per cent of UK organisations use non-financial recognition schemes. This survey found such schemes to be particularly prevalent in knowledge and technology-based sectors, as well as sales and service functions. Bevan (2003) suggests that in excess of 60 per cent of UK employers use non-financial recognition.

1.3 Organisational benefits

In considering the different rationales organisations have for implementing non-financial recognition schemes, Rose (1998) surveyed 81 large UK organisations. He was then able to establish four principal reasons why organisations typically implement such schemes. These were to:

1. acknowledge performance above and beyond the norm
2. enhance customer service
3. recognise achievement
4. support line managers.

Similar studies conducted in the US (WorldatWork, 2002) suggest that organisations hope to achieve a number of goals through their recognition schemes. These objectives and the frequency with which they were mentioned are displayed in Table 1.

Table 1: Main objectives of recognition schemes

<table>
<thead>
<tr>
<th>Objective</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create a positive work environment</td>
<td>84</td>
</tr>
<tr>
<td>Reinforce desired behaviours</td>
<td>76</td>
</tr>
<tr>
<td>Motivate high performance</td>
<td>73</td>
</tr>
<tr>
<td>Increase morale</td>
<td>69</td>
</tr>
<tr>
<td>Support organisational mission/values</td>
<td>68</td>
</tr>
<tr>
<td>Increase retention/decrease turnover</td>
<td>51</td>
</tr>
<tr>
<td>Encourage loyalty</td>
<td>45</td>
</tr>
<tr>
<td>Support a culture change</td>
<td>23</td>
</tr>
<tr>
<td>Other</td>
<td>9</td>
</tr>
</tbody>
</table>


1.3.1 Encouraging strategic behaviours

Perhaps one of the most obvious benefits of non-financial recognition schemes is that they afford an organisation the opportunity to highlight desired actions and behaviours. In so doing, creating role models for other employees. The thinking
behind this is that by recognising outstanding achievement and certain behaviours, other employees will aim to imitate such ways of performing. In addition, the whole process of recognition can be used explicitly as a method of contributing to the achievement of organisational objectives. The organisation can signal the values/behaviours it wishes to promote and employees can be recognised when they respond. Sending such signals can help pull the organisation together through common messages, thereby steering behaviours across the whole organisation. The intended outcome is to create a ‘unity of purpose’ between employees to and the aspirations of the organisation, and between disparate parts of an organisation (if there is a need to emphasise corporacy). Indeed, Brown and Armstrong (1999) reported that organisations were overhauling their non-financial recognition schemes so that there is a much clearer focus on strategic business goals and values such as team work, customer service and business improvement.

1.3.2 Cost-efficiency

Research conducted by Industrial Relations Services (1999) suggests that non-financial recognition schemes can help fulfil organisational objectives at a relatively low cost:

‘One of the key attractions of recognition-based schemes are their cost-efficiency. The most obvious benefit is that awards made under recognition schemes need not be expensive, as it is their symbolic value and not their cost which is important.’ (IRS, 1999)

A report by Incomes Data Services (1999) makes the same point. The awards given under the banner of non-financial recognition are typically only worth between £25 to £150. But, as the monetary value of the award is less important than the act of recognition itself, these sort of schemes offer good monetary value. Since their symbolic value (as a visible sign that individual contribution is being acknowledged) is greater than their monetary worth, organisations get a better ‘bang for their buck’.

1.3.3 Immediacy of impact

Another benefit of non-financial recognition schemes is the immediacy of their application. Traditional performance appraisal and reward is typically done on an annual basis. However, all too often any payment is distant from the performance it is rewarding. Remoteness can result from the fact that the bonus/pay increase is based on an average of a year’s performance. More relevantly to non-financial recognition, specific actions that merit a reward may not be properly taken into account. In contrast, some non-financial recognition schemes can have a greater immediate impact by permitting near immediate responses to desirable actions. This clearly reinforces the desired behaviours on a more regular basis.
1.3.4 Employer branding

The increasing prevalence of employer branding and employer marketing has been another stimulus for the increasing interest in non-financial recognition schemes. The thinking behind employer branding is that if an organisation has an external brand to attract and retain customers, then why not do the same internally so that both existing and potential employees can identify with the brand. Non-financial recognition links with the concept of total reward here, as organisations can use the whole range of benefits, both financial and non-financial, to make a statement about the organisation and its culture. This can be employed to promote a more positive organisational image.

1.3.5 Retention

In the introduction, we pointed to the over-reliance of organisations on financial rewards. There is little doubt that focusing solely on financial rewards creates instrumental relationships: ‘I work for you just because you pay me’. It is easier for competitors to lure away your staff — they just have to pay them more money. In terms of retaining key talent, building affective relationships between employer and employee binds the two more closely together. This in any case makes the individual less likely to leave and makes it harder for rival organisations to compete. Non-financial recognition schemes can help reinforce affective relationships. And they are more difficult for other organisations to match compared extrinsic forms of reward.

1.3.6 High street credibility

Non-financial recognition schemes are generally highly regarded in terms of their ability to enhance motivation and job satisfaction among employees. Several research studies (eg Brown and Armstrong, 1999) report that non-financial recognition schemes have a very high rate of assessed effectiveness compared to other types of performance rewards. Not only that, but in addition they can play a pivotal role in total reward packages by way of contributing to the whole employee experience at work.

Non-financial recognition schemes can offer a more in-depth and longer lasting impact on motivation than more transient financial rewards. Recent empirical research tends to bear this out. A survey of 372 managers by McCartney and Holbeche (2003) found that non-financial recognition was the fourth most popular motivator (mentioned by 65 per cent of managers) after job enjoyment, personal drive and challenge. By comparison, financial reward was found to be a weaker motivator — cited by just 31 per cent of respondents. Interestingly, the research also found that the biggest single demotivator at work was a lack of recognition (mentioned by 54 per cent). This was ahead of poor management
Likewise, a large-scale survey by the recruitment company Reed, reported in Personnel Today Magazine (2000), found that employees reported increased job satisfaction when they felt their organisations appreciated the hard work they put in. The study also found that financial rewards were rated by employees as only the sixth most important factor in achieving job satisfaction. In contrast, recognition was found to be the most important factor.

Non-financial recognition schemes can encourage managers to acknowledge a job well done at the time it was done. They can help reinforce messages that managers may have received in people management training on motivational techniques. The benefits to staff should be obvious:

‘People need to know not only how well they have achieved their objectives or done their work, but also that their achievements are appreciated.’ (Armstrong, 1999)

### 1.4 Problems and potential pitfalls

#### 1.4.1 Value of the scheme

The way the non-financial recognition scheme is set up has a significant effect on its future success. In particular this relates to its scope. As the IDS (2002) report contends, the more inclusive the scheme the greater the likelihood is that it will be perceived by employees as being fair. This means that all employees in whatever their role would have the opportunity to be nominated for an award. Felt fairness has to be a key characteristic of non-financial recognition techniques because it appeals to the emotional, affective side of people. By contrast limiting the scope to those in high-profile or customer-service oriented roles, for example, will edge a scheme closer to a more instrumental approach seeking extrinsic motivational responses.

In considering the development of a non-financial recognition scheme, organisations also need to decide on the number of awards to be offered. The danger of having a large number of awards is that scheme is devalued. This may decrease its credibility among employees. In contrast, if the number of awards is too low, the scheme could potentially demotivate employees if they feel as though they do not have a realistic chance of winning.

In addition to questions of scope, in constructing a non-financial recognition scheme, attention has to be given to the value of the award. By definition, the financial value will be low, but this makes it even more important that the award is attractive. We have already emphasised that the best way to achieve getting awards that are valued is through employee participation in the
choice of awards on offer. Nelson (2004) recommends that employees are asked for their views (via surveys or focus group) regarding what they would value. Employees certainly expect their schemes to be up-to-date with the latest fashions, technological innovations and designer names. Schemes that only offer limited or out-dated options risk the danger of being viewed as uninspiring.

Some schemes fail because they offer what the organisation thinks is valuable, not what the recipient does. In particular, there is a tendency to emphasise organisational symbols rather than something of use to employees. Have you got a company crested paperweight, or three?

In summary, the scheme design has to offer attainable prizes that are worth having.

1.4.2 Credible assessment process

Another aspect of fairness is procedural. It is important to ensure that whichever method of recognition is used, the process by which receivers of vouchers, certificates or awards are chosen should be credible, transparent and robust. If employees feel in any way that the assessment method has not been fair, the scheme may be undermined. This in turn will render the approach not just worthless, but potentially damaging if it demotivates rather than motivates staff.

1.4.3 Cultural fit

As the two points above illustrate, it is better for employees to use non-financial recognition approaches to align with the culture of the organisation than to challenge it. Incentive schemes may be deliberately counter-cultural (and many performance related pay schemes are designed to work in this way), but for non-financial recognition to be successful it has to seem appropriate to the mores of the organisation.

This also means that the type of prizes have to be seen as fitting the particular work environment. Some more conservative workplaces may reject American style ‘gizmos’ or ‘razzmatazz’; other companies love the hype and going OTT.

1.4.4 Tax and small print

Another potential pitfall when implementing non-financial recognition is that some schemes can be damaged by not thinking through the implications. This can happen in two ways. First, the government classes vouchers and other non-financial awards as taxable benefits. Therefore, it is important for organisations to ensure that the value of their award to the individual is not
reduced through subsequent taxation. It is essential that organisations cover the tax and National Insurance contributions required. Second, if the scheme is structured in such a way that it costs employees time or money to take advantage of their award, for example, if they need to travel a long distance to redeem their vouchers, the award may lose its appeal.

1.4.5 Fraudulent nominations

Many non-financial recognition schemes, especially those which involve nominations, are dependent on the honesty of employees and their managers. There is always a chance that some employees may conspire to fraudulently win awards. It is sensible for organisations to have some process in place by which nominations are substantiated. Many schemes therefore check the validity of nominations before they are given to the judges to be considered for an award. One way of doing this is to have the nomination authorised and signed by line managers before being passed to the judging panel.

1.4.6 Maintaining momentum

There is a real need for organisations to review their non-financial recognition schemes regularly, and update them where appropriate to ensure that they are still effective. The risk is that employees lose interest. The IDS (2002) report suggests that:

> ‘In general, successful employee recognition schemes should be thought of as ongoing projects. There are always new and innovative ways to be found for streamlining processes and maintaining employees’ interests. Recognition schemes have a limited shelf-life.’ (IDS, 2002)

In relation to this, Tahmincioglu (2004) argues that recognition schemes that centre around nomination-based awards are not particularly effective over the longer-term, although they may feel good at the time. She suggests that it is all too easy for non-financial recognition schemes to become a ‘whose-turn-is-it-next’ scheme. To counter this potential risk, the scheme design needs to be periodically refreshed.

1.4.7 Economic situation

Tahmincioglu (2004) also contends that the external economic environment can impact on the effectiveness of non-financial recognition schemes. For example, in a time of downsizing and restructuring, non-financial recognition may not be effective in motivating employees. When a situation like this arises, such schemes can appear to employees to be empty attempts to appease employees and could potentially backfire.
1.5 Conclusion

In line with the ethos of total reward, organisations increasingly need to consider reward more broadly. Those whose reward strategies are able to strike a balance between extrinsic and intrinsic reward will be in a much better position to reinforce the psychological contract they have with their employees, and make the whole experience more positive for all those involved. Where organisations are able to gain a thorough understanding of their employees’ expectations in return for their hard work, organisations are able to determine how their reward strategies can help to deliver what is really needed.

However, having said this, organisations have to be careful not to fall into the trap of recognising employees by simply giving them ‘stuff’ on an occasional basis. For the majority of employees, it is how they are dealt with by their managers on a daily basis that is the most important factor. Moreover, treating employees right everyday effectively communicates that they are trusted, respected and that they are important. Indeed, it is ironic that many non-financial recognition schemes are often simply concerned with attempting to remind managers that there are things that they should be doing anyway as good management practice, regardless of any scheme.
2. References


Bevan S (2003), Non-Pay Reward and Recognition, Presentation for the Work Foundation, August 2003

Broad M (2001), ‘Rewarding staff is simply good manners’, Personnel Today, 26 October


Christopher D, Bussin M (2004), Non-Financial Rewards: 50 Ways to Reward Employees, 21st Century Pay Solutions Group


McCartney C, Holbeche L (2003), The Management Agenda, Roffey Park Research


Nelson B (2004), ‘Everything you thought you knew about recognition is wrong’, Workforce Magazine, January issue


Personnel Today (2000), ‘Recognition is worth more than pay, survey finds’, Personnel Today Magazine, 22 August


