



Cosy (tangible) vs. Cool (Cash) Rewards - Is cash King?

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Do you currently reward your people in an attempt to motivate them to achieve sales targets?
Do you currently reward your people in an attempt to focus their behaviours on such important issues as safety?
Do you currently reward your people in an attempt to direct them in efficient ways of doing business?

How you reward them is critical to how they will respond.

Studies show cool rewards such as cash have very little impact in the recipients mind when it comes to memorability of why they received it and what they spent it on.
Cosy rewards such as a television or a BBQ on the other hand create a greater impact and reinforce the relationship between the reward earner and the reward provider.

Proponents of cash rewards argue that cash is easy to administer and employees can use it on anything they want. Added to which if you survey employees as to what their preference is between tangible and cash rewards most will say cash!!

So let's look at what company culture you are providing when you offer cash rewards.

- Studies argue that cash incentives, rewards and bonuses become confused with salary, therefore extra cash received becomes a yearly expectation - not reward for effort.
- It has also been discovered cash rewards are usually spent on everyday necessities resulting in a lack of relationship between reward earner and reward provider.
- When providing cash rewards it is difficult to provide recognition as most people do not like to talk about how much they earn.
- A dollar is a dollar; participants attach no greater emotional or inspirational value to cash.
- Cash lacks the emotional impact of tangible rewards; therefore it's quickly spent and forgotten.
- If a culture of cash incentives is implemented then stopped you will create resentment and disillusionment because in effect you are cutting their pay!!
- Keep cash rewards going and your reward investment becomes lost in the salary/benefits equation.

On the other hand Tangible rewards

- Often have a 'trophy value' that cash rewards lack.
- Provide a 3-to-1 ROI compared to cash. On average cash programs cost 12 cents per incremental dollar netted by increase performance verses 4 cents per dollar for non- cash.
- Provide a tangible symbol of achievement and serve as an encouragement to other employees.
- Provide the opportunity for effective recognition by peers providing social acceptance and increased self esteem.
- Provide guilt free enjoyment of reward therefore increases the motivating impact.

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- Allow participants' families to become involved in selecting and sharing awards multiplying the emotional value of the reward and its impact on the recipient.
- Provide a lasting impression, building a platform for further positive behaviours and impact on individual and team actions.
- Can provide the right motivation if the rewards are attainable and reward earners have the freedom to choose their reward of choice.

As it would appear in order to motivate your people to achieve extra focus and effort - cash rewards are most definitely not king!

Many factors beyond cash or tangible rewards influence whether an employee is satisfied and ready to give it all to the job or whether the employer is doing their all to intrinsically motivate before your people can be receptive to any extrinsic reward.

What this amounts to without going into detail about motivation, reward selection and ROI is that the company needs to decide if it wants to compensate or to appropriately reward and recognise its people for extra performance and productivity that goes beyond expectation.

To clarify this point, the dictionary definition of compensate is "that which is given or received as an equivalent for service, debt, want or loss, suffering" etc
Recognition on the other hand is defined as "acknowledgement and approval, gratitude, "etc

But what is important to your business is the 'extra' performance tangible rewards will create. With the right design reward program and the right selection of rewards you can turn good ROI into exceptional return.

As demonstrated above, tangible rewards provide a clearer and more measurable form of reward and recognition to provide greater productivity to your company. If you are ready to add meaningful reward and recognition to your marketing mix then contact Oneone3 the specialist who can provide the full service offering from strategy to implementation and provision of rewards we can assist you to get more out of your reward dollar.

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